Connected World.
Connected Experiences.

Tech Mahindra Limited

SUBSIDIARY ANNUAL REPORT **2016-17**

Connected World. Connected Experiences.

At Tech Mahindra we live the philosophy of connected world and connected solutions. We appreciate that the new revolution is powered by the intelligent symphony of solutions designing ‘experiences’. With the ever growing importance of technologies and platforms only those who can create and sustain world class experiences through them will thrive. Consumer ‘experiences’ are driving and disrupting industries like never before.

Businesses must build seamless and integrated technology capabilities across dimensions – the digital, the physical, the convergent, and everything in between. That’s when connected experiences manifest. And that’s when enterprises and people alike will be empowered to Rise™ in a connected world.

CONVERGENT EXPERIENCES

Extraordinary is when experiences come together – a continuous symphony of technologies, techniques, and touchpoints. We are driven to elevate businesses into the convergent realm of experiencing singularity using DAVID – Digitalisation, Automation, Verticalisation, Innovation, and Disruption. DAVID is the lens through which we view every opportunity to reimagine, reinvent and revolutionize business models and operations, transforming enterprises into living, breathing connected businesses.

DIGITAL EXPERIENCES

The future calls for Digital Change Agents, and that’s where The BIO Agency (a Tech Mahindra Company) steps in. As one of the most innovative digital agencies, we offer consulting across digital strategy, service design, e-commerce solutions, digital retail, connected products, and product & service innovation. Helping create the models and frameworks that will lead enterprises to a new, customer-centric state of being as the future is all about experience.

DESIGN EXPERIENCES

Great experiences don’t just happen – they are designed. Pininfarina, the 87-year-old, legendary Italian firm focuses on design, engineering services, conception and manufacturing of products that impact our lives. With Purity, Elegance, Innovation at the heart of every product, Pininfarina (a Tech Mahindra Company) is changing the way the world experiences products at the intersection of digital technologies and physical spaces.

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TECH MAHINDRA (AMERICAS) INC.

Board of Directors

Mr. Manish Vyas

Mr. Arvind Malhotra

Mr. Lakshmanan Chidambaram

Mr. Ashish Tikhe

Registered Office

36, Pittenger Road,

Freehold, New Jersey, 07728,

USA

Bankers

HSBC Bank

Auditors

Catrakilis Kraitzick Hrabova, LLC

CPAs and Advisors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

Financial Results:

For the year ended March 31,	**2017**	**2017**	2016	2016
	USD	**INR**	USD	INR
Income	**865,837,550**	**56,145,235,930**	811,042,666	53,735,631,836
Profit/(Loss) before tax	**47,689,567**	**3,092,429,971**	44,095,199	2,921,527,408
Profit/(Loss)after tax	**27,312,529**	**1,771,080,942**	27,514,094	1,822,946,296

Review of operations:

During the fiscal year, the Company achieved income of US$ 865,837,550 (equivalent to INR 56,145,235,930). The Company continues to invest in strengthening its business in the US which is the largest IT market in the World. The increase in business and the focus on right sizing the US operations while preparing for the next level of growth has helped the Company to earn healthy level of profits in the last few years.

Acquisitions:

The Board of your Company has approved a proposal on March 6, 2017 to acquire, through a new subsidiary, CJS Solutions Group LLC, a US based Healthcare Information Technology Consulting Company. Accordingly, Company executed a definitive agreement to acquire The HCI Group. The HCI Group works with some of the world's most prestigious tier – I healthcare service providers, primarily in the US and UK, focusing on providing end-to-end implementation of Electronic Health Record (EHR) and Electronic Medical Record (EMR) software, training and support. As part of the agreement Company made the upfront investment of US$ 89.5 Million for the acquisition of 84.7% stake in CJS Solutions. The deal was concluded on May 4, 2017. The balance stake will be acquired over three years.

Board:

Mr. Manish Vyas, Mr. Arvind Malhotra, Mr. Lakshmanan Chidambaram and Mr. Ashish Tikhe are the members of the Board of Directors.

Outlook for the current year:

The Company believes that the investments made over the last few years in cultivating long term relationships with major telecom companies will result in further increase in business and improvement in profits.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the co-operation and assistance received from them.

Manish Vyas
Director

Place : Dallas
Date : May 12, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tech Mahindra (Americas), Inc. and Subsidiary
a wholly owned subsidiary of Tech Mahindra Limited, an India Corporation
Plano, Texas

We have audited the accompanying financial statements of Tech Mahindra (Americas), Inc., (the "Company") a wholly owned subsidiary of Tech Mahindra Limited, an India corporation, which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of operations and retained earnings, and cash flows for the periods then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As discussed in Note 2B to the financial statements, accounting principles generally accepted in the United States of America require the company to consolidate its 100% owned subsidiaries in its financial statements. For the purposes of these financial statements, the financial position and the results of operations of its wholly owned subsidiaries, Tech Talenta, Inc., Tapio Inc. and Lightbridge Communications Corporation have not been consolidated. The non-consolidation of the wholly owned subsidiaries is not in accordance with accounting principles generally accepted in the United States of America. The effects of this departure from accounting principles generally accepted in the United States of America on the financial position, results of operations, and cash flows have not been determined. A further separate set of consolidated financial statements is prepared to include Tech Talenta, Inc.

Qualified Opinion

In our opinion, except for the matter discussed in the Basis of Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra (Americas),Inc., (the "Company") a wholly owned subsidiary of Tech Mahindra Limited, as of March 31, 2017 and 2016, the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Notes 10 and 11 to the financial statements, the Company has had numerous transactions with the parent and affiliated companies.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Revenue and Expenses on page 28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Catrakilis Kraitzick Hrabova, LLC
Atlanta, Georgia
April 21, 2017

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Tech Mahindra (Americas) Inc.
a wholly owned subsidiary of Tech Mahindra Limited,
an India corporation
Plano, Texas

Our report on our audits of the basic financial statements of Tech Mahindra (Americas) Inc., a wholly owned subsidiary of Tech Mahindra Limited, an India corporation, as of March 31, 2017 and 2016, and the related statements of operations and retained earnings, and cash flows for the years then ended, appears on pages 1 - 2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 30 - 53 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

USD amounts in the supplemental schedules are translated for convenience into Indian Rupees (INR) at the exchange rate of INR 64.845 to 1.00 USD for both 2017 and 2016.

Catrakilis Kraitzick Hrabova, LLC

Atlanta, Georgia

April 21, 2017

SUPPLEMENTAL BALANCE SHEETS

	Note	March 31, 2017 USD	2017 INR	2016 USD (Restated)	2016 INR
ASSETS:					
Current assets:					
Cash	3	**6,718,006**	**435,629,099**	2,555,589	165,717,169
Accounts receivable, net	4	**26,412,179**	**1,712,697,747**	35,986,291	2,333,531,040
Employee advances		**1,612,841**	**104,584,675**	2,461,869	159,639,895
Deferred tax assets	5	**13,051,891**	**846,349,872**	11,601,713	752,313,079
Due from parent company	10	**158,448,047**	**10,274,563,608**	152,409,003	9,882,961,800
Due from affiliated companies	11	**8,578,950**	**556,302,013**	3,402,528	220,636,928
Prepaid expenses and other current assets		**2,905,138**	**188,383,674**	20,919,696	1,356,537,687
Prepaid income tax		**1,117,402**	**72,457,933**	10,164,478	659,115,576
Notes receivable from affiliated companies	11	**29,695,876**	**1,925,629,079**	20,152,802	1,306,808,446
Total current assets		**248,540,330**	**16,116,597,700**	259,653,969	16,837,261,620
Property and equipment, net	6	**16,853,570**	**1,092,869,747**	12,443,826	806,919,897
Non current assets:					
Notes due from affiliated company	11	**4,577,351**	**296,818,326**	-	-
Total non current assets		**4,577,351**	**296,818,326**	-	-
Other assets:					
Security deposits		**341,948**	**22,173,618**	1,142,915	74,112,323
Other receivables		**2,656**	**172,228**	64,839	4,204,485
Intangible assets, net	7	**13,240,058**	**858,551,561**	14,564,064	944,406,730
Investment in subsidiaries	8	**161,022,806**	**10,441,523,855**	164,264,678	10,651,743,045
Investment in associated companies	9	**3,033,676**	**196,718,720**	3,002,587	194,702,754
Total other assets		**177,641,144**	**11,519,139,982**	183,039,083	11,869,169,337
Total Assets		**447,612,395**	**29,025,425,755**	455,136,878	29,513,350,854
LIABILITIES AND STOCKHOLDER'S EQUITY					
Liabilities:					
Current liabilities:					
Accrued expenses		**65,050,537**	**4,218,202,073**	84,578,863	5,484,516,372
Accounts payable		**3,529,001**	**228,838,070**	4,229,234	274,244,679
Due to parent company	10	**75,254,087**	**4,879,851,272**	80,962,787	5,250,031,923
Due to affiliated company	11	**25,703,349**	**1,666,733,666**	16,650,864	1,079,725,276
Long-term debt, current portion	13	**380,063**	**24,645,185**	900,063	58,364,585
Total current liabilities		**169,917,037**	**11,018,270,266**	187,321,811	12,146,882,835
Long-term debt, net of current portion	13	**-**	**-**	380,063	24,645,185
Total non current liabilities		**-**	**-**	380,063	24,645,185
Stockholder's equity					
Common stock	14	**170,521,745**	**11,057,482,555**	170,521,745	11,057,482,555
Retained earnings		**107,173,613**	**6,949,672,934**	96,913,259	6,284,340,279
Total stockholder's equity		**277,695,358**	**18,007,155,489**	267,435,004	17,341,822,834
Total Liability and Stockholder's Equity		**447,612,395**	**29,025,425,755**	455,136,878	29,513,350,854

See Notes to Supplemental Financial Statements

SUPPLEMENTAL STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Schedule	Twelve Months Ended March 31,			
		2017		2016	
		USD	**INR**	USD (Restated)	INR
REVENUE	I	**865,837,550**	**56,145,235,930**	811,042,666	52,592,061,677
OPERATING EXPENSES:					
Personnel	II	**557,235,672**	**36,133,947,151**	511,555,297	33,171,803,234
General and administrative	III	**249,193,401**	**16,158,946,089**	242,156,939	15,702,666,709
Amortization		**1,324,006**	**85,855,169**	1,324,006	85,855,169
Depreciation		**10,839,771**	**702,904,950**	11,859,222	769,011,251
Total operating expenses		**818,592,850**	**53,081,653,359**	766,895,464	49,729,336,363
Operating income		**47,244,700**	**3,063,582,571**	44,147,202	2,862,725,314
OTHER (EXPENSES) INCOME					
Other income		**119,116**	**7,724,077**	2,587	167,754
Interest (expenses) income		**333,281**	**21,611,606**	(58,808)	(3,813,405)
Foreign currency gain (loss)		**(7,530)**	**(488,283)**	4,218	273,516
Total other (expenses) income		**444,867**	**28,847,400**	(52,003)	(3,372,135)
Income before income tax expense		**47,689,567**	**3,092,429,971**	44,095,199	2,859,353,179
INCOME TAX EXPENSE	Note 5	**20,377,038**	**1,321,349,029**	16,581,105	1,075,201,754
NET INCOME		**27,312,529**	**1,771,080,942**	27,514,094	1,784,151,425
Retained earnings, beginning of period, as originally reported		**-**	**-**	78,333,243	5,079,519,142
transfer with entity related by common control		**-**	**-**	40,517,228	2,627,339,650
Retained earnings, beginning of period, as restated	Note 18	**96,913,259.00**	**6,284,340,280**	118,850,471	7,706,858,792
Cash dividends paid on common stock	Note 14	**(17,052,175)**	**(1,105,748,288)**	(49,451,306)	(3,206,669,938)
Retained earnings, end of period		**107,173,613**	**6,949,672,934**	96,913,259	6,284,340,279

See Notes to Supplemental Financial Statements

SUPPLEMENTAL STATEMENTS OF CASH FLOWS

	Twelve Months Ended March 31,			
	2017		2016	
	USD	INR	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES:			(Restated)	
Net income	**27,312,529**	**1,771,080,942**	27,514,094	1,784,151,425
Adjustments to reconcile net income to				
net cash provided by (used in) operating activities:				
Amortization	**1,324,006**	**85,855,169**	1,324,006	85,855,169
Depreciation	**10,839,771**	**702,904,950**	11,859,222	769,011,251
Deferred income tax expense	**(1,450,178)**	**(94,036,792)**	(7,309,936)	(474,012,800)
Changes in operating assets and liabilities:				
Accounts receivable, net	**9,574,112**	**620,833,293**	(20,563,194)	(1,333,420,315)
Due from parent company	**(6,077,692)**	**(394,107,937)**	1,246,938	80,857,695
Due from affiliated companies	**15,015,028**	**973,649,491**	18,591	1,205,533
Employee advances	**849,028**	**55,055,222**	330,024	21,400,406
Prepaid expenses and other current assets	**17,303,514**	**1,122,046,364**	(16,448,232)	(1,066,585,603)
Prepaid income taxes	**9,047,076**	**586,657,643**	(8,905,295)	(577,463,854)
Security deposits and other assets	**800,967**	**51,938,705**	(765,323)	(49,627,370)
Accrued expenses	**(19,528,325)**	**(1,266,314,235)**	17,896,273	1,160,483,824
Accounts payable	**(700,233)**	**(45,406,609)**	(1,717,388)	(111,364,025)
Unearned Revenue	**-**	**-**	-	-
Due to parent company	**(5,665,322)**	**(367,367,805)**	47,839,245	3,102,135,842
Due to affiliated companies	**9,009,107**	**584,195,543**	14,921,663	967,595,237
Net Cash Provided by (Used in) Operating Activities	**67,653,388**	**4,386,983,944**	67,240,688	4,360,222,415
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	**(15,249,515)**	**(988,854,800)**	(6,993,207)	(453,474,508)
Investment in subsidiaries and associates	**(31,089)**	**(2,015,966)**	-	-
Refund of investment funds from escrow account	**3,241,872**	**210,219,190**	6,232,735	404,161,701
Notes receivable from affiliated companies	**(33,500,000)**	**(2,172,307,500)**	(20,152,802)	(1,306,808,446)
Net Cash Provided by (Used in) Investing Activities				
	(45,538,732)	**(2,952,959,076)**	(20,913,274)	(1,356,121,253)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from long-term debt	**(900,063)**	**(58,364,585)**	(1,073,396)	(69,604,364)
Payment of dividend	**(17,052,176)**	**(1,105,748,353)**	(49,451,306)	(3,206,669,938)
Net Cash Provided by (Used in) Financing Activities	**(17,952,239)**	**(1,164,112,938)**	(50,524,702)	(3,276,274,302)
Net increase (decrease) in cash	**4,162,417**	**269,911,930**	(4,197,288)	(272,173,140)
Cash, beginning of period	**2,555,589**	**165,717,169**	6,752,877	437,890,309
Cash, end of period	**6,718,006**	**435,629,099**	2,555,589	165,717,169
Supplemental disclosure:				
Cash paid for interest	**72,697**	**4,714,037**	170,610	11,063,205
Cash paid for income taxes	**15,888,682**	**1,030,301,584**	17,364,404	1,125,994,777

See Notes to Supplemental Financial Statements

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

1. NATURE OF OPERATIONS

Tech Mahindra (Americas) Incorporated (TMA or the Company), is a wholly owned subsidiary of Tech Mahindra Limited (TechM), which is incorporated in the country of India. TMA was incorporated in the State of New Jersey in November 1993, and provides computer consulting and programming support services.

On March 6, 2012 TMA formed Tech Talenta, Inc. (TechT). TechT is a Texas corporation, which is 100% owned by TMA. TechT is engaged in the business of recruitment, fulfillment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering, IT System Support and Operations for clients across North America. On May 7, 2014, TechT registered a branch office in Canada. On February 9, 2016, TechT registered a branch office in United Kingdom. The Canadian and United Kingdom branches had no activity for the period ended March 31, 2017.

On July 20, 2012, the shareholder of the Company and its Board of Directors approved a Plan and Agreement of Merger whereby the Company and CanvasM (Americas), Inc. (CAI), a company related by common control, were merged with and into a single corporation. TMA is the surviving corporation. The separate existence of CAI ceased on September 1, 2012, the effective date of the merger. The issued shares of CAI were cancelled on the effective date of the merger.

On June 24, 2013 TechM and Satyam Computer Technologies Ltd (MSAT) merger was approved by the Indian High Court and as a result, the entire business of MSAT has been transferred and vested in TechM as a going concern. In year 2014 and 2015 all the employees of MSAT branch transferred to TMA. All eligible employees were offered the right to participate in a 401(k) plan. In addition, all assets and liabilities that were merged into TechM were transferred to TMA. On August 1 and August 2, 2016, the shareholders of the TechM and its Board of Directors

In December 2014, the shareholder of the Company and its Board of Directors approved a Plan and Agreement of Merger whereby the Company and vCustomer Services, LLC (“vCustomer”), a company related by common control, were merged with and into a single corporation. TMA is the surviving corporation. The separate existence of vCustomer ceased on February 2, 2015, the effective date of the merger.

On February 6, 2015 TMA acquired 100% of Lightbridge Communications Corporation (“LCC”), a Delaware corporation. LCC provides integrated end-to-end solutions for wireless voice and data communications networks with offerings ranging from high level technical consulting to system design and optimization services, ongoing operations and maintenance services, and deployment services.

On March 3, 2015, TMA purchased 600,000 shares of Series A Preferred Stock of $0.001 (INR 0.06) par value per share of Avion Networks, Inc. (“Avion”), a Delaware corporation. Avion is in the business of providing engineering and technology services to customers in telecommunication industry. TMA owns 30% of Avion and accounts for this investment under the equity method.

On February 29, 2016 TMA formed Tapio Inc.(“Tapio”), a Delaware corporation. Tapio main business objectives was to be similar to TMA with more alignment towards products both for the Telecom and Enterprise markets. Initially Tapio would have been licensing and further developing API software from AT&T for customers worldwide. Since inception Tapio had no activity and TMA has not funded its investment in Tapio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification’s content carries the same level of authority.

B. NON-CONSOLIDATED SUBSIDIARY

Tech Talenta, Inc.

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary TechT. Management is of the opinion that at TMA level, stand-alone company financial statements are considered more meaningful to the readers of the financial statements. A further set of consolidated financial statements will be prepared.

Lightbridge Communications Corporation

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary LCC. Management is of the opinion that at TMA level, stand-alone company financial statements are considered more meaningful to the readers of the financial statements.

Tapio Inc.

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary Tapio. Management is of the opinion that at TMA level, stand-alone company financial statements are considered more meaningful to the readers of the financial statements. Since inception Tapio had no activity and TMA has not funded its investment in Tapio.

C. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in companies in which TMA does not have a controlling financial interest are accounted for using the equity method. The Company's share of the after-tax earnings of equity method investees is included in Note 9. Equity method investments are classified as Investments in Subsidiaries and Associated Companies in the Balance Sheet.

D. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

E. CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalent.

F. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from parent and affiliated companies' customers for services provided by TMA. As of March 31, 2017 and 2016 the allowance for doubtful accounts was $1,497,101 (INR 97,079,514) and $1,428,073 (INR 92,603,394), respectively. Management's estimate of uncollectible accounts is based upon an analysis of past due accounts. Accounts are written off when all methods to collect have been exhausted. Per the contract entered into with TechM on April 1, 2007, TechM assumes all business and entrepreneurial risks relating to all customer transactions. TechM may also elect to invoice customers directly. As per the contract, TMA invoices TechM the total costs incurred related to TechM projects plus a percentage (see Note 2I below).

G. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of three years. TMA capitalizes purchases greater than $500 (INR 32,423) with lesser amounts expensed in the year purchased.

H. INTANGIBLE ASSETS

The Company accounts for the intangible assets using FASB ASC 350, Goodwill and Other Intangible Assets. Under FASB ASC 350, intangible assets with identifiable useful lives are amortized on the straight-line basis over its determined useful lives. The Company evaluates the carrying value of the intangible assets on at least an annual basis and more frequently if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. If intangible assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying value of the reporting unit exceeds the fair value. There were no impairment charges recognized during the three and twelve months ended March 31, 2017 and 2016.

Intangible assets consist primarily of trademarks and customer lists acquired in business combinations. These intangible assets are generally amortized over a period of 15 years.

I. REVENUE AND EXPENSES

Effective April 1, 2007, TMA has entered into a contract with TechM. Under the contract TMA remits to TechM 100% of all contract revenues. However, TechM, has agreed to reimburse TMA all direct project expenses and all indirect costs plus 5.75% of these expenses.

Effective October 1, 2013, the Company has entered into a contract with Tech Talenta, Inc. (“TT”), 100% owned subsidiary. Under the contract TMA, has agreed to reimburse TT all direct project expenses and all indirect costs plus 3% of these expenses.

Revenue derived from business process outsource services is recognized on time and material basis, provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable.

Expenses are recorded when incurred.

J. UNBILLED REVENUE

Unbilled revenue comprises of revenue recognized in relation to efforts incurred on time and material contracts not billed as of the period end where services are performed in accordance with agreed terms.

K. INCOME TAXES

TMA accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. TMA records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken on expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

In accordance with guidance in ASC 740-10-30-27, the Company uses a “separate return” method to allocate current and deferred taxes or benefits to members of the consolidated return group (“TMA and subsidiaries”) by applying ASC 740 to each member as if they were separate tax payers. Under the “separate return” method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the parent.

L. RESTATEMENT

In the period ending March 31, 2017 and 2016, Tech Mahindra BPO was merged with TechM. As a result, the accounts of Tech Mahindra BPO were merged with TechM’s accounts as of that date. To be consistent with the current year presentation, certain prior year amounts have been restated.

In the period ending March 31, 2017 and 2016, MSATUS net assets werre merged with the Company. To be consistent with the current year presentation, certain prior year amounts have been restated.

3. CASH

At March 31, 2017 and 2016, cash is summarized as follows:

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Cash at banks	**6,718,006**	**435,629,099**	2,555,589	165,717,169

4. ACCOUNTS RECEIVABLE

At March 31, 2017 and 2016, accounts receivable are summarized as follows:

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
			(Restated)	
Amounts due for services rendered and billed	**21,759,057**	**1,410,966,051**	28,578,013	1,853,141,253
Less: allowance for doubtful accounts	**(1,497,101)**	**(97,079,514)**	(1,428,073)	(92,603,394)
Amounts due for services rendered and billed, net	**20,261,956**	**1,313,886,537**	27,149,940	1,760,537,859
Amounts due for services rendered, not billed	**6,150,223**	**398,811,210**	8,836,351	572,993,181
Total accounts receivable, net	**26,412,179**	**1,712,697,747**	35,986,291	2,333,531,040

Billed accounts receivable concentrations:	March 31, 2017		
	USD	**INR**	**Concentration**
Nissan North America, Inc	**6,817,256**	**442,064,965**	**31%**
CenturyLink	**3,567,415**	**231,329,026**	**16%**

	March 31, 2016 (Restated)		
	USD	INR	Concentration
Nissan North America, Inc	7,571,546	490,976,900	30%
CenturyLink	809,575	52,496,891	3%

5. INCOME TAXES

TMA accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as described in Note 2K above. At March 31, 2017 and 2016, accounts receivable are summarized as follows:

For the three months ended March 31, 2017 and 2016, the deferred income tax expense (benefit) consists of the following:

	Twelve Months Ended March 31,			
		2017		2016
			(Restated)	
	USD	**INR**	USD	INR
Federal	**18,166,218**	**1,177,988,406**	19,626,849	1,272,703,024
Federal - prior period adjustment	**(6,650)**	**(431,220)**	-	-
State	**3,841,221**	**249,083,976**	4,264,192	276,511,530
State - prior period adjustment	**(173,572)**	**(11,255,276)**	-	-
	21,827,217	**1,415,385,886**	23,891,041	1,549,214,554

	Twelve Months Ended March 31,			
	2017		2016	
			(Restated)	
	USD	**INR**	USD	INR
Federal	**(1,415,430)**	**(91,783,558)**	(5,703,139)	(369,820,048)
State	**(34,749)**	**(2,253,299)**	(1,606,797)	(104,192,752)
	(1,450,179)	**(94,036,857)**	(7,309,936)	(474,012,800)
Total current and deferred income tax expense	**20,377,038**	**1,321,349,029**	16,581,105	1,075,201,754

Deferred tax asset consists of the following:	March 31,			
	2017		2016	
			(Restated)	
	USD	**INR**	USD	INR
Federal	**10,789,450**	**699,641,885**	9,374,020	607,858,327
State	**2,262,441**	**146,707,987**	2,227,693	144,454,752
	13,051,891	**846,349,872**	11,601,713	752,313,079

As of March 31, 2017 and 2016, TMA had utilized all available federal net operating losses (NOLs) available to be carried forward from prior years. As of March 31, 2017 and 2016, the Company had approximately $0 and $11,990 (INR 777,491), respectively, of available state NOLs which were available to be carried forward through March 31, 2037. TMA expects to be able to utilize the entire deferred tax benefit, therefore, no valuation allowance has been recorded to reduce the asset.

In accordance with the tax sharing arrangement between the Company and its wholly owned subsidiary, LCC, the Company recorded an amount payable to LCC as of March 31, 2017 and 2016, of $24,373,603 (INR 1,580,506,286) and $15,346,422 (INR 995,138,735) for LCC's NOL that the Company is able to utilize as part of filing a consolidated Federal income tax return.

In the ordinary course of business there are many transactions with affiliated companies that affect the calculation and estimation of the Company's tax liability. Although management believes that the Company's tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's historical income tax provisions and accruals.

6. PROPERTY AND EQUIPMENT

At March 31, 2017 and 2016, property and equipment are summarized as follows:

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Plant and machinery - cost			(Restated)	
	26,826,607	**1,739,571,331**	21,149,889	1,371,464,552
Computer and software - cost	**22,286,840**	**1,445,190,140**	14,079,999	913,017,535
Furniture and equipment - cost	**3,434,314**	**222,698,091**	3,284,521	212,984,764
Leasehold improvements - cost	**2,930,047**	**189,998,898**	2,841,711	184,270,750
Office equipment - cost	**894,737**	**58,019,221**	631,061	40,921,151
Less: accumulated depreciation	**(39,518,975)**	**(2,562,607,934)**	(29,543,355)	(1,915,738,854)
Property and equipment, net	**16,853,570**	**1,092,869,747**	12,443,826	806,919,898

Depreciation expense was $2,505,346 (INR 162,459,161) and $3,118,544 (INR 202,221,986) for the three months ended March 31, 2017 and 2016, respectively and $10,839,771 (INR 702,904,950) and $11,859,222 (INR 769,011,251) for the twelve months ended March 31, 2017 and 2016, respectively. The depreciation policies followed by TMA are described in Note 2G.

7. INTANGIBLE ASSETS, NET

At March 31, 2017 and 2016, intangible assets are summarized as follows:

				March 31,
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Trademarks, customer lists and other	**19,860,088**	**1,287,827,406**	19,860,088	1,287,827,407
Less: accumulated amortization	**(6,620,030)**	**(429,275,845)**	(5,296,024)	(343,420,676)
Intangible assets, net	**13,240,058**	**858,551,561**	14,564,064	944,406,731

Amortization expense for the three months ended March 31, 2017 and 2016 was $331,001 (INR 21,463,760) for each period. For the years ended March 31, 2017 and 2016, amortization expense was $1,324,006 (INR 85,855,169) for each period. The amortization policies followed by the Company are described in Note 2H.

8. INVESTMENT IN SUBSIDIARIES

The Company owns 100% investment (500,000 shares of $1.00 par value) in Tech Talenta, Inc. (100% owned subsidiary), that is accounted for on the cost method. The cost of investment was reported at $500,000 at March 31, 2017 and 2016. The subsidiary's stockholder's equity at March 31, 2017 and 2016 was $1,706,398 (INR 110,651,378) and $976,092 (INR 63,294,686), respectively.

As stated in Note 1, the Company acquired 100% investment in Lightbridge Communications Corporation (100% owned subsidiary) on February 6, 2015, which is accounted for on the cost method. The purchase price was $170 million (INR 11,024 million) and the transaction related acquisition costs were $2,772,263 (INR 179,767,394), which were included in the general and administrative expenses in the statement of operations. During the year ended March 31, 2017 and 2016 the Company received a refund of $3,241,872 (INR 210,219,190) and $6,235,322 (INR 404,329,455), respectively, from the investment escrow account. The balance of the investment was reported at $160,522,806 (INR 10,409 million) and $163,764,678 (INR 10,619 million) at March 31, 2017 and 2016, respectively.

As stated in Note 1, the Company formed Tapio Inc. (100% owned subsidiary) on February 29, 2016, which is accounted for on the cost method. The authorized capital stock of the newly formed corporation shall be $500,000 (INR 32,422,500) and the shares to be issued by the corporation have a par value of $0.01 (INR 0.648) each. Since inception Tapio had no activity and TMA has not funded its investment in Tapio.

9. INVESTMENT IN ASSOCIATED COMPANIES

The Company owns 30% investment (600,000 Series A Preferred Stock shares of $0.001 (INR 0.06) par value) in Avion. The investment in Avion is accounted for on equity method. The cost of investment was reported at $3,033,676 (INR 196,718,720) and $3,002,587 (INR 194,702,754) at March 31, 2017 and 2016, respectively. The Company recognized $10,071 (INR 653,054) and ($1,446) ((INR 93,766) of after-tax income and loss from Avion during the three months period ended March 31, 2017 and 2016, respectively. For the twelve months ended March 31, 2017 and 2016, after-tax income of $31,089 (INR 2,015,966) and $4, 033 (INR 167,754) , respectively, was recognized.

10. TRANSACTIONS WITH PARENT COMPANY

As stated in Note 2I above, TMA has entered into revenue sharing contracts with TechM, its parent company. During the periods ending March 31, 2017 and 2016 TechM BPO transactions were merged with the parent. During the period ending March 31, 2017 and 2016, MSATUS net assets were merged with the company, The transactions with TechM are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from parent company	**30,928,988**	**2,005,590,227**	120,690,426	7,826,170,674
Contract revenue - parent company	**(117,479,214)**	**(7,617,939,632)**	(101,173,288)	(6,560,581,860)
Income from parent company	**865,015,002**	**56,091,897,805**	810,063,917	52,528,594,698
Payments to parent company	**142,466,810**	**9,238,260,294**	70,941,582	4,600,206,885
Collections from parent company	**(860,446,871)**	**(55,795,677,350)**	(813,513,817)	(52,752,303,463)
Expense reimbursement - debit/credit notes	**22,709,245**	**1,472,580,992**	(15,562,604)	(1,009,157,057)
Ending balance, due from parent company	**83,193,960**	**5,394,712,336**	71,446,216	4,632,929,877
Due (to) from parent consists of:				
Amounts due to parent company	**(75,254,087)**	**(4,879,851,272)**	(80,962,787)	(5,250,031,923)
Amounts due from parent company	**158,448,047**	**10,274,563,608**	152,409,003	9,882,961,800
	83,193,960	**5,394,712,336**	71,446,216	4,632,929,877

11. TRANSACTIONS WITH AFFILIATED COMPANIES

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra Technologies, Inc. ("TechM Tech"), an affiliated company. Transaction with TechM Tech are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from TechM Tech	**22,816**	**1,479,504**	41,459	2,688,409
Expense reimbursement - debit/credit	**582,735**	**37,787,450**	284,555	18,451,969
Collections from TechM Tech	**(365,000)**	**(23,668,425)**	(303,198)	(19,660,874)
Ending balance, due from TechM Tech	**240,551**	**15,598,529**	22,816	1,479,504

Due (to) from TechM Tech consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR -
	-	**-**	-	
Amounts due to TechM Tech	**240,551**	**15,598,530**	22,816	1,479,504
Amounts due from TechM Tech	**240,551**	**15,598,530**	22,816	1,479,504

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Talenta, Inc. ("TechT"), its wholly owned subsidiary. Transaction with TechT are summarized below:TECH MAHINDRA (AMERICAS) INC.

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TechT	**(314,339)**	**(20,383,312)**	(369,995)	(23,992,326)
Subcontractor cost - TechT	**(19,537,846)**	**(1,266,931,624)**	(11,805,134)	(765,503,914)
Expense reimbursement - debit/ credit notes	**389,421**	**25,252,005**	(180,422)	(11,699,465)
Collections from TechT	**(988,180)**	**(64,078,532)**	-	-
Amounts paid to TechT	**20,372,626**	**1,321,062,932**	12,041,212	780,812,392
Ending balance, due to TechT	**(78,318)**	**(5,078,531)**	(314,339)	(20,383,313)

Due (to) from TechT consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to TechT	**(468,686)**	**(30,391,944)**	(1,302,519)	(84,461,845)
Amounts due from TechT	**390,368**	**25,313,413**	988,180	64,078,532
	(78,318)	**(5,078,531)**	(314,339)	(20,383,313)

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra IPR, Inc. ("TM IPR"), an affiliated company. Transaction with TM IPR are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from TM IPR	**978,749**	**63,466,979**	1,564,163	101,428,150
Income from TM IPR	**822,548**	**53,338,125**	978,749	63,466,979
Ending balance, due from TM IPR	**1,287,198**	**83,468,354**	978,749	63,466,979

Due (to) from TM IPR consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to TM IPR	**-**	**-**	-	-
Amounts due from TM IPR	**1,287,198**	**83,468,354**	978,749	63,466,979
	1,287,198	**83,468,354**	978,749	63,466,979

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra ICT ("TM ICT"), an affiliated company. Transaction with TM ICT are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TM ICT	**(1,923)**	**(124,697)**	(4,028)	(261,196)
Expense reimbursement - debit/ credit notes	**-**	**-**	(1,923)	(124,697)
Amounts paid to TM ICT	**1,923**	**124,697**	4,028	261,196
Ending balance, due to TM ICT	**-**	**-**	(1,923)	(124,697)

Due (to) from TM ICT consists of:	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to TM ICT	**-**	**-**	(1,923)	(124,697)
Amounts due from TM ICT	**-**	**-**	-	-
	-	**-**	(1,923)	(124,697)

In the period ending March 31, 2016, TMA had inter-company transactions with vCustomer Philippines, Inc., ("vCustomer Philippines"), an affiliated company. Transactions with vCustomer Philippines are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from vCustomer Philippines	**-**	**-**	203,768	13,213,336
Amounts collected from vCustomer Philippines	**-**	**-**	(203,768)	(13,213,336)
Ending balance, due from vCustomer Philippines	**-**	**-**	-	-

Due from vCustomer Philippines consists of:	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to vCustomer Philippines	**-**	**-**	-	-
Amounts due from vCustomer Philippines	**-**	**-**	-	-
	-	**-**	-	-

During the period ending March 31, 2016, TMA had inter-company transactions with vCustomer Philippines (Cebu), Inc., ("vCustomer Cebu"), an affiliated company. Transactions with vCustomer Cebu are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due (to) from vCustomer Cebu	-	-	105,171	6,819,813
Amounts collected from vCustomer Cebu	-	-	(105,171)	(6,819,813)
Ending balance, due (to) from vCustomer Cebu	-	-	-	-

Due (to) from vCustomer Cebu consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to vCustomer Cebu	-	-	-	-
Amounts due from vCustomer Cebu	-	-	-	-
	-	-	-	-

During the period ending March 31, 2016, TMA had inter-company transactions with New vC Services Private Limited ("vCustomer India"), an affiliated company. Transactions with vCustomer India are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to vCustomer India	-	-	(82)	(5,317)
Expense reimbursement - debit/ credit notes	-	-	(870)	(56,415)
Amounts paid to vCustomer India	-	-	952	61,732
Ending balance, due to vCustomer India	-	-	-	-

Due (to) from vCustomer India consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to vCustomer India	-	-	-	-
Amounts due from vCustomer India	-	-	-	-
	-	-	-	-

During the period ending March 31, 2016, TMA had inter-company transactions with Tech Mahindra Services De Informatica, LTDA ("TM Brazil"), an affiliated company. Transactions with TM Brazil are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Beginning balance, due to TM Brazil			(Restated)	
	-	**-**	(8,652)	(561,039)
Subcontractors cost - TMBrazil	**-**	**-**	(24,192)	(1,568,730)
Amounts paid to TM Brazil	**-**	**-**	32,844	2,129,769
Ending balance, due to TM Brazil	**-**	**-**	-	-

Due (to) from TM Brazil consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
			(Restated)	
Amounts due to TM Brazil	**-**	**-**	-	-
Amounts due from TM Brazil	**-**	**-**	-	-
	-	**-**	-	-

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra Services De Mexico ("TM Mexico"), an affiliated company. Transactions with TM Mexico are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
			(Restated)	
Beginning balance, due (to) from TM Mexico	**53,848**	**3,491,774**	-	-
Expense reimbursement - debit/ credit notes	**(318)**	**(20,621)**	(1,449)	(93,960)
Amounts paid to TM Mexico	**(53,848)**	**(3,491,774)**	55,297	3,585,734
Ending balance, due (to) from TM Mexico	**(318)**	**(20,621)**	53,848	3,491,774

Due (to) from TM Mexico consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
			(Restated)	
Amounts due to TM Mexico	**(318)**	**(20,621)**	-	-
Amounts due from TM Mexico	**-**	**-**	53,848	3,491,774
	(318)	**(20,621)**	53,848	3,491,774

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Lightbridge Communications Corporation ("LCC"), an affiliated company. Transactions with LCC are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCC	**(15,346,422)**	**(995,138,735)**	-	-
Deferred tax asset sharing	**(9,027,181)**	**(585,367,551)**	(15,346,422)	(995,138,735)
Ending balance, due to LCC	**(24,373,603)**	**(1,580,506,286)**	(15,346,422)	(995,138,735)

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Due (to) from LCC consists of:				
Amounts due to LCC	**(24,373,603)**	**(1,580,506,287)**	(15,346,422)	(995,138,735)
Amounts due from LCC	**-**	**-**	-	-
	(24,373,603)	**(1,580,506,287)**	(15,346,422)	(995,138,735)

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra Network Services International, Inc. ("TMNSI"), an affiliated company. Transactions with TMNSI are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from TMNSI	**703,012**	**45,586,813**	-	
Income from TMNSI	**314,369**	**20,385,258**	-	-
Expense reimbursement - debit/ credit notes	**757,460**	**49,117,494**	703,012	45,586,813
Ending balance, due from TMNSI	**1,774,841**	**115,089,565**	703,012	45,586,813

Due (to) from TMNSI consists of:

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to TMNSI	**(16,415)**	**(1,064,431)**	-	
Amounts due from TMNSI	**1,791,256**	**116,153,995**	703,012	45,586,813
	1,774,841	**115,089,564**	703,012	45,586,813

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Avion Networks, Inc. ("Avion"), an affiliated company. Transactions with Avion are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from Avion	**653,335**	**42,365,508**	-	
Revenue from Avion	**5,902,307**	**382,735,097**	1,078,543	69,938,121
Amounts paid from Aviom	**(2,149,592)**	**(139,390,293)**	(422,620)	(27,404,794)
Ending balance, due from Avion	**4,406,050**	**285,710,312**	655,923	42,533,327

Due (to) from Avion consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to Avion	**-**	**-**	-	
Amounts due from Avion	**4,406,050**	**285,710,313**	655,923	42,533,327
	4,406,050	**285,710,313**	655,923	42,533,327

During the period ending March 31, 2017, TMA had inter-company transactions with Tech Mahindra Network Design Services, Inc. ("TMNDES"), an affiliated company. Transactions with TMNDES are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMNDES	**-**	**-**	-	
Cost of services	**(1,839,593)**	**(119,288,408)**	-	-
Expense reimbursement - debit/ credit notes	**1,267,443**	**82,187,341**	-	-
Ending balance, due to TMNDES	**(572,150)**	**(37,101,067)**	-	-

Due to TMNDES consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to TMNDES	**(632,719)**	**(41,028,664)**	-	
Amounts due from TMNDES	**60,569**	**3,927,597**	-	-
	(572,150)	**(37,101,067)**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with Pininfarina Extra SRL ("PinExtra"), an affiliated company. Transactions with PinExtra are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to PinExtra	**-**	**-**	-	-
Cost of services	**(22,022)**	**(1,428,017)**	-	-
Expense reimbursement - debit/ credit notes	**(348)**	**(22,566)**	-	-
Amounts paid to PinExtra	**21,265**	**1,378,929**	-	-
Ending balance, due to PinExtra	**(1,105)**	**(1,450,583)**	-	-

Due to PinExtra consists of:	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to PinExtra	**(1,105)**	**(71,654)**	-	-
Amounts due from PinExtra	**-**	**-**	-	-
	(1,105)	**(71,654)**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with Fixstream Networks Inc. ("FIXNET"), an affiliated company.

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to FIXNET	**-**	**-**	-	-
Cost of services	**(334,542)**	**(21,693,376)**	-	-
Amounts paid to FIXNET	**558,500**	**36,215,933**	-	-
Amount due (to) from FIXNET	**223,958**	**14,522,557**	-	-

Due (to) from FIXNET consists of:	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to FIXNET	**(179,000)**	**(11,607,255)**	-	-
Amount due from FIXNET	**402,958**	**26,129,812**	-	-
	223,958	**14,522,557**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with Citisoft In. (“CITI”), an affiliated company. Transactions with

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to CITI	**-**	**-**	-	-
Expense reimbursement - debit/ credit notes	**(31,123)**	**(2,018,171)**	-	-
Amount due (to) from CITI	**(31,123)**	**(2,018,171)**	-	-

Due (to) from CITI consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to CITI	**(31,123)**	**(2,018,171)**	-	-
Amount due from CITI	**-**	**-**	-	-
	(31,123)	**(2,018,171)**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with LCC Mexio (“LCCM”), an affiliated company. Transactions with LCCM are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCCM	**-**	**-**	-	
Cost of services	**(380)**	**(24,641)**	-	-
Amount due (to) from LCCM	**(380)**	**(24,641)**	-	-

Due (to) from LCCM consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to LCCM	**(380)**	**(24,641)**	-	-
Amount due from LCCM	**-**	**-**	-	-
	(380)	**(24,641)**	-	-

Amounts due to affiliated companies			(Restated)	
	(25,703,349)	**(1,666,733,668)**	(16,650,864)	(1,079,725,277)
Amounts due from affiliated companies	**8,578,950**	**556,302,014**	3,402,528	220,636,929
	(17,124,399)	**(1,110,431,654)**	(13,248,336)	(859,088,348)

During the periods ending March 31, 2017 and 2016, notes due from affiliated companies consist of the following:

Light Bridge Communication Corporation ("LCC")	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**10,354,650**	**671,447,279**	10,115,021	655,908,537
	10,354,650	**671,447,279**	10,115,021	655,908,537

Note receivable from LCC. The note is unsecured. The outstanding balance includes principal loan balances of $10,000,000 (INR 648,450, 000), the principal loan balance accrues interest of LIBOR plus 1.15% per annum and is payable quarterly. This note matures on January 15, 2018. Interest income on the loan was $354,650 (INR 22,997,279) for the period ending March 31, 2017 and $115,021 (INR 7,458,537) for the period ending March 31, 2016.

Light Bridge Communication Corporation ("LCC")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**10,237,931**	**663,878,636**	10,037,781	650,899,909
	10,237,931	**663,878,636**	10,037,781	650,899,909

Note receivable from LCC. The note is unsecured. The outstanding balance includes principal loan balances of $10,000,000, the principal loan balance accrues interest of LIBOR plus 1.75% per annum and is payable quarterly. This note matures on November 19, 2017. Interest income on the loan was $237,931 (INR 15,428,636) for the period ending March 31, 2017 and $37,781 (INR 2,449,909) for the period ending March 31, 2016.

NOTES RECEIVABLE FROM AFFILIATED COMPANIES

Leadcom Integrated Solutions (L.I.S) Limited ("Leadcom")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from Leadcom	**3,053,788**	**198,022,883**	-	-
	3,053,788	**198,022,883**	-	-

Note receivable from Leadcom Integrated Solutions (L.I.S.) Limited. The note is unsecured. The outstanding balance includes principal loan balances of $3,000,000 (INR 194,535,000), the principal loan balance accrues interest of LIBOR plus 1.50% per annum and is payable quarterly. This note matures on July 26, 2017. Interest income on the loan was $53,788 (INR 3,487,883) for the period ending March 31, 2017.

Tech Mahindra Servicos de Informatica Ltda. ("TechSI")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**1,524,110**	**98,830,913**	**-**	**-**
	1,524,110	**98,830,913**	-	-

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. This note matures on September 20, 2017. Interest income on the loan was $24,110 (INR 1,563,413) for the period ending March 31, 2017.

Tech Mahindra Servicos de Informatica Ltda. ("TechSI")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**4,525,397**	**293,449,368**	-	-
	4,525,397	**293,449,368**	-	-

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding balance includes principal loan balances of $4,500,000 (INR 291,802,500), the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. This note matures on June 18, 2017. Interest income on the loan was $25,397 (INR 1,646,868) for the period ending March 31, 2017.

Fixstream Networks Inc.("FIXN")	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**1,541,237**	**99,941,513**	-	-
	1,541,237	**99,941,513**	-	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on August 21, 2017. Interest income on the loan was $41,237 (INR 2,674,016) for the period ending March 31, 2017.

NOTES RECEIVABLE FROM AFFILIATED COMPANIES

Fixstream Networks Inc.("FIXN")	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**1,522,118**	**98,701,742**	-	-
	1,522,118	**98,701,742**	-	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on November 14, 2017. Interest income on the loan was $22,118 (INR 1,434,242) for the period ending March 31, 2017.

Fixstream Networks Inc.("FIXN")	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**1,513,996**	**98,175,071**	-	-
	1,513,996	**98,175,071**	-	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on January 21, 2018. Interest income on the loan was $13,996 (INR 907,571) for the period ending March 31, 2017.

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Subtotal:			(Restated)	
	34,273,227	**2,222,447,405**	20,152,802	1,306,808,446
Less: current portion	**(29,695,876)**	**(1,925,629,079)**	(20,152,802)	(1,306,808,446)
Long-term portion	**4,577,351**	**296,818,326**	-	-

12. LINE OF CREDIT

In January 2015, the Company entered into a credit facilities agreement with a financial institution. The credit facilities consist of 1) $12 million (INR 778 million) Documentary Letters of Credit; 2) $10 million (INR 648, million) Overdraft; 3) $10 million (INR 648 million) Revolving Credit Facility; 4) $1.5 million (INR 97,27 million) Business Card. The maximum borrowing of the credit facilities is $33.5 million (INR 2,172.31 million) with interest rates as follows: 1) 1.25% for Overdraft; 2) LIBOR plus 0.8% for Documentary Letters of Credit and 3) LIBOR plus 1% for revolving Credit Facility. The credit facilities mature on February 28, 2018. The balance outstanding at March 31, 2017 and 2016 was zero.

In January 2015, the Company entered into a revolving line of credit facility with a financial institution. The maximum borrowing of the line of credit facility is $40 million (INR 2,594 million) with variable interest rate at LIBOR plus 1.1%. The line of credit matures on December 15, 2017. The balance outstanding at March 31, 2017 and 2016 was zero.

13. LONG-TERM DEBT

At March 31, 2017 and 2016, long-term debt consists of the following:

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Note payable to a financial institution dated October 30,			(Restated)	
2013, collateralized by a software license. This note has an annual interest rate of 4.94% and quarterly installments of $173,333 (INR 11,239,778) beginning January 2014 through October 2016. This note was settled in full in the period ended March 31, 2017.	**-**	**-**	520,000	33,719,399
Note payable to a financial institution dated January 30, 2014, collateralized by a software license. This note has an annual interest rate of 6.75% and quarterly installments of $95,016 (INR 6,161,313) beginning April 2014 through January 2018.	**380,063**	**24,645,185**	760,126	49,290,370
Less: current portion	**(380,063)**	**(24,645,185)**	(900,063)	(58,364,585)
Long-term portion	**-**	**-**	380,063	24,645,184

14. COMMON STOCK

The Company is authorized to issue 220,000,000 shares of common stock, par value $1 per share, of which 170,521,745 shares were issued and outstanding on March 31, 2017 and 2016.

On July 13, 2016, the Board of Directors proposed and approved the declaration and payment of dividend to the sole shareholder, Tech Mahindra Ltd. The dividend was be paid at the rate of $0.10 per share, the outstanding number of shares was 170,521,745 and the total amount of dividend paid pursuant to this resolution was $17,052,174.50 (INR 1,105,748,288).

15. CONCENTRATIONS WITH PARENT COMPANY'S CUSTOMERS

Revenue from the parent and affiliated companies ("contract revenue") for the three months ended March 31, 2017 and 2016 was $218,265,428 (INR 14,153,421,679) and $202,448,511 (INR 13,127,773,696), representing 100% for pboth periods. For the twelve months ended March 31, 2017 and 2016 contract revenue was $865,837,550 (INR 56,145,235,930) and $811,042,666 (INR 52,592,061,677), representing 100% for both periods. This contract revenue is received by TMA and then is transferred to TechM and affiliated companies. Contract revenue has been treated as agency transactions for financial statements purposes.

Contract revenue concentrations:	**Twelve Months ended March 31, 2017**		
	Amount		**Concentration**
	USD	**INR**	**%**
Nissan North America	**46,898,196**	**3,041,113,520**	**40%**
CenturyLink	**11,734,804**	**760,943,365**	**10%**
Solenis LLC	**11,359,573**	**736,611,511**	**10%**

	Twelve Months Ended March 31, 2016		
	Amount Concentration (Restated)		
	USD	INR	
Nissan North America	**35,794,911**	**2,321,121,004**	**36%**
CenturyLink	**5,493,279**	**356,211,677**	**5%**
Solenis LLC	**12,568,327**	**814,993,164**	**12%**

16. EMPLOYEE BENEFITS

TMA's medical benefits are provided under a partially self-insured plan and a contract with an insurance company for major stop-loss coverage. Under the insurance contract, TMA is liable for all expenses under an aggregate annual maximum based on the number of persons covered. Management has included in accrued expenses claims payable and an estimate of incurred but not paid claims as of the year end.

Employees of TMA may be allotted/granted shares in TechM in terms of several Employee Stock Option plans. The allotment of options to eligible employees is decided by the Compensation Committee which is comprised of certain directors of TechM. However, it is the opinion of management that the options granted to the employees relate to the services rendered to the parent company and therefore need not be accounted for by TMA under FASB ASC 718, Compensation - Stock Compensation.

Effective from January 1, 2014, TMA joined the Satyam Computer Services, Ltd. 401K Plan ("the Plan") as an adopting employer. From this date, eligible employees may elect to join the Plan and all plan contributions are withheld from employees' salaries and paid directly to the Plan. The Company has elected not to make any company contributions to the Plan. TechM is the Plan administrator.

The Plan is currently in compliance settlement discussions with the U.S. Department of Labor relating to required financial disclosures for the 2011 financial year that were not provided to the authorities ("the Matter"). On March 28, 2014, the Plan's legal counsel has filed a motion for continuance which the court granted. The Company filed the required financial disclosures with the authorities in November 2014 and have not received any update. The Company is not responsible for any assessment by the authorities as TechM is the Plan Administrator and fully responsible for the Plan's compliance.

Management is of the opinion that, as an adopting employer, the Company is not subject to any sanctions, fines or penalties relating to the Matter. However, in the unlikely event that sanctions, fines or penalties are levied by the court or the U.S. Department of Labor on TMA as an adopting employer, TechM as the fund administrator, has undertaken to reimburse TMA in full for all such costs.

17. COMMITMENTS LEASES:

TMA leases office space under operating leases. Rent expenses under these operating leases were $803,355 (INR 52,093,555) and $1,050,201 (INR 68,100,284)for the three months ended March 31, 2017 and 2016, respectively and $3,266,705 (INR 211,829,486) and $3,072,807 (INR 199,256,170) for the twelve months ended March 31, 2017 and 2016, respectively. Future minimum lease payments under operating leases are as follows:

Years ending March 31,	USD	INR
2018	2,443,924	158,476,252
2019	1,822,517	118,181,115
2020	1,330,327	86,265,054
Thereafter	1,111,933	72,103,295
	6,708,701	435,025,716

18. MERGER WITH COMPANY RELATED BY COMMON CONTROL

On August 2, 2016, the shareholders of TechM and its Board of Directors approved a merger of the Company and Satyam Computer Services Limited (MSATUS) a United Stated branch of TML. Effective date of the merger is March 31,2017.

The merger of MSATUS with and into TMA has been duly authorized in compliance with the provisions of the laws of the New Jersey Business Corporation Act and the provisions of the laws of India. TMA continues to exist as a corporation under its present name pursuant to the provisions of the New Jersey Business Corporation Act.

The following table summarizes the fair market value of the assets acquired during the period ending March 31,2017 in terms of the merger referred to above. In terms of U.S. GAAP the transaction is a transaction between related parties under common control. Consequently, the company does not record any stepped up basis for the assets acquired.

The financial transfer of merger resulted in TML retaining all the assets and liabilities of the branch which comprises of:

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Cash	**135,777**	**8,804,460**	135,777	8,804,460
Net accounts receivable	**15,708,404**	**1,018,611,457**	15,708,404	1,018,611,457
Other current assets	**26,379,611**	**1,710,585,875**	26,379,611	1,710,585,875
Other assets	**210,330**	**13,638,849**	210,330	13,638,849
Accounts payable	**(1,916,745)**	**(124,291,330)**	(1,916,745)	(124,291,330)
Net asset and liabilities acquired	**40,517,377**	**2,627,349,311**	40,517,228	2,627,349,311

As part of the merger agreement, TML agreed in future it would compensate TMA the full net asset value of $40,517,228 (INR 2,627,349,311).

TML agreed to absorb the business risk associated with the assets listed above.

The following table summarizes the fair market value of the assets acquired during the period ending March 31,2017 in terms of the merger referred to above. In terms of U.S. GAAP the transaction is a transaction between related parties under common control. Consequently, the company does not record any stepped up basis for the assets acquired.

	2017		2016	
	USD	**INR**	USD (Restated)	INR
Net asset acquired	**40,517,228**	**2,627,339,650**	40,517,228	2,627,339,650

19. LITIGATION AND CONTINGENCIES

The Company is involved in various legal proceedings in the ordinary course of its business. Although management of the Company can not predict the ultimate outcome of these proceedings with certainty, it believes that the ultimate resolution of the Company's proceedings, including any amounts it may be required to pay in excess of amounts reserved, will not have a material effect on the Company's financial statements.

20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 21, 2017, the date the financial statements were available to be issued.

On March 6, 2017 pursuant to the provisions of Sections 179 read with Section 186 (5) of the Companies Act,2013, the Investment Committee of the Board of Directors to the TML approved the proposal to acquire CJS Solutions Group LLC . CJS Solutions Group LLC ("CJS") doing business as "The HCI Group" is focused on the Healthcare provider space and specializes in implementations of EMR (Electronic Medical Records) software. CJS is headquartered in Jacksonville, Florida.

The present value of CJS is $110 million (INR 7133 million); with $89.5 million (INR 5804 million) paid upfront in cash, for the acquisition of 84,7% membership units in CJS and contingent consideration of a maximum of $130.5 million (INR 6462 million) payable in the calendar years 2018, 2019 and 2020 for acquiring the remaining 15.3% membership units in CJS based on the revenue and EBIDTA achieved over the calendar years 2017, 2018 and 2019. The merger has not yet been consummated as of April 21, 2017.

On April 17, 2017 the shareholders of the Company and its Board of Directors decided to dissolve Tapio, with effective date of dissolution April 18, 2017. Since inception Tapio had no activity and TMA had not funded its investment in Tapio.

Except as discussed above, no significant events occurred subsequent to the balance sheet date but prior to April 21, 2017, that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES (USD & INR)

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
SCHEDULE I			(Restated)	
REVENUE				
Contract revenue	**117,513,011**	**7,620,131,198**	100,672,155	6,528,085,891
Transfers to parent and affiliated companies	**(117,513,011)**	**(7,620,131,198)**	(100,672,155)	(6,528,085,891)
Revenue from parent and affiliated	**-**	**-**	-	-
	865,837,550	**56,145,235,930**	811,042,666	52,592,061,677
companies				
Revenue from third parties	**-**	**-**	-	-
	865,837,550	**56,145,235,930**	811,042,666	52,592,061,677
SCHEDULE II				
PERSONNEL EXPENSES				
Software engineers	**484,823,833**	**31,438,401,451**	440,470,091	28,562,283,051
Administrative	**-**	**-**	10,000	648,450
Payroll Taxes	**37,735,628**	**2,446,966,798**	33,641,334	2,181,472,303
Employee benefits	**34,676,211**	**2,248,578,902**	37,433,872	2,427,399,430
	557,235,672	**36,133,947,151**	511,555,297	33,171,803,234
SCHEDULE III				
GENERAL AND ADMINISTRATIVE				
Contracted services	**158,436,416**	**10,273,809,396**	164,015,411	10,635,579,326
Travel	**40,233,333**	**2,608,930,478**	35,257,027	2,286,241,916
Project specific expenses	**27,244,004**	**1,766,637,439**	19,270,793	1,249,614,572
Communications	**5,339,887**	**346,264,973**	6,565,721	425,754,178
Professional fees	**5,408,172**	**350,692,913**	4,778,837	309,883,685
Rent	**3,266,705**	**211,829,486**	3,072,807	199,256,170
Sales and other indirect taxes	**1,632,240**	**105,842,603**	2,129,081	138,060,257
Sales and marketing	**2,904,041**	**188,312,539**	2,340,819	151,790,408
Office expenses	**2,579,598**	**167,274,032**	1,862,920	120,801,047
Miscellaneous	**763,960**	**49,538,986**	1,154,425	74,858,690
Entertainment	**903,204**	**58,568,263**	706,577	45,817,986
Bad debt expense	**69,028**	**4,476,121**	561,320	36,398,795
Insurance	**412,813**	**26,768,859**	441,201	28,609,679
	249,193,401	**16,158,946,088**	242,156,939	15,702,666,709

SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS

	Note	March 31, 2017 USD	2017 INR	2016 USD (Restated)	2016 INR
ASSETS:					
Current assets:					
Cash	3	**7,346,417**	**476,378,410**	3,189,554	206,826,629
Accounts receivable, net	4	**29,072,062**	**1,885,177,860**	37,139,461	2,408,308,349
Employee advances		**1,614,950**	**104,721,433**	2,472,614	160,336,655
Deferred tax assets	5	**13,093,988**	**849,079,652**	11,601,713	752,313,079
Due from parent company	10	**158,501,026**	**10,277,999,031**	152,513,539	9,889,740,436
Due from affiliated companies	11	**8,300,435**	**538,241,708**	2,414,348	156,558,396
Prepaid expenses and other current assets		**2,905,138**	**188,383,674**	21,380,641	1,386,427,666
Notes receivable from affiliated companies	11	**29,695,876**	**1,925,629,079**	20,152,802	1,306,808,446
Prepaid income tax		**1,190,719**	**77,212,174**	10,239,653	663,990,299
Total current assets		**251,720,611**	**16,322,823,021**	261,104,325	16,931,309,955
Property and equipment, net	6	**16,857,166**	**1,093,102,929**	12,443,826	806,919,897
Non current assets:					
Notes due from affiliated company		**4,577,351**	**296,818,326**	-	-
Total non current assets		**4,577,351**	**296,818,326**	-	-
Other assets:					
Security deposits		**345,700**	**22,416,917**	1,146,754	74,361,263
Other receivables		**2,656**	**172,228**	64,839	4,204,485
Investment in subsidiaries		**160,522,806**	**10,409,101,355**	163,764,678	10,619,320,545
Investment in associated company	7	**3,033,676**	**196,718,720**	3,002,587	194,702,754
Intangible assets, net	8	**13,240,058**	**858,551,561**	14,564,064	944,406,730
Total other assets		**177,144,896**	**11,486,960,781**	182,542,922	11,836,995,777
Total Assets		**450,300,024**	**29,199,705,057**	456,091,073	29,575,225,629
LIABILITIES AND STOCKHOLDER'S EQUITY					
Liabilities:					
Current liabilities:					
Accrued expenses		**66,440,958**	**4,308,363,923**	86,196,113	5,589,386,947
Accounts payable		**3,537,733**	**229,404,296**	4,229,234	274,244,679
Due to parent company	10	**75,269,665**	**4,880,861,427**	80,965,464	5,250,205,513
Due to affiliated company	11	**25,769,850**	**1,671,045,923**	15,348,345	995,263,432
Customer advances		**-**	**-**	160,695	10,420,267
Long-term debt, current portion	13	**380,063**	**24,645,185**	900,063	58,364,585
Total current liabilities		**171,398,269**	**11,114,320,754**	187,799,914	12,177,885,423
Long-term debt, net of current portion	13	**-**	**-**	380,063	24,645,185
Stockholder's equity					
Common stock	14	**170,521,745**	**11,057,482,555**	170,521,745	11,057,482,555
Retained earnings		**108,380,010**	**7,027,901,748**	97,389,351	6,315,212,466
Total stockholder's equity		**278,901,755**	**18,085,384,303**	267,911,096	17,372,695,021
Total Liability and Stockholder's Equity		**450,300,024**	**29,199,705,057**	456,091,073	29,575,225,629

See Notes to Supplemental Financial Statements

SUPPLEMENTAL CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

		March 31,			
		2017		2016	
		USD	**INR**	USD (Restated)	INR
REVENUE	I	**878,635,780**	**56,975,137,154**	817,726,754	53,025,491,363
OPERATING EXPENSES:					
Personnel	II	**564,882,914**	**36,629,832,558**	515,667,038	33,438,429,079
General and administrative	III	**253,155,409**	**16,415,862,495**	244,057,526	15,825,910,272
Amortization		**1,324,006**	**85,855,169**	1,324,006	85,855,169
Depreciation		**10,852,687**	**703,742,489**	11,859,222	769,011,251
Total operating expenses		**830,215,016**	**53,835,292,711**	772,907,792	50,119,205,771
Operating income		**48,420,764**	**3,139,844,443**	44,818,962	2,906,285,592
OTHER INCOME (EXPENSES)					
Other income		**119,116**	**7,724,077**	2,587	167,754
Interest expense		**333,281**	**21,611,606**	(58,808)	(3,813,405)
Foreign currency gain (loss)		**(7,696)**	**(499,047)**	4,052	262,752
Total other income/ (expense)		**444,701**	**28,836,636**	(52,169)	(3,382,899)
Income before income tax expense		**48,865,465**	**3,168,681,079**	44,766,793	2,902,902,693
INCOME TAX EXPENSE	Note 5	**20,822,631**	**1,350,243,507**	16,839,211	1,091,938,637
NET INCOME		**28,042,834**	**1,818,437,572**	27,927,582	1,810,964,056
Retained earnings, beginning of period, as originally reported		**-**	**-**	78,395,847	5,083,578,699
Restatement to reflect merger transfer with entity related by common control	Note 18	**-**	**-**	40,517,228	2,627,339,650
Retained earnings, beginning of period, as restated		**97,389,351**	**6,315,212,466**	118,913,075	7,710,918,348
Cash dividends paid on common stock	Note 14	**(17,052,175)**	**(1,105,748,288)**	(49,451,306)	(3,206,669,938)
Retained earnings, end of period		**108,380,010**	**7,027,901,748**	97,389,351	6,315,212,466

See Notes to Supplemental Financial Statements

SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES:			(Restated)	
Net income	**28,042,834**	**1,818,437,572**	27,927,582	1,810,964,056
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Amortization	**1,324,006**	**85,855,169**	1,324,006	85,855,169
Depreciation	**10,852,687**	**703,742,489**	11,859,222	769,011,251
Deferred income tax expense	**(1,492,275)**	**(96,766,572)**	(7,284,845)	(472,385,774)
Changes in operating assets and liabilities:				
Accounts receivable, net	**8,067,399**	**523,130,488**	(20,553,024)	(1,332,760,841)
Due from parent company	**(6,026,135)**	**(390,764,723)**	1,098,590	71,238,069
Due from affiliated companies	**14,305,363**	**927,631,264**	(84,603)	(5,486,082)
Employee advances	**857,664**	**55,615,223**	324,681	21,053,939
Prepaid expenses and other current assets	**18,537,686**	**1,202,076,248**	(16,909,177)	(1,096,475,582)
Prepaid income taxes	**9,048,934**	**586,778,125**	(8,979,215)	(582,257,197)
Security deposits and other assets	**801,054**	**51,944,347**	(765,239)	(49,621,923)
Accrued expenses	**(19,755,214)**	**(1,281,026,855)**	18,376,606	1,191,631,015
Accounts payable	**(691,441)**	**(44,836,492)**	(1,739,355)	(112,788,475)
Income tax payable	**-**	**-**	-	-
Unearned revenue	**-**	**-**	-	
Due to parent company	**(5,652,422)**	**(366,531,305)**	47,598,396	3,086,517,989
Due to affiliated companies	**10,378,127**	**672,969,645**	15,157,809	982,908,125
Customer advances	**(160,695)**	**(10,420,267)**	160,695	10,420,267
Net Cash Provided by Operating Activities	**68,437,572**	**4,437,834,356**	67,512,129	4,377,824,006
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	**(15,266,027)**	**(989,925,521)**	(6,993,207)	(453,474,508)
Investment in subsidiaries and associates	**(31,089)**	**(2,015,966)**	(2,587)	(167,754)
Refund of investment funds from escrow account	**3,241,872**	**210,219,190**	6,235,322	404,329,455
Notes receivable from affiliated companies	**(34,273,227)**	**(2,222,447,405)**	(20,152,802)	(1,306,808,446)
Net Cash Used in Investing Activities	**(46,328,471)**	**(3,004,169,702)**	(20,913,274)	(1,356,121,253)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from long-term debt	**(900,063)**	**(58,364,585)**	(1,073,396)	(69,604,364)
Payment of dividend	**(17,052,175)**	**(1,105,748,288)**	(49,451,306)	(3,206,669,938)
Net Cash Provided by Financing Activities	**(17,952,238)**	**(1,164,112,873)**	(50,524,702)	(3,276,274,302)
Net increase (decrease) in cash	**4,156,863**	**269,551,781**	(3,925,847)	(254,571,549)
Cash, beginning of period	**3,189,554**	**206,826,629**	7,115,401	461,398,178
Cash, end of period	**7,346,417**	**476,378,410**	3,189,554	206,826,629
Supplemental disclosure:				
Cash paid for interest	**72,697**	**4,714,037**	170,610	11,063,205
Cash paid for income taxes	**16,374,514**	**1,061,805,360**	**17,671,339**	**1,145,897,977**

See Notes to Supplemental Financial Statements

NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

1. NATURE OF OPERATIONS

Tech Mahindra (Americas) Incorporated (TMA or the Company), is a wholly owned subsidiary of Tech Mahindra Limited (TechM), which is incorporated in the country of India. TMA was incorporated in the State of New Jersey in November 1993, and provides computer consulting and programming support services.

On March 6, 2012 TMA formed Tech Talenta, Inc. (TechT). TechT is a Texas corporation, which is 100% owned by TMA. TechT is engaged in the business of recruitment, fulfillment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering, IT System Support and Operations for clients across North America. On May 7, 2014, TechT registered a branch office in Canada. On February 9, 2017, TechT registered a branch office in United Kingdom. The Canadian and United Kingdom branches had no activity for the period ended March 31, 2017.

On July 20, 2012, the shareholder of the Company and its Board of Directors approved a Plan and Agreement of Merger whereby the Company and CanvasM (Americas), Inc. (CAI), a company related by common control, were merged with and into a single corporation. TMA is the surviving corporation. The separate existence of CAI ceased on September 1, 2012, the effective date of the merger. The issued shares of CAI were cancelled on the effective date of the merger.

On June 24, 2013 TechM and Satyam Computer Technologies Ltd (MSAT) merger was approved by the Indian High Court and as a result, the entire business of MSAT has been transferred and vested in TechM as a going concern. In year 2014 and 2015 all the employees of MSAT branch transferred to TMA. All eligible employees were offered the right to participate in a 401(k) plan. In addition, all assets and liabilities that were merged into TechM were transferred to TMA. On August 1 and August 2, 2016, the shareholders of the TechM and its Board of Directors approved a merger of the Company and Satyam Computer Services Limited (MSATUS) an United Stated branch of MSAT. The effective date of the merger is the March 31,2017.

In March 2014, the shareholder of the Company and its Board of Directors approved a Plan and Agreement of Merger whereby the Company and vCustomer Services, LLC ("vCustomer"), a company related by common control, were merged with and into a single corporation. TMA is the surviving corporation. The separate existence of vCustomer ceased on February 2, 2016, the effective date of the merger.

On February 6, 2016 TMA acquired 100% of Lightbridge Communications Corporation ("LCC"), a Delaware corporation. LCC provides integrated end-to-end solutions for wireless voice and data communications networks with offerings ranging from high level technical consulting to system design and optimization services, ongoing operations and maintenance services, and deployment services.

On March 3, 2016, TMA purchased 600,000 shares of Series A Preferred Stock of $0.001 par value per share of Avion Networks, Inc. ("Avion"), a Delaware corporation. Avion is in the business of providing engineering and technology services to customers in telecommunication industry. TMA owns 30% of Avion and accounts for this investment under the equity method.

On February 29, 2017 TMA formed Tapio Inc.("Tapio"), a Delaware corporation. Tapio main business objectives was to be similar to TMA with more alignment towards products both for the Telecom and Enterprise markets. Initially Tapio would have been licensing and further developing API software from AT&T for customers worldwide. Since inception Tapio had no activity and TMA has not funded its investment in Tapio.

TMA and its subsidiary, TechT, are collectively referred to as the "Company".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of TMA and TechT, the wholly owned subsidiary (collectively referred to as the "Company"). All material intercompany transactions and balances have been eliminated in consolidation. Another wholly owned subsidiary of TMA, LLC is being accounted for on a cost method, see note 2C below for more details.

B. BASIS OF PRESENTATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of

America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification's content carries the same level of authority.

C. NON-CONSOLIDATED SUBSIDIARY

Lightbridge Communications Corporation

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary LCC. Management is of the opinion that at TMA level, stand-alone company financial statements are considered more meaningful to the readers of the financial statements.

Tapio Inc.

A, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary Tapio. Management is of the opinion that at TMA level, stand-alone company financial statements are considered more meaningful to the readers of the financial statements. Since inception Tapio had no activity and TMA has not funded its investment in Tapio.

D. INVESTMENTS IN ASSOCIATED COMPANY

Investments in companies in which TMA does not have a controlling financial interest are accounted for using the equity method. The Company's share of the after-tax earnings of equity method investees is included in Note 9. Equity method investments are classified as Investments in Subsidiaries and Associated Companies in the Balance Sheet.

E. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

F. CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalent.

G. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from parent and affiliated companies' customers for services provided by TMA. As of March 31, 2017 and 2016 the allowance for doubtful accounts was $1,497,101 (INR 97,079,514) and $1,428,073 (INR 92,603,394), respectively. Management's estimate of uncollectible accounts is based upon an analysis of past due accounts. Accounts are written off when all methods to collect have been exhausted. Accounts are written off when all methods to collect have been exhausted.

In terms of the contract entered into with TechM on April 1, 2007, TechM assumes all business and entrepreneurial risks relating to all customer transactions. In terms of the contract between TechM and TMA, TechM may elect to invoice customers directly. As per the contract, TMA invoices TechM the total costs incurred related to TechM projects plus a percentage (see Note 2J below).

Per the terms of the contract entered into with TechM on October 1, 2013, TechM assumes all business and entrepreneurial risks relating to all customer transactions. In terms of the contract between TechM and TechT, TechM may elect to invoice customers directly. As per the contract, TechT invoices TechM the total costs incurred related to TechM projects plus a percentage (see Note 2J below).

H. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of three years. TMA capitalizes purchases greater than $500 (INR 32,423) with lesser amounts expensed in the year purchased.

I. INTANGIBLE ASSETS

The Company accounts for the intangible assets using FASB ASC 350, Goodwill and Other Intangible Assets. Under FASB ASC 350, intangible assets with identifiable useful lives are amortized on the straight-line basis over its determined useful lives. The Company evaluates the carrying value of the intangible assets on at least an annual basis and more frequently if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. If intangible assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying value of the reporting unit exceeds the fair value. There were no impairment charges recognized during the three and twelve months ended March 31, 2017 and 2016.

Intangible assets consist primarily of trademarks and customer lists acquired in business combinations. These intangible assets are generally amortized over a period of 15 years.

J. REVENUE AND EXPENSES

Effective April 1, 2007, TMA has entered into a contract with TechM. Under the contract TMA remits to TechM 100% of all contract revenues. However, TechM, has agreed to reimburse TMA all direct project expenses and all indirect costs plus 5.75% of these expenses.

Effective October 1, 2013, TechT has entered into a contract with TechM. Under the contract TechM has agreed to reimburse TechT all direct project expenses and all indirect costs plus 3% of these expenses.

Revenue derived from business process outsource services is recognized on time and material basis, provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable.

Expenses are recorded when incurred.

K. UNBILLED REVENUE

Unbilled revenue comprises of revenue recognized in relation to efforts incurred on time and material contracts not billed as of the period end where services are performed in accordance with agreed terms.

L. INCOME TAXES

TMA accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. TMA records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken on expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

In accordance with guidance in ASC 740-10-30-27, the Company uses a “separate return” method to allocate current and deferred taxes or benefits to members of the consolidated return group (“TMA and subsidiaries”) by applying ASC 740 to each member as if they were separate tax payers. Under the “separate return” method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the parent.

M. RESTATEMENT

In the period ending March 31, 2017 and 2016, Tech Mahindra BPO was merged with TechM. As a result, the accounts of Tech Mahindra BPO were merged with TechM’s accounts as of that date. To be consistent with the current year presentation, certain prior year amounts have been restated.

In the period ending March 31, 2017 and 2016, MSATUS net assets were merged with the Company. To be consistent with the current year presentation, certain prior year amounts have been restated.

3. CASH

At March 31, 2017 and 2016 cash is summarized as follows:

	March 31,			
	2017		2016 (Restated)	
Cash at banks	**USD**	**INR**	USD	INR
	7,346,417	**476,378,410**	3,189,554	206,826,629

4. ACCOUNTS RECEIVABLE

At March 31, 2017 and 2016, accounts receivable are summarized as follows:

	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due for services rendered and billed	**23,514,685**	**1,524,809,748**	29,441,645	1,909,143,471
Less: allowance for doubtful accounts	**(1,497,101)**	**(97,079,514)**	(1,428,073)	(92,603,394)
Amounts due for services rendered and billed, net	**22,017,584**	**1,427,730,234**	28,013,572	1,816,540,077
Amounts due for services rendered, not billed	**7,054,478**	**457,447,626**	9,125,889	591,768,272
Total accounts receivable, net	**29,072,062**	**1,885,177,860**	37,139,461	2,408,308,349

Billed accounts receivable concentrations:

	March 31, 2017		
Nissan North America	**USD**	**INR**	**Concentration**
	6,817,256	**442,064,965**	**31%**
Century Link	**3,567,415**	**231,329,026**	**16%**

	March 31, 2016 (Restated)		
Nissan North America	**USD**	**INR**	**Concentration**
	7,571,546	**490,976,900**	**30%**
Century Link	**809,575**	**52,496,891**	**3%**

5. INCOME TAXES

TMA accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as described in Note 2L above. For the three months ended March 31, 2017 and 2016, the current income tax expense consists of the following:

For the years ended March 31, 2017 and 2016, the current income tax expense consists of the following:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Federal	**18,579,962**	**1,204,817,636**	19,823,125	1,285,430,541
Federal - prior periods adjustment	**(6,650)**	**(431,219)**	-	-
State	**3,915,167**	**253,879,004**	4,300,931	278,893,871
State - prior periods adjustment	**(173,572)**	**(11,255,276)**	-	-
	22,314,907	**1,447,010,145**	24,124,056	1,564,324,412

For the years ended March 31, 2017 and 2016, the deferred income tax expense (benefit) consists of the following:

	Twelve Months Ended March 31,			
	2017		2016	
			(Restated)	
	USD	**INR**	USD	INR
Federal	**(1,450,643)**	**(94,066,945)**	(5,683,158)	(368,524,381)
State	**(41,633)**	**(2,699,693)**	(1,601,687)	(103,861,394)
	(1,492,276)	**(96,766,638)**	(7,284,845)	(472,385,775)
Total current and deferred income tax expense	**20,822,631**	**1,350,243,507**	16,839,211	1,091,938,637

Deferred tax asset consists of the following:	**March 31, 2017**		March 31, 2016	
			(Restated)	
	USD	**INR**	USD	INR
Federal	**10,824,663**	**701,925,272**	9,374,020	607,858,326
State	**2,269,325**	**147,154,380**	2,227,693	144,454,753
	13,093,988	**849,079,652**	11,601,713	752,313,079

As of March 31, 2017 and 2016, TMA had utilized all available federal net operating losses (NOLs) available to be carried forward from prior years. As of March 31, 2017 and 2016, the Company had approximately $0 and $11,990 (INR 777,491), respectively, of available state NOLs which were available to be carried forward through March 31, 2037. TMA expects to be able to utilize the entire deferred tax benefit, therefore, no valuation allowance has been recorded to reduce the asset.

In accordance with the tax sharing arrangement between the Company and its wholly owned subsidiary, LCC, the Company recorded an amount payable to LCC as of March 31, 2017 and 2016, of $24,373,603 (INR 1,580,506,286) and $15,346,422 (INR 995,138,735) for LCC's NOL that the Company is able to utilize as part of filing a consolidated Federal income tax return.

In the ordinary course of business there are many transactions with affiliated companies that affect the calculation and estimation of the Company's tax liability. Although management believes that the Company's tax In the ordinary course of business there are many transactions with affiliated companies that affect the calculation and estimation of the Company's tax liability. Although management believes that the Company's tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's historical income tax provisions and accruals.

6. PROPERTY AND EQUIPMENT

At March 31, 2017 and 2016, property and equipment are summarized as follows:

	March 31,			
	2017		2016	
			(Restated)	
Plant and machinery - cost	**USD**	**INR**	USD	INR
	26,826,607	**1,739,571,331**	21,149,889	1,371,464,552
Computer and software - cost	**22,319,349**	**1,447,298,186**	14,079,999	913,017,535
Furniture and equipment - cost	**3,523,015**	**228,449,908**	3,284,521	212,984,764
Leasehold improvements - cost	**2,930,047**	**189,998,898**	2,841,711	184,270,751
Office equipment - cost	**904,586**	**58,657,879**	631,061	40,921,151
Less: accumulated depreciation	**(39,646,438)**	**(2,570,873,273)**	(29,543,355)	(1,915,738,856)
Property and equipment, net	**16,857,166**	**1,093,102,929**	12,443,826	806,919,897

Depreciation expense was $2,505,683 (INR 162,481,014) and $3,118,544 (INR 202,221,986) for the three months ended March 31, 2017 and 2016, respectively and $10,852,687 (703,742,489) and $11,859,222 (INR 769,011,251) for the twelve months ended March 31, 2017 and 2016, respectively. The depreciation policies followed by TMA are described in Note 2H. During the period ending September 30, 2016 property and equipment with the Net Book Value of $12,467 (INR 808,423) was transferred from Mahindra Technologies Servoces Inc., an affiliated company, to the Tech Talenta Inc.. Management decided to fully depreciate transferred assets during the period ended Se[tember 30, 2016.

7. INTANGIBLE ASSETS, NET

At March 31, 2017 and 2016, intangible assets are summarized as follows:

	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Trademarks, customer lists and other	**19,860,088**	**1,287,827,406**	19,860,088	1,287,827,406
Less: accumulated amortization	**(6,620,030)**	**(429,275,845)**	(5,296,024)	(343,420,676)
Intangible assets, net	**13,240,058**	**858,551,561**	14,564,064	944,406,730

Amortization expense for the three months ended March 31, 2017 and 2016 was $331,001 (INR 21,463,760) for each period. For the years ended March 31, 2016 and 2015, amortization expense was $1,324,006 (INR 85,855,169) for each period. The amortization policies followed by the Company are described in Note 2I.

8. INVESTMENT IN SUBSIDIARIES

As stated in Note 1, the Company acquired 100% investment in Lightbridge Communications Corporation (100% owned subsidiary) on February 6, 2015, which is accounted for on the cost method. The purchase price was $170 million (INR 11,024 million) and the transaction related acquisition costs were $2,772,263 (INR 179,767,394), which were included in the general and administrative expenses in the statement of operations. During the year ended March 31, 2017 and 2016 the Company received a refund of $3,241,872 (INR 210,219,190) and $6,235,322 (INR 404,329,455), respectively, from the investment escrow account. The balance of the investment was reported at $160,522,806 (INR 10,409 million) and $163,764,678 (INR 10,619 million) at March 31, 2017 and 2016, respectively.

As stated in Note 1, the Company formed Tapio Inc. (100% owned subsidiary) on February 29, 2016, which is accounted for on the cost method. The authorized capital stock of the newly formed corporation shall be $500,000 (INR 32,422,500) and the shares to be issued by the corporation have a par value of $0.01 (INR 0.648) each. Since inception Tapio had no activity and TMA has not funded its investment in Tapio.

9. INVESTMENT IN ASSOCIATE

The Company owns 30% investment (600,000 Series A Preferred Stock shares of $0.001 (INR 0.06) par value) in Avion. The investment in Avion is accounted for on equity method. The cost of investment was reported at $3,033,676 (INR 196,718,720) and $3,002,587 (INR 194,702,754) at March 31, 2017 and 2016, respectively. The Company recognized $10,071 (INR 653,054) and ($1,446) ((INR 93,766) of after-tax income and loss from Avion during the three months period ended March 31, 2017 and 2016, respectively. For the twelve months ended March 31, 2017 and 2016, after-tax income of $21,018 (INR 1,362,912) and $4, 033 (INR 261,520) , respectively, was recognized.

10. TRANSACTIONS WITH PARENT COMPANY

As stated in Note 2I above, TMA has entered into revenue sharing contracts with TechM, its parent company. During the periods ending March 31, 2017 and 2016 TechM BPO transactions were merged with the parent. During the period ending March 31, 2017 and 2016, MSATUS net assets were merged with the company, The transactions with TechM are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
			(Restated)	
	USD	**INR**	USD	INR
Beginning balance, due from parent company	**31,030,847**	**2,012,195,274**	120,480,384	7,812,550,500
Contract revenue - parent company	**(116,821,956)**	**(7,575,319,737)**	(101,173,288)	(6,560,581,860)
Income from parent company	**865,015,002**	**56,091,897,805**	811,089,123	52,595,074,182
Payments to parent company	**142,469,487**	**9,238,433,885**	71,215,835	4,617,990,819
Collections from parent company	**(861,155,687)**	**(55,841,640,524)**	(814,451,073)	(52,813,079,829)
Expense reimbursement - debit/credit notes	**22,693,668**	**1,471,570,901**	(15,612,906)	(1,012,418,889)
Ending balance, due from parent company	**83,231,361**	**5,397,137,604**	71,548,075	4,639,534,923

	March 31,			
	2017		2016	
			(Restated)	
	USD	**INR**	USD	INR
Amounts due to parent company	**(75,269,665)**	**(4,880,861,427)**	(80,965,464)	(5,250,205,513)
Amounts due from parent company	**158,501,026**	**10,277,999,031**	152,513,539	9,889,740,436
	83,231,361	**5,397,137,604**	71,548,075	4,639,534,923

11. TRANSACTIONS WITH AFFILIATED COMPANIES

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra Technologies, Inc. (“TechM Tech”), an affiliated company. Transaction with TechM Tech are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
			(Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TechM	**22,816**	**1,479,504**	41,459	2,688,409
Tech Expense reimbursement - debit/credit notes	**582,735**	**37,787,450**	284,555	18,451,969
Collections from TechM Tech	**(365,000)**	**(23,668,425)**	(303,198)	(19,660,874)
Ending balance, due (to) from TechM Tech	**240,551**	**15,598,529**	22,816	1,479,504

Due (to) from TechM Tech consists of:	March 31,			
	2017		2016	
			(Restated)	
	USD	**INR**	USD	INR
	-	**-**	-	-
Amounts due to TechM Tech	**240,551**	**15,598,530**	22,816	1,479,504
Amounts due from TechM Tech	**240,551**	**15,598,530**	22,816	1,479,504

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra IPR, Inc. ("TM IPR"), an affiliated company. Transaction with TM IPR are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TM IPR	**978,749**	**63,466,979**	1,564,163	101,428,150
Income from TM IPR	**822,548**	**53,338,125**	978,749	63,466,979
Collections received from TM IPR	**(514,099)**	**(33,336,750)**	(1,564,163)	(101,428,150)
Ending balance, due (to) from TM IPR	**1,287,198**	**83,468,354**	978,749	63,466,979

Due (to) from TM IPR consists of:	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to TM IPR	**-**	**-**	-	-
Amounts due from TM IPR	**1,287,198**	**83,468,354**	978,749	63,466,979
	1,287,198	**83,468,354**	978,749	63,466,979

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra ICT ("TM ICT"), an affiliated company. Transaction with TM ICT are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TM ICT	**(1,923)**	**(124,697)**	(2,142)	(138,898)
Expense reimbursement - debit/ credit notes	**-**	**-**	(20,951)	(1,358,568)
Amounts paid to TM ICT	**1,923**	**124,697**	21,170	1,372,769
Ending balance, due (to) from TM ICT	**-**	**-**	(1,923)	(124,697)

Due (to) from TM ICT consists of:	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to TM ICT	**-**	**-**	(1,923)	(124,697)
Amounts due from TM ICT	**-**	**-**	-	-
	-	**-**	(1,923)	(124,697)

During the period ending March 31, 2016, TMA had inter-company transactions with vCustomer Philippines, Inc., ("vCustomer Philippines"), an affiliated company. Transactions with vCustomer Philippines are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from vCustomer Philippines	-	-	203,768	13,213,336
Amounts collected from vCustomer Philippines	-	-	(203,768)	(13,213,336)
Ending balance, due (to) from vCustomer Philippines	-	-	-	-

Due (to) from vCustomer Philippines consists of:

	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to vCustomer Philippines	-	-	-	-
Amounts due from vCustomer Philippines	-	-	-	-
	-	-	-	-

During the period ending March 31, 2016, TMA had inter-company transactions with vCustomer Philippines (Cebu), Inc., ("vCustomer Cebu"), an affiliated company. Transactions with vCustomer Cebu are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from vCustomer Cebu	-	-	105,171	6,819,813
Amounts collected from vCustomer Cebu	-	-	(105,171)	(6,819,813)
Ending balance, due (to) from vCustomer Cebu	-	-	-	-

Due (to) from vCustomer Cebu consists of:

	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to vCustomer Cebu	-	-	-	-
Amounts due from vCustomer Cebu	-	-	-	-
	-	-	-	-

During the period ending March 31, 2016, TMA had inter-company transactions with New vC Services Private Limited (“vCustomer India”), an affiliated company. Transactions with vCustomer India are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
Beginning balance, due (to) from vCustomer India	**USD**	**INR**	USD	INR
	-	-	(82)	(5,317)
Expense reimbursement - debit/ credit notes	-	-	(870)	(56,415)
Amounts paid to vCustomer India	-	-	952	61,732
Ending balance, due (to) from vCustomer India	-	-	-	-

Due (to) from vCustomer India consists of:	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to vCustomer India	-	-	-	-
Amounts due from vCustomer India	-	-	-	-
	-	-	-	-

During the period ending March 31, 2016, TMA had inter-company transactions with Tech Mahindra Services De Informatica, LTDA (“TM Brazil”), an affiliated company. Transactions with TM Brazil are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
Beginning balance, due (to) from TM Brazil	**USD**	**INR**	USD	INR
	-	-	(8,652)	(561,039)
Expense reimbursement - debit/ credit notes	-	-	(24,192)	(1,568,730)
Amounts paid to TM Brazil	-	-	32,844	2,129,769
Ending balance, due (to) from TM Brazil	-	-	-	-

Due (to) from TM Brazil consists of:	March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to TM Brazil	-	-	-	-
Amounts due from TM Brazil	-	-	-	-
	-	-	-	-

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra Services De Mexico ("TM Mexico"), an affiliated company. Transactions with TM Mexico are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TM Mexico	**53,848**	**3,491,774**	-	-
Expense reimbursement - debit/ credit notes	**(318)**	**(20,621)**	(1,449)	(93,960)
Amounts paid to TM Mexico	**(53,848)**	**(3,491,775)**	55,297	3,585,734
Ending balance, due (to) from TM Mexico	**(318)**	**(20,622)**	53,848	3,491,774

Due (to) from TM Mexico consists of:	**March 31,**			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to TM Mexico	**(318)**	**(20,621)**	-	-
Amounts due from TM Mexico	**-**	**-**	53,848	3,491,774
	(318)	**(20,621)**	53,848	3,491,774

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Lightbridge Communications Corporation ("LCC"), an affiliated company. Transactions with LCC are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
Beginning balance, due (to) from LCC	**USD**	**INR**	USD	INR
	(15,346,422)	**(995,138,735)**	-	-
Income from affiliate	**(9,027,181)**	**(585,367,552)**	(15,346,422)	(995,138,735)
Ending balance, due (to) from LCC	**(24,373,603)**	**(1,580,506,287)**	(15,346,422)	(995,138,735)

Due (to) from LCC consists of:	**March 31,**			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Amounts due to LCC	**(24,373,603)**	**(1,580,506,287)**	(15,346,422)	(995,138,735)
Amounts due from LCC	**-**	**-**	-	-
	(24,373,603)	**(1,580,506,287)**	(15,346,422)	(995,138,735)

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Tech Mahindra Network Service International, Inc. ("TMNSI"), an affiliated company. Transactions with TMNSI are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
Beginning balance, due (to) from LCCINTL	**USD**	**INR**	USD	INR
	703,012	**45,586,813**	703,012	-
Income from TMNSI	**314,369**	**20,385,258**	-	-
Expense reimbursement - debit/ credit notes	**757,460**	**49,117,494**	-	-
Ending balance, due (to) from LCCINTL	**1,774,841**	**115,089,565**	703,012	-

Due (to) from LCCINTL consists of:	March 31,			
	2017		2016 (Restated)	
Amounts due to LCCINTL	**USD**	**INR**	USD	INR
	(16,415)	**(1,064,431)**	-	-
Amounts due from LCCINTL	**1,791,256**	**116,153,995**	-	-
	1,774,841	**115,089,564**	-	-

During the periods ending March 31, 2017 and 2016, TMA had inter-company transactions with Avion Networks, Inc. ("Avion"), an affiliated company. Transactions with Avion are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
Beginning balance, due (to) from Avion	**USD**	**INR**	USD	INR
	653,335	**-**	-	-
Expense reimbursement - debit/ credit notes	**5,902,307**	**382,735,096**	1,078,543	69,938,120
Amounts paid by Avion	**(2,149,592)**	**(139,390,293)**	(422,620)	(27,404,793)
Ending balance, due (to) from Avion	**4,406,050**	**243,344,803**	655,923	42,533,327

Due (to) from Avion consists of:	March 31,			
	2017		2016 (Restated)	
Amounts due to Avion	**USD**	**INR**	USD	INR
	-	**-**	-	-
Amounts due from Avion	**4,406,050**	**285,710,312**	655,923	42,533,327
	4,406,050	**285,710,312**	655,923	42,533,327

During the period ending March 31, 2017, TMA had inter-company transactions with Tech Mahindra Network Design Services, Inc. ("TMNDES"), an affiliated company. Transactions with TMNDES are summarized below:

	Twelve Months Ended March 31,			
	2017		2016 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due to TMNDES	**-**	**-**	-	-
Cost of services	**(1,839,593)**	**(119,288,408)**	-	-
Expense reimbursement - debit/ credit notes	**1267443**	**82,187,341**	-	-
Ending balance, due to TMNDES	**(572,150)**	**(37,101,067)**	-	-

Due to TMNDES consists of:

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to TMNDES	**(632,719)**	**(41,028,664)**	-	-
Amounts due from TMNDES	**60,569**	**3,927,597**	-	-
	(572,150)	**(37,101,067)**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with Pininfarina Extra SRL ("PinExtra"), an affiliated company. Transactions with PinExtra are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to PinExtra	**-**	**-**	-	-
Cost of services	**(22,022)**	**(1,428,017)**	-	-
Expense reimbursement - debit/ credit notes	**(348)**	**(22,566)**	-	-
Amounts paid to PinExtra	**21,265**	**1,378,929**	-	-
Ending balance, due to PinExtra	**(1,106)**	**(1,450,585)**	-	-

Due to PinExtra consists of:

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to PinExtra	**(1,105)**	**(71,654)**	-	-
Amounts due from PinExtra	**-**	**-**	-	-
	(1,105)	**(71,654)**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with Fixstream Networks Inc. (“FIXNET”), an affiliated company. Transactions with FIXNET are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to FIXNET	**-**	**-**	-	-
Cost of services	**(334,542)**	**(21,693,376)**	-	-
Amounts paid to FIXNET	**558,500**	**36,215,933**	-	-
Amount due (to) from FIXNET	**223,958**	**14,522,557**	-	-

Due (to) from FIXNET consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to FIXNET	**(179,000)**	**(11,607,255)**	-	-
Amount due from FIXNET	**402,958**	**26,129,812**	-	-
	223,958	**14,522,557**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with Citisoft In. (“CITI”), an affiliated company. Transactions with CITI are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to CITI	**-**	**-**	-	-
Expense reimbursement - debit/ credit notes	**(31,123)**	**(2,018,171)**	-	-
Amount due (to) from CITI	**(31,123)**	**(2,018,171)**	-	-

Due (to) from CITI consists of:	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to CITI	**(31,123)**	**(2,018,171)**	-	-
Amount due from CITI	**-**	**-**	-	-
	(31,123)	**(2,018,171)**	-	-

During the period ending March 31, 2017, TMA had inter-company transactions with LCC Mexio ("LCCM"), an affiliated company. Transactions with LCCM are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCCM	**-**	**-**	-	-
Cost of services	**(380)**	**(24,641)**	-	-
Amount due (to) from LCCM	**(380)**	**(24,641)**	-	-

Due (to) from LCCM consists of:

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Amounts due to LCCM	**(380)**	**(24,641)**	-	-
Amount due from LCCM	**-**	**-**	-	-
	(380)	**(24,641)**	-	-

In the period ended March 31, 2017, TechT had inter-company transactions with Mahindra Technologies Services, Inc. ("MTSI"), an affiliated company. Transactions with MTSI are summarized below:

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due (to) from MTSI				
Cost of services from MTSI	**(1,165,050)**	**(75,547,667)**		
Expense reimbursement - debit/ credit notes	**(817,664)**	**(53,021,422)**	-	-
Payments to affiliated company	**1,559,380**	**101,117,996**	-	-
Ending balance, due to MTSI	**(423,334)**	**(27,451,093)**	-	-

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
	(535,187)	**(34,704,201)**	-	-
	111,853	**7,253,108**	-	-
	(423,334)	**(27,451,093)**	-	-
			(Restated)	
Amounts due to affiliated companies	**(25,769,850)**	**(1,671,045,923)**	(15,348,345)	(995,263,432)
Amounts due from affiliated companies	**8,300,435**	**538,241,708**	1,711,336	110,971,583
	(17,469,415)	**(1,132,804,215)**	(13,637,009)	(884,291,849)

During the periods ending March 31, 2017 and 2016, notes due from affiliated companies consist of the following:

Light Bridge Communication Corporation ("LCC")	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**10,354,650**	**671,447,279**	10,115,021	655,908,537

Note receivable from LCC. The note is unsecured. The outstanding balance includes principal loan balances of $10,000,000 (INR 648,450, 000), the principal loan balance accrues interest of LIBOR plus 1.15% per annum and is payable quarterly. This note matures on January 15, 2018. Interest income on the loan was $354,650 (INR 22,997,279) for the period ending March 31, 2017 and $115,021 (INR 7,458,537) for the period ending March 31, 2016.

Light Bridge Communication Corporation ("LCC")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**10,237,931**	**663,878,636**	10,037,781	650,899,909

Note receivable from LCC. The note is unsecured. The outstanding balance includes principal loan balances of $10,000,000, the principal loan balance accrues interest of LIBOR plus 1.75% per annum and is payable quarterly. This note matures on November 19, 2017. Interest income on the loan was $237,931 (INR 15,428,636) for the period ending March 31, 2017 and $37,781 (INR 2,449,909) for the period ending March 31, 2016.

Leadcom Integrated Solutions (L.I.S) Limited ("Leadcom")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from Leadcom	**3,053,788**	**198,022,883**	-	-

Note receivable from Leadcom Integrated Solutions (L.I.S.) Limited. The note is unsecured. The outstanding balance includes principal loan balances of $3,000,000 (INR 194,535,000), the principal loan balance accrues interest of LIBOR plus 1.50% per annum and is payable quarterly. This note matures on July 26, 2017. Interest income on the loan was $53,788 (INR 3,487,883) for the period ending March 31, 2017.

Tech Mahindra Servicos de Informatica Ltda. ("TechSI")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**1,524,110**	**98,830,913**	-	-

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. This note matures on September 20, 2017. Interest income on the loan was $24,110 (INR 1,563,413) for the period ending March 31, 2017.

NOTES RECEIVABLE FROM AFFILIATED COMPANIES

Tech Mahindra Servicos de Informatica Ltda. ("TechSI")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**4,525,397**	**293,449,369**	-	-

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding balance includes principal loan balances of $4,500,000 (INR 291,802,500), the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. This note matures on June 18, 2017. Interest income on the loan was $25,397 (INR 1,646,868) for the period ending March 31, 2017.

Fixstream Networks Inc.("FIXN")	**March 31,**			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**1,541,237**	**99,941,513**	-	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on August 21, 2017. Interest income on the loan was $41,237 (INR 2,674,016) for the period ending March 31, 2017.

Fixstream Networks Inc.("FIXN")	March 31,			
	2017		2016	
	USD	INR	USD (Restated)	INR
Note receivable from FIXN	**1,522,118**	**98,701,742**	-	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on November 14, 2017. Interest income on the loan was $22,118 (INR 1,434,242) for the period ending March 31, 2017.

Fixstream Networks Inc.("FIXN")	March 31,			
	2017		2016	
	USD	INR	USD (Restated)	INR
Note receivable from FIXN	**1,513,996**	**98,175,071**	-	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,267,500), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on January 21, 2018. Interest income on the loan was $13,996 (INR 907,571) for the period ending March 31, 2017.

	March 31,			
	2017		2016	
	USD	INR	USD (Restated)	INR
Subtotal:	**34,273,227**	**2,222,447,405**	20,152,802	1,306,808,449
Less: current portion	**(29,695,876)**	**(1,925,629,079)**	(20,152,802)	(1,306,808,446)
Long-term portion	**4,577,351**	**296,818,326**	-	-

12. LINES OF CREDIT

In January 2015, the Company entered into a credit facilities agreement with a financial institution. The credit facilities consist of 1) $12 million (INR 778 million) Documentary Letters of Credit; 2) $10 million (INR 648, million) Overdraft; 3) $10 million (INR 648 million) Revolving Credit Facility; 4) $1.5 million (INR 97,27 million) Business Card. The maximum borrowing of the credit facilities is $33.5 million (INR 2,172.31 million) with interest rates as follows: 1) 1.25% for Overdraft; 2) LIBOR plus 0.8% for Documentary Letters of Credit and 3) LIBOR plus 1% for revolving Credit Facility. The credit facilities mature on February 28, 2018. The balance outstanding at March 31, 2017 and 2016 was zero.

In January 2015, the Company entered into a revolving line of credit facility with a financial institution. The maximum borrowing of the line of credit facility is $40 million (INR 2,594 million) with variable interest rate at LIBOR plus 1.1%. The line of credit matures on December 15, 2017. The balance outstanding at March 31, 2017 and 2016 was zero.

13. LONG-TERM DEBT

At March 31, 2017 and 2016 long-term debt consists of the following:

	March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
Note payable to a financial institution dated October 30, 2013, collateralized by a software license. This note has an annual interest rate of 4.94% and quarterly installments of $173,333 (INR 11,239,778) beginning January 2014 through October 2016. This note was settled in full in the period ended March 31, 2017.	**-**	**-**	520,000	33,719,400
Note payable to a financial institution dated January 30, 2014, collateralized by a software license. This note has an annual interest rate of 6.75% and quarterly installments of $95,016 (INR 6,161,313) beginning April 2014 through January 2018.	**380,063**	**24,645,185**	760,126	49,290,370
				-
Less: current portion	**(380,063)**	**(24,645,185)**	(900,063)	(58,364,585)
Long-term portion	**-**	**-**	380,063	24,645,185

14. COMMON STOCK

The Company is authorized to issue 220,000,000 shares of common stock, par value $1 per share, of which 170,521,745 and 375,000 shares were issued and outstanding on March 31, 2017 and 2016, respectively.

On July 13, 2016, the Board of Directors proposed and approved the declaration and payment of dividend to the sole shareholder, Tech Mahindra Ltd. The dividend was paid at the rate of $0.10 per share, the outstanding number of shares was 170,521,745 and the total amount of dividend paid pursuant to this resolution is $17,052,174.50 (INR 1,105,748,255).

15. CONCENTRATIONS WITH PARENT COMPANY'S CUSTOMERS

Revenue from the parent and affiliated companies ("contract revenue") for the three months ended March 31, 2017 and 2016 was $218,287,637 (INR 14,154,861,821) and $202,628,818 (INR 13,139,465,703), representing 100% for pboth periods. For the twelve months ended March 31, 2017 and 2016 contract revenue was $866,105,387 (INR 56,162,603,820) and $811,887,391 (INR 52,646,837,869), representing 100% for both periods. This contract revenue is received by TMA and then is transferred to TechM and affiliated companies. Contract revenue has been treated as agency transactions for financial statements purposes.

Contract revenue concentrations:	**Twelve Months Ended March 31, 2017**		
		Amount	**Concentration**
Nissan North America	**USD**	**INR**	**40%**
	46,898,196	**3,041,113,520**	
CenturyLink	**11,734,804**	**760,943,365**	**10%**
Solenis LLC	**11,359,573**	**736,611,511**	**10%**

	Twelve Months Ended March 31, 2016		
		Amount	Concentration
		(Restated)	
Nissan North America	USD	INR	36%
	35,794,911	2,321,121,004	
CenturyLink	5,493,279	356,211,677	5%
Solenis LLC	12,568,327	814,993,164	12%

16. EMPLOYEE BENEFITS

TMA's medical benefits are provided under a partially self-insured plan and a contract with an insurance company for major stop-loss coverage. Under the insurance contract, TMA is liable for all expenses under an aggregate annual maximum based on the number of persons covered. Management has included in accrued expenses claims payable and an estimate of incurred but not paid claims as of the year end.

Employees of TMA may be allotted/granted shares in TechM in terms of several Employee Stock Option plans. The allotment of options to eligible employees is decided by the Compensation Committee which is comprised of certain directors of TechM. However, it is the opinion of management that the options granted to the employees relate to the services rendered to the parent company and therefore need not be accounted for by TMA under FASB ASC 718, Compensation - Stock Compensation .

Effective from January 1, 2014, TMA joined the Satyam Computer Services, Ltd. 401K Plan ("the Plan") as an adopting employer. From this date, eligible employees may elect to join the Plan and all plan contributions are withheld from employees' salaries and paid directly to the Plan. The Company has elected not to make any company contributions to the Plan. TechM is the Plan administrator.

The Plan is currently in compliance settlement discussions with the U.S. Department of Labor relating to required financial disclosures for the 2011 financial year that were not provided to the authorities ("the Matter"). On March 28, 2014, the Plan's legal counsel has filed a motion for continuance which the court granted. The Company filed the required financial disclosures with the authorities in November 2014 and have not received any update. The Company is not responsible for any assessment by the authorities as TechM is the Plan Administrator and fully responsible for the Plan's compliance.

Management is of the opinion that, as an adopting employer, the Company is not subject to any sanctions, fines or penalties relating to the Matter. However, in the unlikely event that sanctions, fines or penalties are levied by the court or the U.S. Department of Labor on TMA as an adopting employer, TechM as the fund administrator, has undertaken to reimburse TMA in full for all such costs.

17. COMMITMENTS LEASES:

TMA leases office space under operating leases. Rent expenses under these operating leases were $803,355 (INR 52,093,555) and $1,050,201 (INR 68,100,284)for the three months ended March 31, 2017 and 2016, respectively and $3,266,705 (INR 211,829,486) and $3,072,807 (INR 199,256,170) for the twelve months ended March 31, 2017 and 2016, respectively. Future minimum lease payments under operating leases are as follows:

Years ending March 31,	USD	INR
2018	**2,443,924**	**158,476,252**
2019	**1,822,517**	**118,181,115**
2020	**1,330,327**	**86,265,054**
Thereafter	**1,111,933**	**72,103,295**
	6,708,701	**435,025,716**

18. MERGER WITH COMPANY RELATED BY COMMON CONTROL

On August 2, 2016, the shareholders of TechM and its Board of Directors approved a merger of the Company and Satyam Computer Services Limited (MSATUS) a United Stated branch of TML. Effective date of the merger is March 31,2017.

The merger of MSATUS with and into TMA has been duly authorized in compliance with the provisions of the laws of the New Jersey Business Corporation Act and the provisions of the laws of India. TMA continues to exist as a corporation under its present name pursuant to the provisions of the New Jersey Business Corporation Act.

The financial transfer of merger resulted in TML retaining all the assets and liabilities of the branch which comprises of:

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Cash			(Restated)	
	135,777	**8,804,460**	135,777	8,804,460
Net accounts receivable	**15,708,404**	**1,018,611,457**	15,708,404	1,018,611,457
Other current assets	**26,379,611**	**1,710,585,875**	26,379,611	1,710,585,875
Other assets	**210,330**	**13,638,849**	210,330	13,638,849
Accounts payable	**(1,916,745)**	**(124,291,330)**	(1,916,745)	(124,291,330)
Net asset and liabilities acquired	**40,517,377**	**2,627,349,311**	40,517,228	2,627,349,311

As part of the merger agreement, TML agreed in future it would compensate TMA the full net asset value of $40,517,228 (INR 2,627,349,311). TML agreed to absorb the business risk associated with the assets listed above.

The following table summarizes the fair market value of the assets acquired during the period ending March 31,2017 in terms of the merger referred to above. In terms of U.S. GAAP the transaction is a transaction between related parties under common control. Consequently, the company does not record any stepped up basis for the assets acquired.

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Net asset acquired			(Restated)	
	40,517,228	**2,627,339,650**	40,517,228	2,627,339,650

19. LITIGATION AND CONTINGENCIES

The Company is involved in various legal proceedings in the ordinary course of its business. Although management of the Company can not predict the ultimate outcome of these proceedings with certainty, it believes that the ultimate resolution of the Company's proceedings, including any amounts it may be required to pay in excess of amounts reserved, will not have a material effect on the Company's financial statements.

20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 21, 2017, the date the financial statements were available to be issued.

On March 6, 2017 pursuant to the provisions of Section 179 read with Section 186(5) of the Companies Act, 2013, the Investment Committee of the Board of Directors to the TML approved the proposal to acquire CJS Solutions Group LLC . CJS Solutions Group LLC ("CJS") doing business as "The HCI Group" is focused on the Healthcare provider space and specializes in implementations of EMR (Electronic Medical Records) software. CJS is headquartered in Jacksonville, Florida.

The present value of CJS is $110 million (INR 7133 million); with $89.5 million (INR 5804 million) paid upfront in cash, for the acquisition of 84,7% membership units in CJS and contingent consideration of a maximum of $130.5 million (INR 6462 million) payable in the calendar years 2018, 2019 and 2020 for acquiring the remaining 15.3% membership units in CJS based on the revenue and EBIDTA achieved over the calendar years 2017, 2018 and 2019. The merger has not yet been consummated as of April 21, 2017.

On April 17, 2017 the shareholders of the Company and its Board of Directors decided to dissolve Tapio, with effective date of dissolution April 18, 2017. Since inception Tapio had no activity and TMA had not funded its investment in Tapio.

Except as discussed above, no significant events occurred subsequent to the balance sheet date but prior to April 21, 2017, that would have a material impact on the financial statements.

SUPPLEMENTAL CONSOLIDATED SCHEDULES OF REVENUE AND EXPENSES (USD & INR)

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD (Restated)	INR
SCHEDULE I				
REVENUE				
Contract revenue	**117,513,011**	**7,620,131,198**	100,672,155	6,528,085,891
Transfers to parent and affiliated companies	**(117,513,011)**	**(7,620,131,198)**	(100,672,155)	(6,528,085,891)
Revenue from parent and	**-**	**-**	-	-
affiliated companies	**866,494,808**	**56,187,855,825**	811,887,391	52,646,837,869
Revenue from third parties	**12,140,972**	**787,281,329**	5,839,363	378,653,494
	878,635,780	**56,975,137,154**	817,726,754	53,025,491,363
SCHEDULE II				
PERSONNEL EXPENSES				
Salaries - software engineers	**490,422,651**	**31,801,456,804**	443,368,417	28,750,225,000
Administrative	**-**	**-**	10,000	648,450
Payroll taxes	**39,784,052**	**2,579,796,852**	34,854,749	2,260,156,199
Employee benefits	**34,676,211**	**2,248,578,902**	37,433,872	2,427,399,430
	564,882,914	**36,629,832,558**	515,667,038	33,438,429,079
SCHEDULE III				
GENERAL AND ADMINISTRATIVE				
Contracted services	**161,985,224**	**10,503,931,850**	165,648,588	10,741,482,689
Travel	**40,396,129**	**2,619,486,985**	35,339,059	2,291,561,281
Project specific expenses	**27,244,004**	**1,766,637,439**	19,270,793	1,249,614,572
Communications	**5,341,320**	**346,357,895**	6,567,370	425,861,108
Professional fees	**5,465,210**	**354,391,542**	4,849,366	314,457,138
Rent	**3,266,705**	**211,829,486**	3,072,807	199,256,170
Sales and other indirect taxes	**1,697,585**	**110,079,899**	2,178,424	141,259,904
Sales and marketing	**3,017,116**	**195,644,887**	2,454,969	159,192,465
Office expenses	**2,579,675**	**167,279,025**	1,862,920	120,801,045
Miscellaneous	**767,232**	**49,751,159**	1,156,745	75,009,130
Entertainment	**906,467**	**58,779,853**	717,499	46,526,223
Bad debt expense (recovery)	**75,929**	**4,923,616**	497,785	32,278,868
Insurance	**412,813**	**26,768,859**	441,201	28,609,679
	253,155,409	**16,415,862,495**	244,057,526	15,825,910,272

TECH TALENTA INC.

Board of Directors
Mr. Manish Vyas
Mr. Vivek Karla

RegisteredOffice
211, E. 7th Street,
Suite 620,Austin,
Tx 78701,Texas, USA.

Bankers
HSBC Bank

Auditors
Catrakilis Kraitzick Hrabova, LLC
CPAs and Advisors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

Financial Results:

For the year ended March 31,	2017	2017	2016	2016
	USD	INR	USD	INR
Income	**32,336,016**	**2,096,828,958**	18,669,635	1,236,956,667
Profit/(Loss) before tax	**1,175,899**	**76,251,171**	671,759	44,496,460
Profit/(Loss)after tax	**730,306**	**47,356,693**	413,488	27,395,647

Review of operations:

During the fiscal year, the Company achieved income of US$ 32,336,016 (equivalent to INR 2,096,828,958). The Company is engaged in the business of recruitment, fulfilment and on-going management of local temporary contractor resources in the areas of IT Development, Product Engineering and IT Systems Support Operations. Tech Talenta Inc is a wholly owned subsidiary of Tech Mahindra (Americas) Inc.

Board:

Mr. Manish Vyas and Mr. Vivek Karla are the members of the Board of Directors.

Outlook for the current year:

We foresee a stronger revenue growth from emerging markets in United States. Given the current trends in staffing industry we continue to focus on price discipline and provide more strategic value to our customers.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the co-operation and assistance received from them.

Manish Vyas
Director

Place : Dallas
Date : May 12, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tech Talenta Inc.
a wholly owned subsidiary of Tech Mahindra (Americas), Inc. Plano, Texas

We have audited the accompanying financial statements of Tech Talenta Inc., (the "Company") a wholly owned subsidiary of Tech Mahindra (Americas), Inc. which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of operations and retained earnings, and cash flows for the periods then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Talenta Inc., (the "Company") a wholly owned subsidiary of Tech Mahindra (Americas), Inc. as of March 31, 2017 and 2016, the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Notes 6 and 7 to the financial statements, the Company has had numerous transactions with the parent and affiliated companies.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Revenue and Expenses on page 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Catrakilis Kraitzick Hrabova, LLC

Atlanta, Georgia

April 13, 2017

INDEPENDENT AUDITOR’S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors

Tech Talenta, Inc.

a wholly owned subsidiary of Tech Mahindra (Americas), Inc. Plano, Texas

Our report on our audits of the basic financial statements of Tech Talenta, Inc. a wholly owned subsidiary of Tech Mahindra (Americas), Inc., as of March 31, 2017 and 2016, and the related statements of operations and retained earnings, and cash flows for the years then ended, appears on pages 1 - 2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 14 - 24 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

USD amounts in the supplemental schedules are translated for convenience into Indian Rupees (INR) at the exchange rate of INR 64.845 to 1.00 USD for both 2017 and 2016.

Catrakilis Kraitzick Hrabova, LLC

Atlanta, Georgia

April 13, 2017

BALANCE SHEETS

	Note	March 31,			
		2017		2016	
		USD	**INR**	USD	INR
ASSETS:					
Current assets:					
Cash		**628,411**	**40,749,311**	633,965	41,109,460
Accounts receivable, net	3	**2,659,883**	**172,480,113**	1,153,170	74,777,309
Employee advances		**2,109**	**136,758**	10,745	696,760
Prepaid income tax		**73,317**	**4,754,241**	75,175	4,874,723
Prepaid expenses		**-**	**-**	460,945	29,889,979
Due from parent company	6	**468,686**	**30,391,944**	1,302,579	84,465,735
Due from affiliated company	7	**164,832**	**10,688,531**	104,536	6,778,637
Total current assets		**3,997,238**	**259,200,898**	3,741,115	242,592,602
Property and equipment, net	4	**3,596**	**233,183**	-	-
Other assets:					
Deferred tax asset	5	**42,097**	**2,729,780**	-	-
Security deposits		**3,752**	**243,298**	3,839	248,940
Total Assets		**45,849**	**2,973,078**	3,839	248,940
		4,046,683	**262,407,159**	3,744,954	242,841,542
LIABILITIES AND STOCKHOLDER'S EQUITY:					
Liabilities:					
Current liabilities:					
Accrued expenses		**1,390,419**	**90,161,720**	1,617,310	104,874,467
Accounts payable		**8,732**	**566,227**	-	-
Due to parent company	6	**390,368**	**25,313,413**	988,180	64,078,532
Due to affiliate company	7	**550,766**	**35,714,421**	2,677	173,590
Customer advances		**-**	**-**	160,695	10,420,267
Total current liabilities		**2,340,285**	**151,755,781**	2,768,862	179,546,856
Stockholder's equity:					
Common stock - $1 par value, 500,000 shares authorized, issued and outstanding		**500,000**	**32,422,500**	500,000	32,422,500
Retained earnings		**1,206,398**	**78,228,878**	476,092	30,872,186
Total stockholder's equity		**1,706,398**	**110,651,378**	976,092	63,294,686
Total Liabilities and Stockholder's Equity		**4,046,683**	**262,407,159**	3,744,954	242,841,542

See notes to supplemental financial statements

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

		Twelve months ended March 31,			
		2017		2016	
	Schedule	**USD**	**INR**	USD	INR
REVENUE	I	**32,336,016**	**2,096,828,958**	18,669,635	1,210,632,482
OPERATING EXPENSES:					
Depreciation		**12,916**	**837,538**	-	-
Personnel	II	**27,185,028**	**1,762,813,141**	15,916,807	1,032,125,350
General and administrative	III	**3,962,008**	**256,916,409**	2,081,069	134,946,919
Total operating expenses		**31,159,952**	**2,020,567,087**	17,997,876	1,167,072,269
Operating income		**1,176,064**	**76,261,870**	671,759	43,560,213
OTHER INCOME (EXPENSES)					
Foreign currency exchange gain (loss)		**(165)**	**(10,699)**	(165)	(10,699)
Total other income (expense)		**(165)**	**(10,699)**	(165)	(10,699)
Income before income tax expense		**1,175,899**	**76,251,171**	671,594	43,549,513
INCOME TAX EXPENSE	Note 5	**445,593**	**28,894,478**	258,106	16,736,884
NET INCOME		**730,306**	**47,356,693**	413,488	26,812,629
Retained earnings (accumulated deficit), beginning of period		**476,092**	**30,872,186**	62,604	4,059,556
Retained earnings, end of period		**1,206,398**	**78,228,878**	476,092	30,872,186

See notes to supplemental financial statements

STATEMENT OF CASH FLOWS

	Twelve months ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	**730,306**	**47,356,693**	413,488	26,812,629
Adjustments to reconcile net income to cash used in operating activities:				
Depreciation	**12,916**	**837,538**	-	-
Deferred income tax expense (benefit)	**(42,097)**	**(2,729,780)**	25,091	1,627,026
Changes in operating assets and liabilities:				
Accounts receivable, net	**(1,506,713)**	**(97,702,804)**	10,170	659,474
Employee advances	**8,636**	**560,001**	(5,343)	(346,467)
Prepaid expenses	**460,945**	**29,889,979**	(460,945)	(29,889,979)
Prepaid income tax	**1,858**	**120,482**	(73,920)	(4,793,342)
Due from parent company	**833,893**	**54,073,792**	236,106	15,310,294
Due from affiliate company	**(60,296)**	**(3,909,894)**	(71,052)	(4,607,367)
Security deposits	**87**	**5,642**	84	5,447
Accounts payable	**8,732**	**566,227**	(21,987)	(1,425,747)
Accrued expenses	**(226,891)**	**(14,712,747)**	480,393	31,151,084
Due to parent company	**(988,180)**	**(64,078,532)**	(1,165,994)	(75,608,881)
Due to affiliated company	**548,089**	**35,540,831**	744,655	48,287,153
Customer advances	**(160,695)**	**(10,420,267)**	160,695	10,420,267
Net Cash Provided by (Used in) Operating Activities	**(379,410)**	**(24,602,839)**	271,441	17,601,591
Net increase (decrease) in cash	**(5,554)**	**(360,150)**	271,441	17,601,592
Cash , beginning of period	**633,965**	**41,109,460**	362,524	23,507,869
Cash, end of period	**628,411**	**40,749,311**	633,965	41,109,460
Supplemental cash flow disclosure:				
Cash paid for income taxes	**485,832**	**31,503,776**	306,935	19,903,200

See notes to supplemental financial statements

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

1. NATURE OF OPERATIONS

Tech Talenta Inc. (the "Company" or "TechT") is a wholly owned subsidiary of Tech Mahindra (Americas), Inc. The Company was incorporated in the State of Texas on March 6, 2012. The Company is engaged in the business of recruitment, fulfillment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering, IT Systems Support and Operations for clients across North America.

On May 7, 2014, the Company registered a branch office in Canada.

On February 9, 2016, the Company registered a branch office in the United Kingdom.

The Canadian and United Kingdom branches had no activity for the period ended March 31, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification's content carries the same level of authority.

B. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

C. CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalents.

D. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from parent and affiliated companies' customers for services provided by the Company. Management's estimates of uncollectible accounts is based upon an analysis of past due accounts. Accounts are written off when all methods of collection have been exhausted.

E. REVENUE RECOGNITION

Effective October 1, 2013, the Company has entered into a contract with Tech Mahindra Limited ("TechM"), an affiliated company. Under the contract the Company remits to TechM 100% of all contract revenues. In return, TechM, has agreed to reimburse TechT all direct project expenses and all indirect costs plus 3% of these expenses.

Revenue is derived from services that are provided under both fixed fee contracts and time and material contracts. Revenue on fixed fee contracts is recognized based on the percentage of completion method, which is calculated based on total hours incurred to total estimated hours. Revenue on time and material contracts is recognized as the services are performed.

Unbilled revenue comprises of revenue recognized in relation to efforts incurred on fixed fee and time and material contracts not billed as of the period end where services are performed in accordance with agreed terms.

F. INCOME TAXES

The Company accounts for income taxes using FASB ASC 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

In terms of FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

In accordance with guidance in ASC 740-10-30-27, the Company uses a "separate return" method to allocate current and deferred taxes or benefits to members of the consolidated return group by applying ASC 740 to each member as if they were separate tax payers. Under the "separate return" method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the parent.

3. ACCOUNTS RECEIVABLE

At March 31, 2017 and 2016, accounts receivable are summarized as follows:

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Amounts due for services rendered, billed	**1,755,628**	**113,843,698**	863,632	56,002,217
Amounts due for services rendered, not billed	**904,255**	**58,636,415**	289,538	18,775,092
Accounts receivable, net	**2,659,883**	**172,480,113**	1,153,170	74,777,309

Billed accounts receivable concentrations:	**March 31, 2017**			
	USD	**Concentration**	INR	Concentration
Allegis Group Services	**572,419**	**33%**	37,118,510	33%
Verizon Telecommunications	**202,194**	**12%**	13,111,270	12%

Billed accounts receivable concentrations:	**March 31, 2016**			
	USD	**Concentration**	INR	Concentration
Allegis Group Services	**-**	**0%**	-	0%
Verizon Telecommunications	**25,648**	**3%**	1,663,145	0%

Subsequent to year end, as of April 13, 2017, $468,666 (INR 30,390,647) (48%) of billed accounts receivable balance outstanding at March 31, 2017 has been collected.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows at March 31, 2017 and 2016:

	March 31,		March 31,	
	2017		2016	
	USD	**INR**	USD	INR
Furniture and fittings	**88,701**	**5,751,816**	-	-
Office equipment	**9,849**	**638,658**	-	-
Computers	**25,817**	**1,674,103**	-	-
Software	**6,692**	**433,943**	-	-
Less: Accumulated depreciation	**(127,463)**	**(8,265,338)**	-	-
Property and equipment, net	**3,596**	**233,183**	-	-

During the period ending September 30, 2016 property and equipment with the Net Book Value of $12,467 (INR 808,423) was transferred from Mahindra Technologies Services Inc., an affiliated company, to the Company. Management decided to fully depreciate transferred assets during the period ended September 30, 2016. Depreciation expense was $337 (INR 21,853) and $0 for the three months ended March 31, 2017 and 2016, respectively and for the twelve months ended March 31, 2017 and 2016 was $12,916 (INR 837,538) and $0, respectively.

5 INCOME TAXES

The Company accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as discussed in Note 2F above.

Current income tax expense consist of the following:	Twelve months ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Federal	**413,744**	**26,829,230**	196,276	12,727,517
State	**73,946**	**4,795,028**	36,739	2,382,340
Total current income tax expense (benefit)	**487,690**	**31,624,258**	233,015	15,109,857

	Twelve months ended March 31,			
	2017		2016	
Deferred income tax expense consist of the following:	**USD**	**INR**	USD	INR
Federal	**(35,213)**	**(2,283,387)**	19,981	1,295,668
State	**(6,884)**	**(446,393)**	5,110	331,358
Total deferred income tax expense	**(42,097)**	**(2,729,780)**	25,091	1,627,026
Total current and deferred income tax expense	**445,593**	**28,894,478**	258,106	16,736,884

Deferred tax asset consists of the following:	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Federal	**35,213**	**2,283,387**	-	-
State	**6,884**	**446,393**	-	-
Total deferred tax asset	**42,097**	**2,729,780**	-	-

As of March 31, 2017 and 2016, the Company had no federal or state net operating losses (NOLs) available to be carried forward.

In the ordinary course of business, there are many intercompany transactions that affect the calculation and estimation of the Company's tax liability. Although the Company's management believes that their tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's income tax provisions and accruals.

6. TRANSACTIONS WITH PARENT COMPANY

In the periods ended March 31, 2017 and 2016, TechT had inter-company transactions with Tech Mahindra (Americas), Inc. the parent company. Transactions with parent company are summarized below:

	Twelve months ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Beginning balance, due to parent company	**314,399**	**20,387,203**	369,994	23,992,261
Revenue from parent company	**19,537,786**	**1,266,927,733**	11,805,066	765,499,505
Expense reimbursement - debit/ credit notes	**(389,421)**	**(25,252,004)**	(180,481)	(11,703,290)
Payments made to parent company	**988,180**	**64,078,532**	360,852	23,399,448
Collections from parent company	**(20,372,626)**	**(1,321,062,933)**	(12,041,032)	(780,800,720)
Ending balance, due (to) from parent company	**78,318**	**5,078,531**	314,399	20,387,203

Due (to) from parent consists of:	March 31,			
	2017		2016	
Amounts due to parent company	**USD**	**INR**	USD	INR
	(390,368)	**(25,313,413)**	(988,180)	(64,078,532)
Amounts due from parent company	**468,686**	**30,391,944**	1,302,579	84,465,735
	78,318	**5,078,531**	314,399	20,387,203

7. TRANSACTIONS WITH AFFILIATED COMPANY

In the periods ended March 31, 2017 and 2016, TechT had inter-company transactions with Tech Mahindra Limited ("TechM"), an affiliated company. Transactions with TechM are summarized below:

	Twelve months ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TechM	**101,860**	**6,605,112**	(210,042)	(13,620,173)
Revenue from TechM	**657,258**	**42,619,895**	1,025,206	66,479,483
Expense reimbursement - debit/ credit notes	**(15,578)**	**(1,010,155)**	(50,302)	(3,261,833)
Payments to affiliated company	**2,677**	**173,590**	274,253	17,783,936
Collections from affiliated company	**(708,816)**	**(45,963,174)**	(937,256)	(60,776,365)
Ending balance, due (to) from TechM	**37,401**	**2,425,268**	101,859	6,605,047

	Twelve months ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Beginning balance, due (to) from MTSI	**-**	**-**	-	-
Cost of services from MTSI	**(1,165,050)**	**(75,547,667)**	-	-
Expense reimbursement - debit/ credit notes	**(817,664)**	**(53,021,422)**	-	-
Payments to affiliated company	**1,559,380**	**101,117,996**	-	-
Ending balance, due (to) from MTSI	**(423,334)**	**(27,451,093)**	-	-

	March 31,			
Due (to) from affiliated companies consists of:	**2017**		2016	
	USD	**INR**	USD	INR
Amounts due to affiliated companies	**(550,766)**	**(35,714,421)**	(2,677)	(173,590)
Amounts due from affiliated companies	**164,832**	**10,688,531**	104,536	6,778,637
	(385,934)	**(25,025,890)**	101,859	6,605,047

8 CONCENTRATIONS WITH PARENT, AFFILIATED COMPANIES' AND THIRD PARTY CUSTOMERS

Revenue from parent and affiliated companies for the three months ended March 31, 2017 and 2016 was $5,970,259 (INR 387,141,445) and $3,230,071 (INR 209,453,954), representing 66% and 77%, respectively. For the twelve months ended March 31, 2017 and 2016 revenue was $20,195,044 (INR 1,309,547,628) and $12,830,272 (INR 831,978,988), representing 62% and 69%.

Concentration with third party customers are summarized as follows at March 31, 2017 and 2016:

	Twelve Months Ended March 31,			
		2017	**2017**	
	USD		**INR**	
Allergis Global Solutions	**Amount**	**Concentration**	**Amount**	**Concentration**
	4,891,893	**39%**	**317,214,802**	**39%**
Beckton Dickinson	**1,219,376**	**10%**	**79,070,410**	**10%**

	Twelve Months Ended March 31,			
	2016		2016	
	USD		INR	
Allergis Global Solutions	Amount	Concentration	Amount	Concentration
	-	0%	-	0%
Beckton Dickinson	-	0%		0%

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 13, 2017, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 13, 2017, that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

	Twelve months ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Schedule I				
REVENUE				
Revenue from parent company	**19,537,786**	**1,266,927,733**	11,805,066	765,499,505
Revenue from affiliated company	**657,258**	**42,619,895**	1,025,206	66,479,483
Revenue from third parties	**12,140,972**	**787,281,329**	5,839,363	378,653,494
	32,336,016	**2,096,828,957**	18,669,635	1,210,632,482
Schedule II				
PERSONNEL EXPENSES				
Personnel cost				
Software engineers	**25,136,604**	**1,629,983,086**	14,703,392	953,441,454
Payroll tax	**2,048,424**	**132,830,054**	1,213,415	78,683,896
	27,185,028	**1,762,813,140**	15,916,807	1,032,125,350
Schedule III				
GENERAL AND ADMINISTRATIVE				
Contracted services	**3,548,808**	**230,122,455**	1,813,658	117,606,653
Sales and marketing	**113,075**	**7,332,348**	114,150	7,402,057
Travel	**162,796**	**10,556,507**	82,032	5,319,365
Professional fees	**57,038**	**3,698,629**	70,529	4,573,453
Other taxes	**65,345**	**4,237,297**	49,343	3,199,647
Entertainment	**3,263**	**211,589**	10,922	708,237
Miscellaneous expense	**3,272**	**212,173**	2,321	150,505
Communication	**1,433**	**92,923**	1,649	106,929
Office expense	**77**	**4,993**	-	-
Bad debt (recovery)/expense	**6,901**	**447,495**	(63,535)	(4,119,927)
	3,962,008	**256,916,409**	2,081,069	134,946,919

TECH MAHINDRA IPR INC.

Board of Directors

Mr. Lakshmanan Chidambaram
Mr. Manish Vyas

Registered Office

2711 Centerville Road, Suite 400,
City of Wilmington,
County of New Castle,
19808, State of Delaware

Bankers

HSBC Bank

Auditors

Catrakilis Kraitzick Hrabova, LLC.
CPAs and Advisors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

Tech Mahindra IPR, Inc. (the"Company") a wholly owned subsidiary of Tech Mahindra Limited, a company incorporated under the laws of Delaware, USA, to carry on the business of purchasing, conceiving, creating, improving, marketing, selling, delivering, producing and supplying software products for insurance policy administration and for other purposes. The Company formed during December, 2013 by Tech Mahindra (Americas) Inc and with the transfer of the shares held by Tech Mahindra (Americas) Inc to Tech Mahindra Ltd, it has become wholly owned subsidiary of Tech Mahindra Limited.

Financial Results:

For the year ended March 31,	**2017**	**2017**	2016	2016
	USD	**INR**	USD	INR
Income	**1,525,000**	**98,888,625**	1,543,750	102,281,156
Profit/(Loss) before tax	**(1,480,195)**	**(95,983,244)**	(1,843,514)	(1,22,142,021)
Profit/(Loss)after tax	**(977,169)**	**(63,364,523)**	(1,216,432)	(80,594,703)

Review of operations:

During the fiscal year, the Company achieved income of US$ 1,525,000 (equivalent to INR 98,888,625). The Company continues to invest in strengthening its business in the US which is the largest IT market in the World.

Board:

Mr. Manish Vyas and Mr. Lakshmanan Chidambaram are the members of the Board of Directors.

Outlook for the current year:

The Company believes that the investments made over the last years in improvising the product and nurturing the client existing relationship will result in further increase in business and improvement in profits.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the co-operation and assistance received from them.

Manish Vyas
Director

Place : Dallas
Date : May 12, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Directors Tech Mahindra IPR, Inc.
a wholly owned subsidiary of
Tech Mahindra Limited Plano, Texas

We have audited the accompanying financial statements of Tech Mahindra IPR, Inc. (the "Company") a wholly owned subsidiary of Tech Mahindra Limited, a company incorporated under the laws of India, which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of operations and accumulated deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra IPR, Inc., (the "Company") a wholly owned subsidiary of Tech Mahindra Limited as of March 31, 2017 and 2016, the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Note 6 to the financial statements, the Company has had numerous transactions with the parent and affiliated companies.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Revenue and Expenses on page 11 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Catrakilis Kraitzick Hrabova, LLC.
Atlanta, Georgia

April 13, 2017

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Tech Mahindra IPR, Inc.

a wholly owned subsidiary of Tech Mahindra Limited, an India corporation

Plano, Texas

Our report on our audits of the financial statements of Tech Mahindra IPR Inc., a wholly owned subsidiary of Tech Mahindra Limited, an India corporation, (the "Company") as of March 31, 2017 and 2016, appears on pages 1 - 2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the financial statements taken as a whole. The information on pages 13 - 21 is presented for purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

USD amounts in the supplemental schedules are translated for convenience into Indian Rupees (INR) at the exchange rate of INR 64.845 to 1.00 USD for both 2017 and 2016.

Catrakilis Kraitzick Hrabova, LLC.
Atlanta, Georgia
April 13, 2017

SUPPLEMENTAL BALANCE SHEETS

		March 31,			
		2017		2016	
	Note	**USD**	**INR**	USD	INR
ASSETS:					
Current assets:					
Cash		**122,526**	**7,945,198**	554,789	35,975,293
Accounts receivable, net	3	**-**	**-**	400,000	25,938,000
Total current assets		**122,526**	**7,945,198**	954,789	61,913,293
Property and equipment, net	4	**196,372**	**12,733,742**	556,091	36,059,721
Non Current assets:					
Deferred tax asset	5	**1,513,467**	**98,140,768**	1,010,141	65,502,593
Total Assets		**1,832,365**	**118,819,708**	2,521,021	163,475,607
LIABILITIES AND STOCKHOLDER'S DEFICIT:					
Liabilities:					
Current liabilities:					
Accrued expenses		**2,750**	**178,324**	3,400	220,473
Due to parent company	6	**3,380,313**	**219,196,396**	3,399,599	220,446,997
Due to affiliated company	6	**1,287,198**	**83,468,354**	978,749	63,466,979
Total current liabilities		**4,670,261**	**302,843,074**	4,381,748	284,134,449
Stockholder's deficit					
Common stock - no par value, 10,000 shares authorized;					
100 shares issued and outstanding	7	**100,000**	**6,484,500**	100,000	6,484,500
Accumulated deficit		**(2,937,896)**	**(190,507,866)**	(1,960,727)	(127,143,342)
Total stockholder's deficit		**(2,837,896)**	**(184,023,366)**	(1,860,727)	(120,658,842)
Total Liabilities and Stockholder's Deficit		**1,832,365**	**118,819,708**	2,521,021	163,475,607

See notes to supplemental financial statements

SUPPLEMENTAL STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

		March 31,			
	Schedule	**2017**		2016	
		USD	**INR**	USD	INR
REVENUE	**I**	**1,525,000**	**98,888,625**	$ 1,543,750	100,104,469
OPERATING EXPENSES:					
General and administrative	**II**	**2,645,475**	**171,545,826**	3,027,544	196,321,091
Depreciation	**Note 4**	**359,720**	**23,326,043**	359,720	23,326,043
Total operating expenses		**3,005,195**	**194,871,869**	3,387,264	219,647,134
Loss before income tax benefit		**(1,480,195)**	**(95,983,244)**	(1,843,514)	(119,542,665)
INCOME TAX BENEFIT	**Note 5**	**503,026**	**32,618,721**	627,082	40,663,132
NET LOSS		**(977,169)**	**(63,364,523)**	$ (1,216,432)	(78,879,533)
Accumulated deficit, beginning of period		**(1,960,727)**	**(127,143,342)**	(744,295)	(48,263,809)
Accumulated deficit, end of period		**(2,937,896)**	**(190,507,866)**	$ (1,960,727)	(127,143,342)

See Notes to Financial See notes to supplemental financial statements

SUPPLEMENTAL STATEMENTS OF CASH FLOWS

	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	**(977,169)**	**$ (63,364,524)**	(1,216,432)	(78,879,533)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation	**359,720**	**23,326,043**	359,720	23,326,043
Deferred income tax benefit	**(503,326)**	**(32,638,174)**	(627,083)	(40,663,197)
Changes in operating assets and liabilities:				
Accounts receivable	**400,000**	**25,938,000**	381,250	24,722,156
Accrued expenses	**(651)**	**(42,214)**	1,901	123,270
Due to parent company	**(19,286)**	**(1,250,601)**	1,022,177	66,283,068
Due to affiliated company	**308,449**	**20,001,375**	(585,414)	(37,961,171)
Net cash used in operating activities	**(432,263)**	**(28,030,095)**	(663,881)	(43,049,363)
Net decrease in cash	**(432,263)**	**(28,030,095)**	(663,881)	(43,049,363)
Cash, beginning of period	**554,789**	**35,975,293**	1,218,670	79,024,656
Cash, end of period	**122,526**	**7,945,198**	554,789	35,975,293

See notes to supplemental financial statements

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

1. NATURE OF OPERATIONS

Tech Mahindra IPR Inc. (the "Company" or "TM IPR"), is a wholly owned subsidiary of Tech Mahindra Limited ("TechM"), which is incorporated in the country of India. The Company was incorporated in the state of Delaware on March 19, 2013 and is engaged in the business of developing software to provide "cloud" based policy administration and billing services to insurance companies.

The Company was originally incorporated as a wholly owned subsidiary of Tech Mahindra (Americas), Inc. ("TMA"). On June 25, 2014, the entire issued and outstanding share capital of TM IPR was transferred to TechM. Thus, TechM is now the sole stockholder of TM IPR.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification's content carries the same level of authority.

B. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

C. CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalent.

D. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from customers for services provided by TM IPR. Management's estimates of uncollectible accounts is based upon an analysis of past due accounts. Accounts are written off when all methods of collection have been exhausted.

E. PROPERTY AND EQUIPMENT

Property and equipment at cost. Depreciation is provided using the straight-line method over the three years estimated useful lives of the assets.

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. The cost of properties sold or otherwise disposed of, and the accumulated depreciated thereon, is eliminated from the property and reserve accounts, and gains and losses are reflected in the statement of income.

F. REVENUE RECOGNITION

Revenue from software maintenance services including revenue earned from services rendered on a fixed price engagement. All revenues from services, as rendered, are recognized when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is probable.

Unbilled revenue comprises of revenue recognized in relation to maintenance provided that has not been billed as of the period end where services are performed in accordance with agreed terms.

G. INCOME TAXES

TM IPR accounts for income taxes using FASB (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowances for any net deferred tax assets when it is more likely than not that a portion of such net deferred tax assets will not be recovered.

In accordance with FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

3. ACCOUNTS RECEIVABLE, NET

The Company has in effect an Asset Transfer Agreement (the "Agreement") with a customer to provide technical modifications and improvements to certain insurance policy administration software (the "OCNS System") which was being developed by the customer. Per the terms of the Agreement, the customer agreed to pay the Company twelve annual maintenance payments of $1,525,000 starting on January 31, 2014 until January 31, 2019. In addition, the customer will pay the Company five equal annual payments of $530,000 with the first payment due within 30 days of the customer's acceptance of the final OCNS System. In return, the customer will be granted immediate right and nonexclusive license to use the OCNS System and any future upgrades thereon on a Software as a service (SaaS) basis. The customer will also participate in revenue sharing from licensing fees generate on the OCNS System by the Company. As of March 31, 2017 the OCNS System has not been completed. Software product has not yet established technological feasibility.

Accounts receivable are as follows at March 31, 2017 and 2016:	**March 31,**			
	2017		2016	
	USD	**INR**	USD	INR
Amounts due for services rendered and billed	**-**	**-**	400,000	25,938,000
Accounts receivable, net	**-**	**-**	400,000	25,938,000

4. PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows at March 31, 2017 and 2016:	**March 31,**			
	2017		2016	
	USD	**INR**	USD	INR
Computers and software	**1,079,161**	**69,978,195**	1,079,161	69,978,195
Less: accumulated depreciation	**(882,789)**	**(57,244,453)**	(523,070)	(33,918,474)
Property and equipment, net	**196,372**	**12,733,742**	556,091	36,059,721

Depreciation expense for the three months ended March 31, 2017 and 2016 was $89,930 (INR 5,831,511) and $89,930 (INR 5,831,511). Depreciation expense for the twelve months ended March 31, 2017 and 2016 was $359,720 (INR 23,326,043) and $359,720 (INR 23,326,043).

5. INCOME TAXES

The Company accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as discussed in Note 2G above.

Current income tax expense consist of the following:	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Federal	**-**	**-**	-	-
State	**300**	**19,454**	-	-
Total current income tax benefit	**300**	**19,454**	-	-

Deferred income tax benefit consist of the following:	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Federal	**(503,326)**	**(32,638,174)**	(627,082)	(40,663,132)
Total deferred income tax benefit	**(503,326)**	**(32,638,174)**	(627,082)	(40,663,132)
Total current and deferred income tax expense	**(503,026)**	**(32,618,721)**	(627,082)	(40,663,132)

Deferred tax asset consists of the following:	March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Federal	**1,513,467**	**98,140,768**	1,010,141	65,502,593
Total deferred tax asset	**1,513,467**	**98,140,768**	1,010,141	65,502,593

As of March 31, 2017 and 2016, the Company had approximately $4,371,200 (INR 194,758,456) and $3,003,319 (INR 77,814,000), respectively, of estimated federal net operating losses (NOLs) available to be carried forward. The Company expects to be able to utilize the entire deferred tax benefit, therefore, no valuation allowance has been recorded to reduce the asset.

In the ordinary course of business, there are many intercompany transactions that affect the calculation and estimation of the Company's tax liability. Although the Company's management believes that their tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's income tax provisions and accruals.

6. RELATED PARTY TRANSACTIONS

During the periods ended March 31, 2017 and 2016, TechM (parent company) and TMA (an affiliate) provided personnel, facilities and operating advances to the Company for its normal operations. The Company is billed for all direct and indirect costs incurred by related party except for non-operating or finance costs. Transactions with parent and affiliated companies are summarized below.

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Beginning balance, due to parent	**(3,399,599)**	**(220,446,997)**	(2,377,422)	(154,163,930)
company Cost of services received	**(1,806,986)**	**(117,174,007)**	(2,030,962)	(131,697,731)
Amounts paid to parent company Ending	**1,826,272**	**118,424,608**	1,008,785	65,414,663
balance, due to parent company	**(3,380,313)**	**(219,196,396)**	(3,399,599)	(220,446,997)

	March 31,			
Due to parent company consists of:	**2017**		2016	
Amounts due to parent company	**(3,380,313)**	**(219,196,396)**	(3,399,599)	(220,446,997)
Amounts due from parent company	**-**	**-**	-	-
	(3,380,313)	**(219,196,396)**	(3,399,599)	(220,446,997)

Transactions with affiliated company:	Twelve Months Ended March 31,			
	2017		2016	
Beginning balance, due to TMA	**USD**	**INR**	USD	INR
	(978,749)	**(63,466,979)**	(1,564,163)	(101,428,150)
Cost of services received	**(822,548)**	**(53,338,125)**	(978,749)	(63,466,979)
Amounts paid to TMA	**514,099**	**33,336,750**	1,564,163	101,428,150
Ending balance, due to TMA	**(1,287,198)**	**(83,468,354)**	(978,749)	(63,466,979)

Due to affiliated company consists of:

	March 31,			
	2017		2016	
Amounts due to TMA	**(1,287,198)**	**(83,468,354)**	*(978,749)*	*(63,466,979)*
Amounts due from TMA	**-**	**-**	-	-
	(1,287,198)	**(83,468,354)**	*(978,749)*	*(63,466,979)*

7. COMMON STOCK

On December 20, 2013, the Company issued 100 outstanding and non-assessable shares to TMA. Total authorized share capital is 10,000 shares with no par value of common stock. On June 25, 2014, the entire issued and outstanding share capital was transferred to Tech Mahindra Limited.

8. CONCENTRATION OF CREDIT RISK

The Company places its cash and cash equivalents on deposit with financial institution in the United States of America. The Federal Deposit Insurance Corporation covers $250,000 (INR 16,211,250) for substantially all depository accounts. As of March 31, 2017 and 2016, the Company had $0 (INR0) and $304,789 (INR 62,813,406) with the financial institution that exceed the Federally insured limit.

For the periods ended March 31, 2017 and 2016, 100% of revenue was derived from one customer.

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 13, 2017, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 13, 2017, that would have a material impact on the financial statements

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

	Twelve Months Ended March 31,			
	2017		2016	
	USD	**INR**	USD	INR
Schedule I				
REVENUE				
Revenue from third parties	**1,525,000**	**98,888,625**	1,543,750	100,104,469
	1,525,000	**98,888,625**	1,543,750	100,104,469
Schedule II				
GENERAL AND ADMINISTRATIVE				
Contracted services	**2,629,534**	**170,512,132**	3,009,711	195,164,710
Professional services	**15,204**	**985,903**	17,024	1,103,921
Miscellaneous expenses	**737**	**47,791**	509	33,006
Taxes and licenses	**-**	**-**	300	19,454
	2,645,475	**171,545,826**	3,027,544	196,321,091

See Notes to Supplemental Financial Statements

TECH MAHINDRA GmbH

Supervisory Board

Mr. Rajesh Chandiramani

Mr. T. S. Narayanan (upto 10th November, 2016)

Mr. Manish Vyas (w.e.f. 10th November, 2016)

Managing Directors

Mr. Vikram Narayanan Nair

Mr. Abhijeet Anant Awekar

Registered Office

Fritz-Vomfelde Str. 8

40547 Dusseldorf

Germany

Bankers

HSBC Bank

Auditors

Deloitte GmbH

MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2016/2017

TECH MAHINDRA GmbH, Düsseldorf/Germany

Business activities

TECH MAHINDRA GmbH is a wholly-owned German subsidiary of Tech Mahindra Limited, India ("TML"). It was established in 2001. The entity's business activities are focused on the provision of consultancy technology and outsourcing services to the communications sector.

We generally perform our services on behalf of our parent company within the scope of a service agreement. Our parent company reaches agreements with the customer regarding those business activities. We are a subcontractor to our parent company, and are therefore not subject to any risks. Remuneration for our activities is based on the reimbursement of costs incurred plus a mark-up. In contrast to prior years, since 2015 we have also concluded a significant number of agreements directly with customers. However, also in these instances our parent company bears the risks.

We have a similar service agreement with an affiliated company for the subcontracting of activities in return for the reimbursement of costs incurred plus a mark-up.

Development of the overall economy and the industry

In the past, global economy, including both developed and emerging countries, has been experiencing strong headwinds. Economic growth has stagnated, commodity prices have declined, turbulence in currency and equity markets continues, global terrorism has spiked and unemployment haunts many countries. Uncertainty and pessimism have dominated the economic and business news in recent times. These undercurrents of economic uncertainty are driving organisations to tighten their belts, and IT spending has been one of the casualties. At the same time, the need to invest into IT to further develop digital business is more urgent than ever. Entities know that they need to develop digitally or face irrelevance in an increasingly digital world. These challenges also provide opportunities for the global technology industry.

Significant events in the period ended 31 March 2017

Development of revenue

As compensation is based on reimbursement of costs incurred plus a mark-up ("cost-plus method") as part of a service agreement, the general economic and industry development have only a limited effect on the business development of the group.

Revenue from the service agreement increased from kEUR 60,901 to kEUR 63,346 due to a general expansion of our business activity.

Employees

The average number of employees increased from 426 to 475. As of 31 March 2017, the entity had 443 employees.

The nature of our business demands the employment of highly skilled personnel who participate in high-tech and telecommunication projects. That makes it necessary to employ staff from the Tech Mahindra Limited development centres in India. We also employ qualified staff and subcontractors on site. Our employees are working at client companies throughout Germany, including Bonn, Munich and Hamburg. Most of our employees have a university degree and a number of them have even postgraduate qualifications.

Business development

- **Results from operations**

  Under the service agreement concluded with the parent company, TECH MAHINDRA GmbH is reimbursed for the cost incurred and receives a mark-up of 6%, so that TECH MAHINDRA GmbH always disposes on constant cash inflows and realises revenue that more than compensate the costs. In the period ended 31 March 2017, the entity reported a net profit for the period of kEUR 2,459, compared to kEUR 2,286 in the prior year. This corresponds to 3.9% (prior year: 3.8%) of revenue.

  In addition to the increase in revenue from the subcontracting agreement described above, the following significant changes to income statement items were recorded:

  The cost of materials, which related exclusively to purchased services, was kEUR 21,683 (prior year: kEUR 24,987). The materials usage ratio (ratio of cost of materials to revenue) declined from 41.0% to 34.2% due to the reduced use of subcontractors.

The kEUR 25,785 increase in employee benefits expense to kEUR 29,698 is primarily due to the significant increase in employee numbers. The employee benefits expense ratio (ratio of employee benefits expense to revenue) increased to 46.9% as a result of the disproportionate increase in services provided by subcontractors (prior year: 42.3%).

Other operating expenses increased from kEUR 6,647 to kEUR 8,227. This development is notably due to the cost for purchased services (kEUR 1,830; prior year: kEUR 866) as well as to allowances on trade receivables (kEUR 1,275; prior year: kEUR 0).

- **Net assets**

  The equity ratio declined by kEUR 6,309 to kEUR 47,696 and from 48.5% to 47.2% following the realised profit for the period.

  Apart from shares in affiliated companies, the asset side is dominated by trade receivables and receivables from affiliated companies.

  The decline in trade receivables of kEUR 8,216 from kEUR 25,704 to kEUR 17,488 primarily results from an improved accounts receivable management in the field of direct business with end customers performed in own name but on account of TML within the scope of the takeover and continued operation of the business of the German branch of TML.

  The increase in receivables from affiliated companies by kEUR 16,208 to kEUR 21,512 primarily results from the expansion of the business activity, later payment dates and from the granting of a short-term loan to affiliated companies of kEUR 3,625 in total.

  Cash and cash equivalents declined by kEUR 1,199 when compared to the prior year and amount to kEUR 11. The reduction is explained in the financial situation chapter.

  On the equity and liabilities side of the balance sheet, the change in the balance sheet total was primarily due to the kEUR 2,801 increase in other provisions and the decline in the provision for taxes of kEUR 1,453.

  The increase in other provisions primarily results from higher provisions for subcontractors as well as from provisions for outstanding invoices from affiliated companies.

- **Financial situation**

  The entity is currently exclusively financed by means of internal financing. The service agreement ensures continuous cash inflow for the financing of current business activities.

  As of 31 March 2017, the entity's cash funds (cash-in-hand, bank balances and liabilities to banks) amounted to kEUR -381 (prior year: kEUR 1,210). The kEUR 1,591 decrease was the result of cash outflows from operating activities (kEUR 1,496) and from investing activities (kEUR 95).

Financial performance indicators

In terms of corporate management the entity is not a separate unit within the TML group of companies as it only performs subcontracted services for TML on the basis of cost-plus remuneration. The provision of financial performance indicators regarding the management of the entity is therefore not possible at the level of TECH MAHINDRA GmbH.

Non-financial performance indicators

We note that the following non-financial performance indicators are important but are not currently used in the direct management of the entity.

1. **Occupational safety**

   The constant and consistent implementation of safety guidelines ensures that the risk of accidents is reduced as far as possible. Occupational safety is the highest principle of management, and is more important than the principle of profit maximisation.

2. **Training measures**

   The nature of our business means that we require highly qualified employees for work on high-tech and telecommunications projects. Training is carried out according to need and is primarily conducted by employees at the Tech Mahindra Limited development centres in India. Training measures are monitored and evaluated by the HR department, an employee's superior and the employee him or herself.

Risk Management

The entity has a financial reporting system, which is integrated into the Tech Mahindra Limited group reporting structures. That system supports the entity in the ongoing monitoring and management of business development by means of target-actual and budget comparisons.

As a result of the service agreement described above, the entity has constant cash inflows and revenue above the level of its costs. Thanks to the agreements that are in place, the entity is not subject to significant business risk.

Outlook, risks and opportunities for future development

After the balance sheet date, the merger with our subsidiary TECH MAHINDRA Business Services GmbH, Hamburg/Germany, was resolved, which had so far been affiliated with us by means of a service agreement. TECH MAHINDRA Business Service GmbH primarily operates in the field of SAP consulting. The merger will lead to a loss from merger of kEUR 1,690 to be accounted for in the financial year 2017/2018.

Taking into account the current order backlog and business situation, we expect revenue and profit to increase in the period ending 31 March 2018 and the following years. The entity's business will primarily consist of follow-up orders and acquired contracts. We also plan to generate growth by extending our range of services and entering new markets.

The entity has good prospects in the period ending 31 March 2018 as we plan to develop additional businesses activities in new areas and segments. We expect the EBITDA/revenue ratio to remain at the same level due to the nature of our business model (cost-plus method). However, increased volumes of business and higher revenue mean that we expect profits to increase in the coming years.

We assume gradual growth in the future since the companies are under cost pressure. We continue to expect demand for outsourcing and offshoring, as well as managed services, to increase. The introduction of new technologies is often accompanied by a lack of technical skills, which Tech Mahindra Limited can provide.

A number of the risks we face relate to the development of offshore services, increased competition and lower margins. We are focused on overcoming those risks by continuing to increase our marketing activities, developing clear quality guarantees for existing customers, extending our activities beyond our usual areas of business (e.g. OSS, VAS and networks) and entering new markets.

Based on our service agreements, which form the foundation of our business and under consideration of the impacts of the merger, we expect for the financial year 2017/2018 a revenue that is slightly higher than in the reporting period and a profit that will fell below the reporting year's level due to the loss from merger.

The predicted increase in revenue and profit (without loss from merger) is based on an increased volume of business, which will result in higher operating costs.

Düsseldorf/Germany, 17 May 2017

The General Management

Vikram Nair **Abhijeet Anant Awekar**

INDEPENDENT AUDITORS' REPORT

We have audited the [annual] financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of TECH MAHINDRA GmbH, Düsseldorf//Germany, for the period ended 31 March 2017. The maintenance of the books and records and the preparation of the [annual] financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Management. Our responsibility is to express an opinion on the [annual] financial statements, together with the bookkeeping system and management report, based on our audit.

We conducted our audit of the [annual] financial statements in accordance with Sec. 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the [annual] financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the [annual] financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the [annual] financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the [annual] financial statements of TECH MAHINDRA GmbH, Düsseldorf/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the [annual] financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf/Germany, 23 June 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Herrel	Signed: Liesbrock
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

BALANCE SHEET AS AT 31 MARCH 2017

		31 Mar. 2017 EUR	Prior year kEUR
Assets			
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Software acquired for a consideration	**1.24**	0
2.	Customer base	**424,915.00**	607
		424,916.24	607
II.	**Property, plant and equipment**		
	Other equipment, operating and office equipment	**329,435.27**	318
III.	**Financial assets**		
	Shares in affiliated companies	**6,928,616.81**	6,925
		7,682,968.32	7,850
B.	**Current assets**		
I.	**Receivables and other assets**		
1.	Trade receivables	**17,488,055.34**	25,704
2.	Receivables from affiliated companies	**21,511,792.03**	5,304
3.	Other assets	**556,614.35**	1,253
		39,556,461.72	32,261
II.	**Cash-in-hand, bank balances**	**11,315.01**	1,210
		39,567,776.73	33,471
C.	Prepaid expenses	**13,014.48**	66
D.	Deferred tax assets	**431,870.00**	0
		47,695,629.53	41,387

		31 Mar. 2017 EUR	Prior year kEUR
Equity and Liabilities			
A.	**Equity**		
I.	**Issued capital**	**601,000.00**	601
II.	**Capital reserves**	**16,995,554.04**	16,996
III.	**Retained profits brought forward**	**2,476,372.70**	190
IV.	**Profit for the period**	**2,458,648.07**	2,286
		22,531,574.81	20,073
B.	**Provisions**		
1.	Provisions for taxes	**2,646,066.00**	1,193
2.	Other provisions	**13,353,561.94**	10,553
		15,999,627.94	11,746
C.	**Liabilities**		
1.	Liabilities to banks	**392,169.91**	0
2.	Trade payables	**921,042.39**	2,002
3.	Liabilities to affiliated companies	**6,583,984.64**	6,661
4.	Other liabilities thereof from taxes: EUR 1,070,835.47 (prior year: kEUR 417)	**1,267,229.84**	905
		9,164,426.78	9,568
		47,695,629.53	41,387

INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017

		2016/2017 EUR	Prior year kEUR
1.	Revenue	**63,346,229.55**	60,901
2.	Other operating income thereof from currency translation: EUR 49,731.27 (prior year: kEUR 41)	**140,701.75**	139
3.	Cost of materials Cost of purchased services	**21,682,728.65**	24,987
4.	Personnel expenses		
a)	Salaries	**26,595,889.70**	23,235
b)	Social security and post-employment costs thereof post-employment costs: EUR 0.00 (prior year: kEUR 0)	**3,102,190.30**	2,550
5.	Amortisation of and write-downs on intangible assets and depreciation and write-downs on property, plant and equipment	**265,287.47**	230
6.	Other operating expenses thereof from currency translation: EUR 47,519.01 (prior year: kEUR 33)	**8,227,564.17**	6,647
7.	Other interest and similar income	**4,488.39**	1
8.	Taxes on income	**1,159,111.33**	1,106
9.	Earnings after taxes = profit for the period	**2,458,648.07**	2,286

MOVEMENTS IN FIXED ASSETS IN THE PERIOD ENDED 31 MARCH 2017

		Acquisition cost			**Accumulated amortisation, depreciation and write-downs**			**Book value**	
		1 Apr 2016	Additions	**31 March 2017**	1 Apr 2016	Additions	**31 March 2017**	**31 March 2017**	**Prior year**
		EUR	EUR	**EUR**	EUR	EUR	**EUR**	**EUR**	**kEUR**
I.	**Intangible assets**								
1.	Software acquired for a consideration	10,842.25	0.00	**10,842.25**	10,841.01	0.00	**10,841.01**	**10,841.01**	**1.24**
2.	Customer base	910,519.50	0.00	**910,519.50**	303,504.50	182,100.00	**485,604.50**	**485,604.50**	**424,915.00**
		921,361.75	0.00	**921,361.75**	314,345.51	182,100.00	**496,445.51**	**496,445.51**	**424,916.24**
II.	**Property, plant and equipment**								
	Other equipment,operating and office equipment	407,531.62	95,348.31	**502,879.93**	90,257.19	83,187.47	**173,444.66**	**173,444.66**	**329,435.27**
III.	**Financial assets**								
	Shares in affiliated companies	6,925,259.95	3,356.86	**6,928,616.81**	0.00	0.00	**0.00**	**0.00**	**6,928,616.81**
		8,254,153.32	98,705.17	**8,352,858.49**	404,602.70	265,287.47	**669,890.17**	**669,890.17**	**7,682,968.32**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 APRIL 2016 TO 31 MARCH 2017

General Information

The financial statements for the period ended 31 March 2017 were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Limited Liability Companies Act (GmbHG).

The entity is a large firm organised in a corporate form within the meaning of Sec. 267 (3) German Commercial Code (HGB).

Düsseldorf register court

Registration number: 47738

In the reporting year, the entity for the first time applied the provisions of the German Commercial Code (HGB) that changed on account of the German Law on Implementation of the EU Accounting Directive (BilRUG). The changes in particular relate to the application of the changed classification scheme for the income statement. The initial application of Sec. 277 (1) German Commercial Code (HGB) has not led to any adjustment needs as regards the income statement disclosures for the reporting year and the prior year.

Recognition and valuation comply with the prior year's principles.

The income statement was prepared according to the nature-of-expense format (Sec. 275 (2) German Commercial Code (HGB).

Accounting and valuation principles

Intangible assets are measured at cost less straight-line depreciation.

The **customer base** is measured at cost and amortised over a useful life of five years.

Property, plant and equipment is measured at cost and amortised on a straight-line basis over the respective estimated useful life. Operating and office equipment is amortised over a useful life of three to ten years.

Low-value assets with costs of up to EUR 410.00 are immediately recognised in expenses. Assets with costs of more than EUR 410.00 are amortised over their individual useful life.

Financial assets are recognised at cost.

Receivables and other assets and cash and cash equivalents are recognised at nominal value. In order to cover all risks identifiable as at the balance sheet date, respective specific allowances were made.

Cash-in-hand and **bank balances** are recognised at nominal value.

Prepaid expenses relate to expenditure incurred before the balance sheet date to the extent that these constitute expenses for a certain time thereafter.

The entity exercises the option to recognise an excess in deferred tax assets on account of arising future tax reliefs in accordance with Sec. 274 (1) Sentence 2 German Commercial Code (HGB).

Provisions take into account all contingent liabilities and identifiable risks and are recognised at their expected settlement amounts, based on sound business judgement.

Liabilities are recognised at settlement amount.

Deferred taxes are set up for temporary differences that will presumably reverse in future between the values recognised for single items in the commercial balance sheet and the tax base, as long as this is admissible under Sec. 274 German Commercial Code (HGB). A combined income tax rate of 31.2% was used for the computation of the deferred taxes, which comprises the corporate income tax, the solidarity surcharge and the trade tax.

The deferred tax assets result from the different values recognised for trade receivables in the commercial balance sheet and in the tax base.

The determination of the deferred tax assets as of 31 March 2017 led to a tax income of kEUR 432 that is netted under the tax expenses.

Deferred tax assets of kEUR 432 are blocked for distribution in accordance with Sec. 268 (8) Sentence 2 German Commercial Code (HGB).

Income and expenses within the income statement are recorded in the period, in which they incurred. Revenue is recognised as at the date of service provision.

Currency translation

Assets and liabilities in foreign currencies are measured in the financial statements at the average rate in effect on the date of initial recognition. On the reporting date, assets and liabilities denominated in foreign currencies with a remaining residual term of up to one year are translated at the exchange rate prevailing on balance sheet date. Non-current receivables and liabilities denominated in foreign currencies are recognised at the exchange rate in effect on balance sheet date provided that the exchange rate on the transaction date was not lower (for assets) or higher (for liabilities). Profit and loss from converting foreign currency transactions into local currency are recognised separately in the income statement under “Other operating income” and “Other operating expenses”.

Notes to the balance sheet

Fixed assets

The composition of and movements in fixed assets are presented in the statement of movements in fixed assets (Appendix to the notes).

The entity holds all shares in TECH MAHINDRA Business Services GmbH, Hamburg/Germany. As at 31 March 2017, this entity’s equity amounts to kEUR 5,235. In the period from 1 April 2016 to 31 March 2017, this entity realised a profit for the period of kEUR 364.

The entity furthermore holds all shares in TechM IT-Services GmbH, Vienna/Austria. As at 31 March 2017, this entity’s equity amounts to kEUR 5. In the financial year 2016/2017, this entity realised a profit for the period of kEUR 22.

In the reporting year, the entity acquired all shares in Tech Mahindra Norways AS. As at 31 March 2017, this entity’s equity amounts to kNOK 30. In the financial year 2016/2017, this entity realised a profit for the period of kNOK 83.

Receivables and other assets

Like in the prior year, all receivables and other assets are due within one year.

Receivables from affiliated companies of kEUR 17,475 (prior year: kEUR 5,304) relate to the shareholder.

Like in the prior year, the receivables from affiliated companies result from trade.

Issued capital

The entity’s issued capital amounts to kEUR 601 and is fully paid up.

Management is authorised to increase the share capital of the entity once or several times, however at most by kEUR 300,000.00 until 30 September 2019, by issuing new business shares against cash contributions or contribution in kind (so-called: authorised capital).

Provisions

Like in the prior year, the other provisions notably include provisions for outstanding invoices for subcontractor services drawn (kEUR 4,729; prior year: kEUR 7,580) as well as for staff commitments (kEUR 1,422; prior year: kEUR 1,772).

Liabilities

Like in the prior year, all liabilities are due within one year.

Like in the prior year, the liabilities to affiliated companies exclusively result from trade.

As in the prior year, no liabilities are disclosed towards the shareholder.

Notes to the income statement

Revenue

As in the prior year, revenue notably relates to income from subcontracting activities relating to the rendering of IT services. Revenue is fully generated in Germany.

Other operating expenses

The other operating expenses in particular include travel and selling costs (kEUR 1,339; prior year: kEUR 1,333), legal and consultancy fees (kEUR 2,050; prior year: kEUR 1,409), recruitment costs (kEUR 66; prior year: kEUR 57) as well as occupancy costs (kEUR 1,047; prior year: kEUR 918). Expenses from currency translation of kEUR 149 are included (prior year: kEUR 33).

Taxes on income

Taxes on income of kEUR 1,590 (prior year: EUR 1,106) result from trade tax and corporate income tax expenses as well as of kEUR 431 from deferred tax assets.

Other Disclosures

Major post-balance-sheet-date events

As overtaking legal successor, the entity is merged with TECH MAHINDRA Business Services GmbH, Hamburg/Germany, with effect from 1 January 2017, based on the merger agreement from 5 May 2017 and in line with the agreement of the shareholders' meeting of the transferring entity as of same date. The entry in the commercial register is still outstanding. The merger, performed at book values, will lead to a loss from merger of kEUR 1,690 in the financial year 2017/2018.

Apart thereof, no other major events were on hand after the balance sheet date that would be worth mentioning.

Members of Management

In the past financial year, the business affairs were upon the following persons:

- Mr Vikram Narayanan Nair, Langley/Great Britain, managing director of the operative segment
- Mr Abhijeet Anant Awekar, Milton Keynes/Great Britain, managing director finance segment

The managing directors have not received any remuneration by the entity in the reporting year.

Supervisory Board

The entity has appointed a Supervisory Board, comprising the following two members:

Rajesh Chandiramani, Mumbai/India

T.S. Narayanan, London/ Great Britain

In the reporting year, the members of the Supervisory Board did not receive any remuneration from the entity for their activities.

Employees

The average number of employees in the financial year was 475 (prior year: 426). They are exclusively salaried employees.

Other financial commitments

The other financial commitments result from tenancy agreements and amount to kEUR 1,108 (prior year: kEUR 1,172).

Group affiliation

TECH MAHINDRA Limited, Pune/India, is the sole shareholder of TECH MAHINDRA GmbH.

The financial statements of the entity are included in the consolidated financial statements of TECH MAHINDRA Limited, Pune/India. The entity prepares the consolidated financial statements for the largest and also the smallest group of consolidated entities. The published consolidated financial statements are available on the website www.techmahindra.com.

Appropriation of result

Management proposes to carry forward onto new account the profit for the period of EUR 2,458,648.07.

Düsseldorf/Germany, 17 May 2017

Vikram Nair **Abhijeet Anant Awekar**

TECHM IT-SERVICES GmbH

Board of Directors
Mr. Manoj Cherian
Mr. Kaushik Gupta

Registered Office
Albertgasse 35
1080 Wien

Bankers
Erste Bank der Oesterreichischen Sparkassen AG

Auditors
Deloitte Audit Wirtschaftsprüfungs GmbH

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of TechM IT-Services GmbH, Vienna, (the Company), which comprise the balance sheet as of March 31, 2017, the profit and loss account for the year then ended, and notes to these financial statements, in accordance with the provisions of the Austrian Company Code (UGB) governing the audit of statutory financial statements (sections 269 et seqq. UGB).

In our opinion, the accompanying financial statements comply with statutory requirements and give a true and fair view of the financial position of TechM IT-Services GmbH as of March 31, 2017 and of its financial performance for the year then ended in accordance with the accounting framework applicable in Austria.

Basis for Opinion

We conducted our audit in accordance with the provisions of the Austrian Company Code applicable to audits of statutory financial statements and in accordance with auditing standards applicable in Austria. These standards require International Standards on Auditing (ISAs) to be applied. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the Austrian Company Code and professional guidelines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The performance of this audit including our responsibility also in relation to any third party, who may rely on our audit, is governed - as agreed in the contract we entered into with the Company - by the General Conditions of Contract for the Public Accounting Professions issued by the Chamber of Public Accountants and Tax Advisors on 8 March 2000 as amended on 21 February 2011 (AAB 2011), which are attached to this report. Accordingly we are not liable for slight negligence. Our liability for gross negligence is limited to EUR 2.000.000 pursuant to the contract entered into with the Company, which refers to section 275 subsection 2 UGB in this respect.

Responsibilities of the Director for the Financial Statements

The director of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian statutory provisions, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards applicable in Austria, which require ISAs to be applied, 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.

An audit does not provide assurance as regards the ability of the Company to continue as a going concern or the efficiency or effectiveness of past or future management of the Company.

As part of an audit in accordance with auditing standards applicable in Austria, which require ISAs to be applied, we exercise professional judgement 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 intended to prevent or to detect and correct misstatements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director' 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 or omitted, 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.

Vienna, May 19, 2017

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Leopold Fischl m.p.
Certified Public Accountant

ppa. Mag. Thomas Wagner m.p.
Certified Public Accountant

The financial statements together with our report shall be passed on to any third party only in the version attached to this report and only if such third party has agreed that the terms and conditions of our engagement as stipulated in the audit contract including the provision relating to the limitation of our liability and the "General Conditions of Contract for the Public Accounting Professions" shall apply to any of our relations to such third party, which may arise from our audit engagement.

Note: The German-language report is the solely valid version. This English translation is provided for convenience only

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AS OF 31 MARCH 2017

For the attention of the Director of
TechM IT-Services GmbH,
Vienna

We have completed our audit of the financial statements for the financial year ended 31 March 2017 of **TechM IT-Services GmbH, Vienna** (hereinafter referred to as the „Company") and report on the results of our audit as follows:

1. Appointment, terms and execution of our engagement

The Company is small in terms of section 221 subsection 1 of the Austrian Company Code ("UGB"). A statutory requirement to engage a supervisory board does not exist. Hence there is no statutory requirement to have the statutory financial statements of the Company audited. Nevertheless, the Company, represented by its director, ordered us through an audit contract to audit the financial statements for the financial year ended 31 March 2017 and the books of account in accordance with the provisions of the Austrian Company Code governing the audit of statutory financial statements (sections 269 et sqq. UGB).

This audit extends on examining whether the financial statements and the books of account comply with statutory requirements.

We performed the audit in accordance with the provisions of the Austrian Company Code governing the audit of statutory financial statements (sections 269 et sqq. UGB) and in accordance with professional standards. An audit shall provide reasonable assurance whether the financial statements are free from material misstatement. Due to the limitations of any accounting and internal control system with regard to the prevention and detection of errors and due to the fact that an audit is performed on a test basis an audit does not provide absolute assurance and there is some residual risk that even material misstatements of financial statements remain undetected. An audit of financial statements does not extend to issues, which are not within the scope of a statutory financial statements audit, but are normally addressed by special investigations.

We performed the audit in the period from March through May 2017. It was completed in all essential respect on the date of this report.

Leopold Fischl, Certified Public Accountant in Austria, is the partner in charge of this audit engagement.

The terms of our engagement are stipulated in the contract we entered into with the Company. The "General Conditions of Contract for the Public Accounting Professions" issued by the Chamber of Public Accountants and Tax Advisors on March 8, 2000 as amended on February 21, 2011 (the "General Conditions") form part of this contract. These General Conditions shall govern not only our relationship to the Company, but also any relations to third parties arising from this engagement. Hence we are not liable for slight negligence in performing this engagement. With regard to gross negligence we agreed upon limitation of our liability to EUR 2.000.000 by reference to section 275 UGB, which is different from the limitation provided in the General Conditions.

2. Explanations and details to the financial statements

The line items of the balance sheet and of the profit and loss account are sufficiently detailed and explained in the notes to the financial statements. Hence we were permitted to refrain from providing details and explanations in our report.

3. Summary and conclusions

3.1. Conclusions on whether the Books of Account and the Financial Statements comply with statutory requirements

The audit of the **books of account** and of the **financial statements** performed by us supports our opinion that applicable statutory requirements were observed. In accordance with our risk and control based audit approach we tested internal controls over financial reporting as far as deemed necessary for us to be able to form an opinion on the financial statements.

We finally concluded that the financial statements comply with statutory requirements.

3.2. Explanations and representations provided by the director

The director of the Company provided all the explanations, any evidence and representations requested by us. The director represented in writing that all assets, provisions, liabilities, accruals, deferrals, revenue, expenses, gains and losses were recognised in the financial statements unless there are legal provisions to the contrary and that these were properly measured and that the disclosures in the financial statements are complete and accurate.

3.3. Statements pursuant to section 273 (2) and (3) UGB

During the course of our audit we did not became aware of any matters that may endanger the ability of the Company to continue as a going concern or adversely affect its further development or may indicate that the directors or employees of the Company seriously violated either Austrian Law or the Articles of Association of the Company or that the Company may need to be reorganised pursuant to section 22 (1) fig. 1 of the Austrian Company Reorganisation Act. We did not become aware of any material weaknesses in internal control over financial reporting.

BALANCE SHEET AS AT 31 MARCH 2017

Assets

	March 31, 2017 EUR	March 31, 2016 EUR
Current Assets		
I. Debtors		
1. Amounts owed by affiliated undertakings	**66,983.90**	8,179.96
2. Other debtors	**14,101.47**	14,028.17
	81,085.37	22,208.13
II. Cash at bank	**83,487.16**	136,288.57
	164,572.53	158,496.70
	164,572.53	158,496.70

Liabilities and Capital and Reserves

	March 31, 2017 EUR	March 31, 2016 EUR
A. Capital and Reserves		
I. Nominal capital		
subscribed capital	**35,000.00**	35,000.00
amount not paid in pursuant to section 10b subsection 4 Private Limited Company Act	**-25,000.00**	-25,000.00
privileged initial investors' shares	**10,000.00**	10,000.00
contributions not yet called in	**-5,000.00**	-5,000.00
contributions called in and paid in	**5,000.00**	5,000.00
II. Accumulated profit available for distribution to shareholders	**62,650.24**	41,743.86
thereof brought forward	**41,743.86**	9,071.56
	67,650.24	46,743.86
B. Provisons for liabilities and charges		
1. Provision for severance benefits	**7,594.00**	4,843.00
2. Provisions for taxation	**17,109.48**	13,914.50
3. Provisons for other liabilities and charges	**62,629.86**	73,133.40
	87,333.34	91,890.90
C. Creditors		
1. Trade creditors falling due within one year	**910.78**	19,861.91
2. Other creditors falling due within one year	**8,678.17**	0.03
thereof from taxation	**4,608.30**	0.00
thereof from social security	**4,069.87**	0.03
	9,588.95	19,861.94
thereof falling due within one year	**9,588.95**	19,861.94
	164,572.53	158,496.70

*) The German-language financial statements are the solely valid version. This English translation is provided for convenience only.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017 *)

		FY 2017 EUR	FY 2016 EUR
1.	Revenue from services	**488,611.06**	734,209.14
2.	Other operating income	**320.00**	715.80
3.	Expenses for services provided by subcontractors	**-88,360.00**	-184,194.50
4.	Expenses for employee benefits		
	a) Salaries	**-218,721.77**	-358,148.70
	b) Expenses for other employee benefits and for statutory social security contributions and other salary related taxes and contributions	**-57,720.26**	-99,837.50
		-276,442.03	-457,986.20
5.	Other operating charges	**-96,253.67**	-50,469.44
6.	Subtotal of the lines 1 through 5	**27,875.36**	42,274.80
7.	Interest receivable	**0.00**	1,288.00
8.	Profit before tax	**27,875.36**	43,562.80
9.	Corporate income tax expense		
	a) current income tax expense	**-7,909.00**	-7,304.00
	b) deferred tax benefit/ expense	**940.02**	-3,586.50
		-6,968.98	-10,890.50
10.	Profit for the year	**20,906.38**	32,672.30
11.	Accumulated profit brought forward from previous year	**41,743.86**	9,071.56
12.	Accumulated profit available for distribution to shareholders	**62,650.24**	41,743.86

FINANCIAL STATEMENTS AS OF 31 MARCH 2017

NOTES

General Accounting Policies

The financial statements were prepared in compliance with accounting principles generally accepted in Austria considering the general requirement that these have to present a true and fair view of the financial position and the financial performance of the Company.

The principle of completeness was observed in preparing these financial statements.

The principle of individual measurement was observed in measuring the assets and liabilities. Measurement was based on the assumption that the Company is able to continue as a going concern.

The prudence concept is respected by recognizing gains only if and to the extent that they have been realized by the balance sheet date. Known risks and impending losses are provided for.

Presentation

The financial statements are presented in accordance with the requirements of the Company Code.

Current assets

Debtors

Debtors are carried at their nominal amount.

In case of credit risks only the amount deemed to be collectible is recognized.

Amounts owed by affiliated undertakings result from services provided by the Company to the respective affiliates.

The residual terms of all debtors are all less than one year.

Provisions for liabilities and charges

Provisions are set up for all risks identifiable as of the balance sheet date and for all liabilities uncertain as to timing and amount. The amounts reasonably expected to be payable are provided for.

Provisions for severance benefits were set up for employees, who are entitled to such benefits upon termination of service. The amount payable depends on the number of years of service and the salary earned when service is terminated. The obligations are unfunded. The defined benefit obligation was derived by applying the projected unit credit method and a discount rate of 4% p.a., which equals the market yield on high quality corporate bonds on average at 31 March 31 2017 and at 31 March of each of the preceding nine years with terms of the bonds corresponding to the terms of the severance benefit obligations. Future salary increases are expected to amount to 2% p.a. The cost for providing these benefits is evenly attributed to the years of service until the respective employees are entitled to statutory old-age pension benefits. The tax base of the provision amounts to EUR 21,326.21 (31 March 2016: EUR 20,930.36).

The provisions for taxation comprise the following:

	31 March 2017	31 March 2016
	EUR	EUR
Provision for current corporate income taxes	**15,039.00**	10,904.00
Provision for deferred taxes	**2,070.48**	3,010.50
Total	**17,109.48**	13,914.50

Provisions for other liabilities and charges relate to the following accrued liabilities:

	31 March 2017	31 March 2016
	EUR	EUR
Employee vacation earned but not yet taken	**34,259.18**	25,428.38
Outstanding invoices for services obtained	**20,079.00**	33,940.00
salaries (vacation subsidy and Christmas remuneration)	**8,291.68**	13,765.02
Total	**62,629.86**	73,133.40

Creditors

Liabilities are carried at the amounts payable upon settlement in line with the prudence concept.

Consolidated financial statements

Tech Mahindra Limited, Mumbai, India, the ultimate parent company, prepares the consolidated financial statements of the Group including the Company. These consolidated financial statements may be obtained from Tech Mahindra Limited at its registered office.

Number of employees

The Company employed 2.23 salaried employees on average in the financial year under report (FY 2016: 4.25 employees).

TECH MAHINDRA BUSINESS SERVICES GMBH

Managing Directors
Mr. Vikram Nair
Mr. Abhijeet Awekar

RegisteredOffice
Geschäftsanschrift:
Christoph-Probst-Weg 3,
20251 Hamburg

Bankers
Deutsche Bank

Note: As per local laws audit is not mandatory. Financial as certified by the management as per Ind AS GAAP are enclosed.

MANAGEMENT REPORT

Structure of the entity and business activities

TECH MAHINDRA Business Services GmbH is a wholly owned subsidiary of TECH MAHINDRA GmbH, which in turn is a wholly owned subsidiary of TECH MAHINDRA Ltd. Located in India

We are a service company with a focus on SAP consulting. We provide our services to our parent company as part of a service agreement. Our parent company reaches agreements with the customer regarding these kinds of business activities. We act as a subcontractor to our parent company and are therefore not subject to any risks. The remuneration of our activities is based on the reimbursement of the costs incurred plus a mark-up.

The entity's headquarters are in Hamburg/Germany.

Revenue development

As our remuneration system within the scope of the service agreement is based on the reimbursement of costs incurred plus a markup("cost plus method"), the development of the broader economy and the sector have a limited effect on the economic development of our entity.

Employees

The nature of our business requires us to employ highly qualified staff for work on consulting projects. This makes it necessary to employ staff from the TECH MAHINDRA development centres in India. We also employ qualified staff and subcontractors on location. Our employees work at customers' places of business throughout Germany. Most of our employees have a university degree and a number of them have postgraduate qualifications

Business development

Mergers and Acquisitions

There is a proposal to merge the Company with its parent Company viz, Tech Mahindra GmbH a 100% subsidiary of the Tech Mahindra Limited, India with effect from 1st January, 2017 and pursuant thereto the entire business and all the assets and liabilities, duties, taxes and obligations of the company will be transferred to and vested in the Tech Mahindra GmbH.

Investments

No investments were made in the period ended 31 December 2016, as the entity invested heavily in IT infrastructure in the form of servers, notebooks and telecommunications in the prior year.

Financial performance indicators

In terms of corporate management, the entity is not a separate unit within the TECH MAHINDRA Group, as it only performs subcontracted services for TECH MAHINDRA GmbH on the basis of cost-plus remuneration. The provision of financial performance indicators regarding the management of the entity is therefore not possible at the level of TECH MAHINDRA GmbH.

Risk management

The entity has a financial reporting system which is integrated into the TECH MAHINDRA group reporting structures. This system supports the entity in the ongoing monitoring and management of business development by means of target-actual and budget comparisons.

As a result of the service agreement described above, the entity has constant cash inflows and revenue above the level of its costs. Thanks to the agreements that are in place, the entity is not subject to significant business risk.

Hamburg/Germany

Vikram Nair **Abhijeet Awekar**

I. MERGERS‘ BALANCE (CLOSING BALANCE) AS AT 31 DECEMBER 2016

ASSETS		31.12.2016 €	31.12.2016 €	31.3.2016 €
A.	ASSETS			
I.	Intangible Assets			
	1. Software	**1.628,40**		
			1.628,40	3.464
II.	Property Plant and Equipment			
	1. Other equipment, factory and office equipment	**29.878,17**	**29.878,17**	**57.072**
			31.506,57	60.536
B.	Current Assets			
I.	Receiveables and other assets			
	1. Trade Receiveables	**0,00**		0
	2. Receiveables from affiliated companies	**5.894.226,07**		6.453.537
	3. Other Assets	**258.273,46**		**271.457**
			6.152.499,53	6.724.994
	(Trade receivables amounting to EUR 6,152K (previous year: EUR 6,724K) have a residual term of less than one year.)			
III.	Cash and cash equivalents			
	Cash and Bank balances	**757.049,24**		
			757.049,24	210.858
C.	Prepaid expenses		**23.156,80**	21.456
			6.964.212,14	7.017.843

LIABILITIES		31.12.2016 €	31.12.2016 €	31.3.2016 €
A.	Equity			
I.	Subscribed Capital	**4.147.615,00**		4.147.615,00
II.	Profit brought forward	**1.087.106,30**		664.854
III.	Net Income	**280.819,41**	**5.515.540,71**	422.252
				5.234.721
B.	Accruals			
	1. Provision for pensions	**319.892,30**		300.226
	2. Tax provisions	**570.659,53**		436.48
	3. Other provisions	**361.500,20**		649.649
			1.252.052,03	
C.	Liabilities			
	1. Liabilities from Goods and Services	**69.412,42**		259.322
	2. Liabilities to affiliated companies	**0**		0
	3. Other liabilities	**54.936,98**		**65.175**
	- Of which from taxes: € 51,266.47 (previous year: € 63,194)		**124.349,40**	1.710.851
	- Of which from social insurance: € 2,737.32 (previous year: € 2,279)			
	(Trade payables and other liabilities in the amount of EUR 1,376K (previous year: EUR 1,710K) have a remaining term of less than one year.)			
D.	Deferred Tax		**72.270,00**	72.270,00
			6.964.212,14	7.017.843

II. INFORMATION ON THE BALANCE SHEET AS AT 31 DECEMBER 2016

Principles and business

TECH MAHINDRA Business Services GmbH is a wholly owned subsidiary of TECH MAHINDRA GmbH, which in turn is a wholly owned subsidiary of TECH MAHINDRA Ltd. Located in Pune, India

TECH MAHINDRA Business Services GmbH is a service company specializing in SAP consulting.

The company provides its services to its parent company under a service contract.

In this type of transaction, the contracts between the Company's parent company and the Customers, the company acts as a subcontractor of its parent company and is thus exposed to all risks optional. The remuneration of the company's activities is based on the reimbursement of costs incurred plus one Profit mark.

The registered office of the company is Hamburg.

General information on accounting

The maturity balance (final balance sheet) as of December 31, 2016 was determined in accordance with the provisions of the German (HGB) and the Act on Limited Liability Companies (GmbHG).

As of the balance sheet date, the company is a small capital company within the meaning of section 267 (1) HGB.

Accounting and valuation regulations

The accounting and valuation principles are unchanged compared to the previous year.

Intangible assets acquired for consideration are reduced by the straight-line method at the acquisition cost.

Depreciation

Property, plant and equipment are valued at acquisition cost and are depreciated over their estimated useful lives depreciated.

Operating and business equipment is amortized over a useful life of three to ten years.

Low-value assets with acquisition costs of up to EUR 410.00 are immediately recognized as expenses.

Assets with acquisition costs above EUR 410.00 will be over their individual useful lives depreciated.

Receivables and other assets and cash and cash equivalents are stated at their nominal value. To all to the As of the balance sheet date, specific valuation adjustments have been made.

Credit balances with credit institutions are stated at nominal value.

The prepaid expenses item does not apply to expenditures before the balance sheet date, as long as it is an expense for a Specific time after that day.

The subscribed capital is stated at nominal value and paid in full.

Provisions for pensions are calculated using the projected benefit obligation method (Projected Unit Credit Method). The obligations are assessed on the basis of the 2005 G G charts Prof. Dr. Klaus Heubeck and taking into account future salary increases and pension adjustments.

For the Discounting is the average market interest rate of the last ten years of the Deutsche Bundesbank Assumption of a lump sum residual term of 15 years. The interest rate as at 31 March 2016 is 4.27%.

Other provisions take account of all uncertain liabilities and identifiable risks. They are in height Of the expected completion amount, which is necessary according to reasonable commercial judgment.

Liabilities are stated at their fulfillment amount.

The receivables and liabilities denominated in foreign currencies, the remaining term of which is not more than one year are converted at the cash rate on the balance sheet date. All other claims denominated in foreign currencies and Liabilities are calculated at the rate valid on the date of the transaction or at a higher or lower rate Cash at the balance sheet date.

Deferred taxes are recognized for temporal differences between the commercial and tax values of Assets, liabilities and prepaid expenses. Deferred taxes are determined On the basis of the combined income tax rate of currently 31.11%. The combined income tax rate includes Corporation tax, trade tax and solidarity surcharge. In the fiscal year, a deferred tax liability was recognized Different approaches to pension provisions in the trading and tax balance sheet.

TECH MAHINDRA (SINGAPORE) PTE. LIMITED

Board of Directors
Mr. Suresh Bhat
Mr. Manish Goenka
Mr. Anil Khatri
Mr. Lim Tiong Beng

Registered Office
No. 17, Changi Business Park,
Central 1 #06-01, Honeywell Building,
Singapore 486073

Bankers
HSBC Bank

Auditors
Deloitte & Touche LLP

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the company for the financial year ended March 31, 2017.

In the opinion of the directors, the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2017 and the financial performance, changes in equity and cash flows of the company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the company in office at the date of this statement are:
Lim Tiong Beng
Suresh Bhat Hosdrug
Anil Mohanlal Khatri
Manish Goenka

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

Name of director and company in which interests are held	Number of Shares	
	At beginning of year or date of appointment, if later	At end of year
	Ordinary shares of Indian Rupees 5 each	
Holding company		
Tech Mahindra Limited		
- Manish Goenka	15,000	Nil
- Anil Khatri	1,700	2,200
- Suresh Bhat	19,988	9,097

4 SHARE OPTIONS

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the company was granted.

(b) Option exercised

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company under option.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF DIRECTORS

Date: May 16, 2017
Place : Singapore

Suresh Bhat Hosdrug **Anil Mohanlal Khatri**

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF TECH MAHINDRA (SINGAPORE) PTE. LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tech Mahindra (Singapore) Pte. Limited (the "company") which comprise the statement of financial position of the company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), so as to give a true and fair view of the financial position of the company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the company for the year then ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on earlier pages.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) 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.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

May 16, 2017

STATEMENT OF FINANCIAL POSITION

March 31, 2017

	Note	2017	2016
		S $	S $
ASSETS			
Current assets			
Cash and cash equivalents	7	**1,638,304**	5,521,589
Trade receivables	8	**6,311,917**	8,099,468
Other receivables	9	**59,067**	94,043
Tax recoverable		**-**	4,782
Total current assets		**8,009,288**	13,719,882
Non-current assets			
Plant and equipment	10	**64,157**	2,018
Intangible assets	11	**134,990**	269,980
Deferred tax assets	12	**109,142**	126,330
Total non-current assets		**308,289**	398,328
Total assets		**8,317,577**	14,118,210
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	13	**2,451,616**	9,017,019
Other payables	14	**981,714**	810,454
Total current liabilities		**3,433,330**	9,827,473
Capital and reserves			
Share capital	15	**50,000**	50,000
Accumulated profits		**4,834,247**	4,240,737
Total equity		**4,884,247**	4,290,737
Total liabilities and equity		**8,317,577**	14,118,210

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended March 31, 2017

	Note	2017	2016
		S $	S $
Revenue	16	**8,528,368**	9,255,455
Other operating income	17	**87,292**	11,393
Employee benefits expense		**(5,216,053)**	(6,311,670)
Depreciation and amortisation expense		**(139,976)**	(139,276)
Other operating expenses	18	**(2,673,598)**	(2,302,784)
Profit before income tax	19	**586,033**	513,118
Income tax credit (expense)	20	**7,477**	(97,353)
Profit for the year, representing total comprehensive income for the year		**593,510**	415,765

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2017

	Share capital	Accumulated profits	Total
	S $	S $	S $
Balance at April 1, 2015	**50,000**	**3,824,972**	3,874,972
Profit for the year, representing total comprehensive income for the year	-	**415,765**	415,765
Balance at March 31, 2016	**50,000**	**4,240,737**	4,290,737
Profit for the year, representing total comprehensive income for the year	-	**593,510**	593,510
Balance at March 31, 2017	**50,000**	**4,834,247**	4,884,247

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended March 31, 2017

	Notes	2017 S $	2016 S $
Operating activities			
Profit before income tax		**586,033**	513,118
Adjustments for:			
(Reversal) Allowance for doubtful debts and advances	**18**	**(308,580)**	410,291
Depreciation expense	**10**	**4,986**	4,286
Amortisation expense	**11**	**134,990**	134,990
Operating cash flows before movements in working capital		**417,429**	1,062,685
Trade receivables		**2,103,865**	(696,247)
Other receivables and prepayments		**27,242**	115,952
Trade payables		**(6,565,403)**	4,150,830
Other payables		**171,260**	250,084
Cash (used in) generated from operations		**(3,845,607)**	4,883,304
Income tax receipt /(paid)		**29,447**	(22,335)
Net cash (used in) from operating activities		**(3,816,160)**	4,860,969
Investing activities			
Purchase of plant and equipment	**10**	**(67,125)**	(2,570)
Purchase of intangible assets	**11**	**-**	(404,970)
Net cash used in investing activities		**(67,125)**	(407,540)
Net (decrease) increase in cash and cash equivalents		**(3,883,285)**	4,453,429
Cash and cash equivalents at the beginning of the year		**5,521,589**	1,068,160
Cash and cash equivalents at end of the year		**1,638,304**	5,521,589

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1 GENERAL

The company (Registration No. 200203658M) is incorporated in Republic of Singapore with its registered office and principal place of business at 17, Changi Business Park Central 1, #06-01 Honeywell Building, Singapore 486073. The financial statements are expressed in Singapore dollars.

The principal activities of the company are that providing consultancy and services relating to information technology and development of software solutions and products.

The financial statements of the company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on May 16, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provision of Singapore Companies Act and Financial Reporting Standards in Singapore (“FRSs”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2016, the company adopted all the new and revised FRSs that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs does not result in changes to the company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRS that are relevant to the company were issued but not effective:

- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*: *Disclosure Initiative*[1]
- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [2]
- FRS 116 *Leases*[3]

[1] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

[3] Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS115 is adopted.

The management anticipates that the adoption of the above FRSs and amendments to FRSs will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the recognition and measurement of loans and receivables. Additional disclosures will also be made, including any significant judgement and estimation made. Management is in the process of performing an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the company's financial statement in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may result in changes to the accounting policies relating to revenue. Additional disclosures will also be made with respect to revenue, including any significant judgement and estimation made. Management is in the process of performing an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the company's financial statement in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification of debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables (including accruals and amount due to immediate holding company) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legal enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash- generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income

Revenue from contracts priced on a time and material basis is recognised when services are rendered. Revenue from fixed price contracts is recognised as per the proportionate completion method and where there is no uncertainty as to the measurement or collectability of the consideration. Revenue from annual maintenance and annual technical services contracts is recognised on pro-rata basis over the period of the contract.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is reduced from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rate (and tax law) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or equity, respectively), in which case the tax is also recognised.

FOREIGN CURRENCY TRANSACTIONS - The financial statements are measured and presented in Singapore dollar, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the company’s functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank which are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company’s accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company’s accounting policies

Management is of the opinion that there are no critical judgements in applying the company’s accounting policies that are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The company does not have any key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except for those affecting the recovery prospects of aged trade receivables.

Assessment of recoverability of trade receivables

The company makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade receivables.

Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amount of the trade receivables are disclosed in Note 8 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2017	2016
	$	$
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**7,987,935**	13,691,944
Financial liabilities		
At amortised cost	**3,280,030**	9,813,853

(b) Financial risk management policies and objectives

The company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. The company does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Credit risk management

The company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The company only grants credit to creditworthy counterparties.

At the end of the reporting period, 18% (2016: 29%) of the trade receivables are due from holding company. The risk management process includes assessing corresponding credit standing and monitoring of collections.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the company's maximum exposure to credit risk.

Further details of credit risks on trade receivables are disclosed in Note 8 to the financial statements.

The company places its cash and fixed deposits with reputable financial institutions.

(ii) Interest rate risk management

The company does not have any interest bearing financial assets and liabilities except for its fixed deposits. Fixed deposits are all short-term, hence, with the current interest rate level, any future variations in interest rates will not have a material impact on net profit.

No sensitivity analysis is prepared as the company does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Foreign exchange risk management

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company has very minimal exposure to foreign exchange risk as most transaction are done in the functional currency which is in Singapore dollars.

(iv) Liquidity risk management

Liquidity risk is managed by matching the payment and receipt cycle. The company's operations are financed mainly through equity and accumulated profits.

All financial liabilities in 2017 and 2016 are either repayable on demand or due within 1 year from the end of the reporting period.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of the financial assets and financial liabilities recorded in the financial statements at amortised costs approximate their fair values due to the relatively short-term maturity of these financial instruments.

(c) Capital risk management policies and objectives

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises only of share capital and retained earnings. The company's overall strategy remains unchanged from prior years.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of Tech Mahindra Limited, incorporated in India, which is also the ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the company's transactions and arrangements and terms thereof are arranged by or between members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

The company entered into the following trading transactions with immediate holding company:

	2017	2016
	S $	S $
Rendering of services	**(8,528,368)**	(9,255,455)
Services rendered on behalf of immediate holding company	**10,856,581**	11,199,015
Other reimbursement	**101,576**	555,636
Payment on behalf of	**(17,287,679)**	(9,498,096)
Amount received from immediate holding company	**9,724,213**	9,226,654

6 RELATED PARTY TRANSACTIONS

Some of the company's transactions and arrangements are with related parties and the effect on these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors

	2017	2016
	S $	S $
Short-term benefits	**260,850**	322,500

The remuneration disclosed above include only directors as there is no personnel other than directors who are considered to be members of key management of the company.

7 CASH AND CASH EQUIVALENTS

	2017	2016
	S $	S $
Cash at bank	**638,304**	1,021,589
Fixed deposits	**1,000,000**	4,500,000
Total	**1,638,304**	5,521,589

Fixed deposits bear interest at 0.45% (2016: 0.43%) per annum and for a tenure of approximately 7 days (2016: 7 days). The fixed deposits can be converted into cash balances within a short notice and with minimum charges.

8 TRADE RECEIVABLES

	2017	2016
	S $	S $
Outside parties	**5,211,724**	6,338,282
Less: Allowance for doubtful debts	**(48,684)**	(603,921)
	5,163,040	5,734,361
Holding company (Note 5)	**1,148,877**	2,365,107
	6,311,917	8,099,468

Movements in the allowance for doubtful debts:

	2017	2016
At beginning of the year	**603,921**	239,473
Written off during the year	**(238,923)**	-
(Decrease)/Increase in allowance (Note 18)	**(316,314)**	364,448
At end of the year	**48,684**	603,921

The credit period on services rendered ranges from 30 to 60 days (2016: 30 to 90 days). No interest is charged on the outstanding balance.

The trade receivables that are neither past due nor impaired are with good credit ratings.

The amount due from holding company is unsecured, non-interest bearing and receivable on demand.

The allowance for doubtful trade receivables have been determined by taking into consideration recovery prospects and past doubtful experience.

Trade receivables are provided for based on estimated irrecoverable amounts from the service rendered, determined by reference to past default experience. Allowances of $ 48,684 (2016 : $603,921) were made based on individual assessment of receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

The table below is an analysis of trade receivables as at the end of the reporting period:

	2017	2016
	S $	S $
Not past due and not impaired	**1,864,791**	5,069,266
Past due but not impaired (i)	**3,298,249**	665,095
	5,163,040	5,734,361
Impaired receivables - individually assessed (ii)		
- Past due and no response to repayment demands	**48,684**	603,921
Less: Allowance for impairment	**(48,684)**	(603,921)
Total trade receivables, net	**5,163,040**	5,734,361

(i) Aging of receivables that are past due but not impaired:

	2017	2016
< 3 months	**1,635,730**	151,557
> 3 months	**1,662,519**	513,538
Total	**3,298,249**	665,095

In determining the recoverability of a trade receivables, the company considers any changes in the credit quality of the receivables from the date credit was initially granted up to the end of the reporting period.

Included in the company's trade receivables balance are debtors with a carrying amount of $ 3,298,249 (2016 : $665,095) which are past due at the end of the reporting period for which the company has not provided an allowance for impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, the management believes that no further credit allowance is required.

(ii) These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

9 OTHER RECEIVABLES

	2017 S $	2016 S $
Advance to employees	**91,266**	110,792
Less: Allowance for doubtful debts on advance to employees	**(53,577)**	(45,843)
Advance to suppliers	**-**	5,885
Prepayments	**21,353**	23,156
Other receivables	**25**	53
	59,067	94,043

Movement in the allowance for doubtful debts:

	2017 S $	2016 S $
Balance at beginning of the year	**45,843**	-
Charge to profit or loss (Note 18)	**7,734**	45,843
Balance at end of the year	**53,577**	45,843

An allowance has been made for estimated irrecoverable amounts for other receivables of $ 53,577 (2016: $45,843). This allowance has been made by reference to past default experience.

10 PLANT AND EQUIPMENT

	Equipment S $	Renovation S $	Total S $
Cost:			
At April 1, 2015 and March 31, 2016	421,865	236,032	657,897
Additions	67,125	-	67,125
At March 31, 2017	**488,990**	**236,032**	**725,022**
Accumulated depreciation:			
At April 1, 2015	415,561	236,032	651,593
Depreciation	4,286	-	4,286
At March 31, 2016	419,847	236,032	655,879
Depreciation	4,986	-	4,986
At March 31, 2017	**424,833**	**236,032**	**660,865**
Carrying amount:			
At March 31, 2017	**64,157**	**-**	**64,157**
At March 31, 2016	2,018	-	2,018

11 INTANGIBLE ASSETS

Software

	S $
Cost:	
At April 1, 2015 and March 31, 2016 and At March 31, 2017	**1,605,978**
Accumulated amortisation:	
At April 1, 2015	1,201,008
Amortisation	134,990
At March 31, 2016	1,335,998
Amortisation	134,990
At March 31, 2017	**1,470,988**
Carrying amount:	
At March 31, 2017	**134,990**
At March 31, 2016	269,980

12 DEFERRED TAX

	2017	2016
	S $	S $
Deferred tax assets	**109,142**	126,330

The following are the deferred tax assets recognised by the company during the year:

	Excess of book over tax depreciation
	S $
At April 1, 2015	223,683
Charge to profit and loss (Note 20)	(97,353)
At March 31, 2016	126,330
Charge to profit and loss (Note 20)	(17,188)
At March 31, 2017	**109,142**

13 TRADE PAYABLES

	2017	2016
	S $	S $
Outside parties	**452,084**	489,489
Holding company (Note 5)	**1,999,532**	8,527,530
	2,451,616	9,017,019

The average credit period on trade payables is 30 days (2016: 30 days). No interest is charged on the outstanding balance.

14 OTHER PAYABLES

	2017	2016
	S $	S $
Accruals	**703,881**	545,274
Deferred revenue	**153,300**	13,620
Other payables	**124,533**	251,560
	981,714	810,454

15 SHARE CAPITAL

	2017	2016	**2017**	2016
	Number of ordinary shares		**S $**	S $
Issued and paid up:				
At the beginning and end of year	**5,000**	5,000	**50,000**	50,000

The ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

16 REVENUE

	2017	2016
	S $	S $
Service income - immediate holding company	**8,528,368**	9,255,455

17 OTHER OPERATING INCOME

	2017	2016
	S $	S $
PIC incentives	**87,292**	10,393
Miscellaneous income	**-**	1,000
	87,292	11,393

18 OTHER OPERATING EXPENSES

	2017	2016
	S $	S $
(Reversal) Allowance for doubtful debts	**(316,314)**	364,448
Allowance for doubtful Advances	**7,734**	45,843
Conveyance expenses	**78,810**	89,103
Rates & Taxes	**64,646**	-
Entertainment expense	**159,960**	37,608
Insurance	**72,750**	93,004
Promotion and advertisement	**327,113**	19,424
Professional fees	**59,602**	45,714
Subcontractor	**925,818**	92,657
Travelling	**849,517**	1,019,164
Telecommunication	**225,486**	273,990
Others	**218,476**	221,829
Total	**2,673,598**	2,302,784

19 PROFIT BEFORE INCOME TAX

This has been arrived at after charging (crediting):

	2017	2016
	S $	S $
(Reversal) Allowance for doubtful debts (Notes 8, 9 and 18)	**(316,314)**	364,448
Allowance for doubtful advances	**7,734**	45,843
Employee benefits expense	**5,036,539**	6,142,044
Cost of defined contribution plans	**179,514**	169,626

20 INCOME TAX (CREDIT) EXPENSE

	2017	2016
	S $	S $
Tax expense comprises:		
Over provision of earlier years written back	**(24,665)**	-
Deferred tax	**17,188**	97,353
	(7,477)	97,353

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	2017	2016
	S $	S $
Profit before income tax	**586,033**	513,118
Tax at the domestic income tax rate at 17%	**99,626**	87,230
Over Provision for earlier year written back	**(24,665)**	-
Tax effect of non-deductible items/non-(taxable) income	**(23,994)**	10,123
Deferred tax benefits previously not recognised	**(58,444)**	-
	(7,477)	97,353

TECH MAHINDRA (THAILAND) LIMITED

Board of Directors
Mr. Pranab Choudhury - Chairman
Mr. Amitava Ghosh
Mr. Sanjeev Pinto
Mr. Anil Khatri

Registered Office
54, BB Building, 13th Floor, Unit No. 1304,
Sukhumvit 21 Road (Asok), North Klongteoy Sub-District,
Wattana District, Bangkok, Thailand

Bankers
HSBC Limited

Auditors
Deloitte Touche Tohmatsu Jaiyos Co., Ltd.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors present their report together with the audited accounts of your company for the year ended March 31, 2017.

Financial Results

For the year ended March 31	**2017**	2016
Income	**320,326,484**	73,310,521
Profit/(Loss) before tax	**(1,419,566)**	(443,907)
Profit/(Loss) after tax	**(1,308,623)**	(340,999)

Review of Operations:

The income for the year reported as THB 320,326,484. The loss before tax for the year recorded as THB (1,419,566)

Directors:

There are no further changes in directorships of the company.

Auditors:

During the year M/s.Deloitte Touche Tohmatsu Jaiyos Co., Ltd., Thailand has been appointed as the auditor of the company for the financial year 2017-2018.

Outlook for the Current Year:

The Company is optimistic of increasing its local business in future.

Acknowledgments:

Your Directors thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholders for the cooperation and assistance received from them.

For Tech Mahindra (Thailand) Limited

Place: Bangkok

Date: May 19, 2017

Pranab Roy Choudhury

Chairman

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

TECH MAHINDRA (THAILAND) LIMITED

Opinion

We have audited the financial statements of Tech Mahindra (Thailand) Limited (the "Company"), which comprise the statement of financial position as at March 31, 2017, and the related statements of income, and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tech Mahindra (Thailand) Limited as at March 31, 2017, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). 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 Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with TSAs, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with management 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.

Waraporn Kriengsuntornkij
Certified Public Accountant (Thailand)
Registration No. 5033
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
May 24, 2017

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	Notes	2017 BAHT	2016 BAHT
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**590,383**	5,248,620
Trade and other receivables	5	**32,990,914**	17,218,672
Other current assets	6	**13,127,744**	4,188,334
Total Current Assets		**46,709,041**	26,655,626
NON-CURRENT ASSETS			
Leasehold improvement and equipment	7	**280,122**	481,182
Deferred tax assets	8	**213,851**	102,908
Non-current assets - deposits		**327,240**	204,000
Total Non-current Assets		**821,213**	788,090
TOTAL ASSETS		**47,530,254**	27,443,716
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payables	9	**34,033,536**	13,935,141
Other current liabilities	10	**2,291,300**	1,723,615
Total Current Liabilities		**36,324,836**	15,658,756
NON-CURRENT LIABILITIES			
Employee benefit obligations	11	**1,163,001**	433,920
Total Non-current Liabilities		**1,163,001**	433,920
TOTAL LIABILITIES		**37,487,837**	16,092,676
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
60,000 ordinary shares of Baht 100 each		**6,000,000**	6,000,000
Paid-up share capital			
60,000 ordinary shares of Baht 100 each, fully paid		**6,000,000**	6,000,000
RETAINED EARNINGS			
Unappropriated		**4,042,417**	5,351,040
TOTAL SHAREHOLDERS' EQUITY		**10,042,417**	11,351,040
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**47,530,254**	27,443,716

Notes to the financial statements form an integral part of these statements

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2017

	Notes	2017 BAHT	2016 BAHT
REVENUES			
Revenue from rendering services	13	**320,110,520**	72,959,903
Other income		**215,964**	350,618
Total Revenues		**320,326,484**	73,310,521
EXPENSES			
Cost of rendering services		**311,403,809**	64,113,881
Administrative expenses		**10,333,869**	9,640,547
Total Expenses		**321,737,678**	73,754,428
LOSS BEFORE FINANCE COSTS AND INCOME TAX INCOME		**(1,411,194)**	(443,907)
FINANCE COSTS		**8,372**	-
LOSS BEFORE INCOME TAX INCOME		**(1,419,566)**	(443,907)
INCOME TAX INCOME	8	**(110,943)**	(102,908)
NET LOSS		**(1,308,623)**	(340,999)

Notes to the financial statements form an integral part of these statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2017

UNIT : BAHT

	Paid-up Share Capital BAHT	Retained Earnings Unappropriated BAHT	Total Shareholders' Equity BAHT
Beginning balance as at April 1, 2015	6,000,000	5,692,039	11,692,039
Net loss	-	(340,999)	(340,999)
Ending balance as at March 31, 2016	6,000,000	5,351,040	11,351,040
Beginning balance as at April 1, 2016	6,000,000	5,351,040	11,351,040
Net loss	-	(1,308,623)	(1,308,623)
Ending balance as at March 31, 2017	**6,000,000**	**4,042,417**	**10,042,417**

Notes to the financial statements form an integral part of these statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. OPERATIONS AND GENERAL INFORMATION OF THE COMPANY

Tech Mahindra (Thailand) Limited (the "Company") is a limited company, incorporated in Thailand on August 26, 2005 and has its registered office located at 54 BB Building, 13th Floor, Room 1304, Sukhumvit 21 Road (Asoke), Kwang Klongtoey Nua, Khet Wattana, Bangkok.

The principal businesses of the Company are providing IT services and development for computer software.

The Company is majority-owned by Tech Mahindra Limited, which is incorporated in India and owns 99.99% of the Company's paid-up share capital and is the ultimate parent company of the group.

The Company has extensive transactions and relationships with the related party. Accordingly, the financial statements may not necessarily reflect the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such affiliations.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities ("TFRS for NPAEs") issued by the Federation of Accounting Professions and accounting practices generally accepted in Thailand.

The financial statements of the Company are prepared in compliance with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554".

TFRS for NPAEs does not require the Company to adopt Thai Financial Reporting Standards ("TFRSs"). However, the Company elected t o adopt Thai Accounting Standard No. 12 (Revised 2015) "Income Taxes" in the preparation and presentation of the financial statements.

The Federation of Accounting Professions has issued the Notifications regarding Thai Accounting Standard No. 12 (Revised 2016) "Income Taxes" which is effective for the accounting period beginning on or after January 1, 2017. The Company's management will adopt such standard in the preparation of the Company's financial statements when it becomes effective. The Company's management is currently assessing the impact on the Company's financial statements in the period of initial application.

The financial statements have been prepared on the measurement basis of historical cost except as disclosed in the significant accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand balances and all types of deposits at banks with original maturities of not exceeding 3 months from acquisition date, and excluding deposits at banks used as collateral (if any).

3.2 Trade receivables and allowance for doubtful accounts

Trade receivables are stated at their invoice values less allowance for doubtful accounts.

The allowance for doubtful accounts is provided at the estimated collection losses on receivables at the end of the year. Such estimated losses are based on an analysis of payment histories and future expectations of debtor payments. Debtors are written off as bad debts when incurred.

3.3 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for devaluation (if any).

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Leasehold improvement	Period of lease
Office equipment	2 years
Computer	3 years

3.4 Employee benefit obligations

Employee benefit obligations are provisions for employees in case of provided unused leave according to the Company's policy. Employee benefit obligations are calculated by the Company by using assumptions at the end of the reporting period such as employee salary at the end of reporting period and leave carry balance.

3.5 Revenues and expenses recognition

Revenues from rendering services

Revenues from rendering services are recognised when the outcome of contracts for the rendering services can be estimated reliably. Revenues from contracts are recognized on the percentage of completion method, based on the proportion of total labour hours incurred to date to the estimated total labour hours of each contract. Loss on an unprofitable contract will be immediate recognized in the statement of income.

Where amount recognized as revenue on the stage of completion of the contract over progress billing to customers, the net balance is presented as unbilled revenues under trade and other receivables in the statements of financial position.

Other income and expenses

Other income and expenses are recognized on an accrual basis.

3.6 Foreign currency transactions

Transactions denominated in foreign currencies incurred during the year are translated into Baht at the rates of exchange on transaction dates. Monetary assets and liabilities outstanding at the end of reporting period denominated in foreign currencies are translated into Baht at the reference exchange rates established by the Bank of Thailand on that date. Gains and losses on foreign exchange arising on settlements or translation are recognized as income or expense when incurred in the statement of income.

3.7 Income tax expense (income)

Income tax expense (income) represents the sum of the tax currently payable and deferred tax.

3.7.1 Current income tax

Current income tax represents tax currently payable which is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

3.7.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. Deferred tax asset shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the end of reporting period.

3.8 Use of management judgment

The preparation of financial statements in conformity with TFRS for NPAEs also requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense in the reporting periods. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 31, consist of the following:

	2017 Baht	2016 Baht
Current and savings deposits	**590,383**	5,248,620

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at March 31, consist of the following:

	2017 Baht	2016 Baht
Trade receivables - other parties	**13,015,590**	10,377,896
Less: Allowance for doubtful accounts	**-**	(185,572)
	13,015,590	10,192,324
Trade receivables - related party	**-**	108,416
Other receivables - other parties	**2,473,879**	151,932
Less: Allowance for doubtful accounts	**(67,989)**	-
	2,405,890	151,932
Other receivables - related party	**3,864,416**	-
Unbilled revenues - related party	**9,340,003**	-
Unbilled revenues - other parties	**3,370,000**	6,766,000
Advance payments - related party	**995,015**	-
	32,990,914	17,218,672

6. OTHER CURRENT ASSETS

Other current assets as at March 31, consist of the following:

	2017 Baht	2016 Baht
Withholding tax deducted at source	**13,125,161**	4,185,751
Cash advance	**2,583**	2,583
	13,127,744	4,188,334

7. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at March 31, consist of the following:

As at March 31, 2017

	Balance as at April 1, 2016 Baht	Additions Baht	Disposals Baht	**Balance as at March 31, 2017 Baht**
Cost				
Leasehold improvement	1,098,525	-	-	**1,098,525**
Office equipment	4,673	11,589	-	**16,262**
Computer	641,872	26,075	-	**667,947**
Total cost	1,745,070	37,664	-	**1,782,734**
Accumulated depreciation				
Leasehold improvement	(1,049,195)	(49,329)	-	**(1,098,524)**
Office equipment	(3,310)	(4,743)	-	**(8,053)**
Computer	(211,383)	(184,652)	-	**(396,035)**
Total accumulated depreciation	(1,263,888)	(238,724)	-	**(1,502,612)**
Leasehold improvement and equipment	481,182			**280,122**

As at March 31, 2016

	Balance as at April 1, 2015 Baht	Additions Baht	Disposals Baht	**Balance as at March 31, 2016 Baht**
Cost				
Leasehold improvement	1,047,291	51,234	-	**1,098,525**
Office equipment	4,673	-	-	**4,673**
Computer	107,472	534,400	-	**641,872**
Total cost	1,159,436	585,634	-	**1,745,070**
Accumulated depreciation				
Leasehold improvement	(480,008)	(569,187)	-	**(1,049,195)**
Office equipment	(974)	(2,336)	-	**(3,310)**
Computer	(107,472)	(103,911)	-	**(211,383)**
Total accumulated depreciation	(588,454)	(675,434)	-	**(1,263,888)**
Leasehold improvement and equipment	570,982			**481,182**

Depreciation for the years ended March 31,

2017	**Baht**	**238,724**
2016	**Baht**	675,434

8. DEFERRED TAX ASSETS AND INCOME TAX INCOME

The deferred tax assets as at March 31, consist of the following temporary differences:

As at March 31, 2017

	Balance as at April 1, 2016 Baht	Transactions recognized in statement of income		**Balance as at March 31, 2017 Baht**
		Addition Baht	Utilized Baht	
Deferred tax assets				
Allowance for doubtful accounts	37,114	-	(37,114)	**-**
Depreciation	80,294	-	(99,043)	**(18,749)**
Employee benefit obligations	(14,500)	247,100	-	**232,600**
Total	102,908	247,100	(136,157)	**213,851**

As at March 31, 2016

	Balance as at April 1, 2015 Baht	Transactions recognized in statement of income Addition Baht	Utilized Baht	**Balance as at March 31, 2016 Baht**
Deferred tax assets				
Allowance for doubtful accounts	-	37,114	-	**37,114**
Depreciation	-	80,294	-	**80,294**
Employee benefit obligations	-	(14,500)	-	**(14,500)**
Total	-	102,908	-	**102,908**

Income tax for the years ended March 31, consist of the following:

	2017 Baht	2016 Baht
Deferred tax income	**(110,943)**	(102,908)
Income tax income in the statements of income	**(110,943)**	(102,908)

The difference between statutory tax rate and the Company's effective income tax rate based on loss before income tax income is reconciled as follows:

	2017 Baht	2016 Baht
Profit before income tax expense - Promoted sector (100% tax exemption)	**6,620,388**	7,322,256
Loss before income tax expense - Non-promoted sector	**(8,039,954)**	(7,766,163)
Total accounting loss before income tax income	**(1,419,566)**	(443,907)
Tax at the applicable tax rate of 20%	**(283,913)**	(88,781)
Tax effect of permanent differences	**394,856**	(14,127)
Income tax income in the statements of income	**(110,943)**	(102,908)

9. TRADE AND OTHER PAYABLES

Trade and other payables as at March 31, consist of the following:

	2017 Baht	2016 Baht
Trade payables - related party	**32,268,080**	8,698,055
Trade payables - other parties	**249,755**	3,323,706
Accrued expenses	**1,515,701**	1,913,380
	34,033,536	13,935,141

10. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, consist of the following:

	2017 Baht	2016 Baht
Value-added-tax payable	**1,702,873**	1,587,928
Withholding tax payable	**588,427**	135,687
	2,291,300	1,723,615

11. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations as at March 31, consist of the following:

	2017 Baht	2016 Baht
Beginning balances as at April 1,	**433,920**	446,430
Increase (decrease) during the years		
- recognized as expense for the years (reversal)	**729,081**	(12,510)
Ending balances as at March 31,	**1,163,001**	433,920

12. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the investment in enterprise software and digital content with certificate no. 1044(7)/2556, dated January 15, 2013. The privileges granted included the exemption of import duty on machinery that approved by board and the exemption of corporate income tax for net profit from the promoted activities for a period of eight years from the date when income is first derived.

As a promoted company, the Company must comply with certain conditions and restrictions provided in the promotional certificates.

13. REVENUES REPORTING OF A PROMOTED INDUSTRY

In accordance with the Notification of the Board of Investment No. Por. 14/2541 dated December 30, 1998, regarding revenue reporting of a promoted industry, the Company is required to report revenues separately for domestic and export and from the promoted and non-promoted businesses. For the years ended March 31, all sales were domestic sales and such information is as follows:

	2017 Baht	2016 Baht
Domestic		
Non-promoted business	**303,640,821**	63,240,965
Promoted business	**16,469,699**	9,718,938
Total	**320,110,520**	72,959,903

14. SIGNIFICANT AGREEMENTS

14.1 Banking Facility Agreement

On December 18, 2015, the Company entered into banking facility agreement with the Hongkong and Shanghai Banking Corporation Limited. The combined limit for facilities is Baht 17.5 million with sublimits of overdraft and short-term loan. As at March 31, 2017 and 2016, the Company has not drawn down for this facility.

14.2 Service Agreement

14.2.1 On October 26, 2016, the Company had service agreement with a company to provide accounting services with monthly fee and can be amended to reflect the change in increasing of accounting transactions of the company.

14.2.2 On January 27, 2014, the Company had service agreement with a company to provide taxation and BOI compliance services with monthly fee.

15. COMMITMENTS

As at March 31, 2017 and 2016, the Company has non-cancellable lease commitments for building rental to be paid in the future as follows:

Periods	2017 Baht	2016 Baht
Not later than 1 year	**1,250,265**	994,500
Later than 1 year and not later than 5 years	**126,129**	1,147,500
Total	**1,376,394**	2,142,000

For the years ended March 31, 2017 and 2016, rentals applicable to long-term lease agreements have been recorded as expenses in the statements of income of Baht 1.16 million and Baht 0.82 million, respectively.

16. LETTER OF GUARANTEE

As at March 31, 2017, the Company has letter of guarantee issued by a bank on behalf of the Company in respect of the contractual compliance with a company amounting to Baht 1.80 Million and this letter of guarantee is effective until January 31, 2018.

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the authorized director of the Company on May 24, 2017.

PT TECH MAHINDRA INDONESIA

Board of Directors
Mr. Manish Goenka
Mr. Suresh Bhat
Mr. Pranab Choudhury

Registered Office
Ariobimo Sentral 4th Flr.
Suite # 403, JI. H. R. Rasuna Said
Kav x-2, No. 5, Jakarta 12950,
Indonesia

Bankers
HSBC Bank Ltd.
Bank Mandiri Indonesia

Auditors
Osman Bing Satrio & Eny

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

Financial Results (US$)

For the year ended March 31	**2017**	**2017**	2016	2016
	US $	**INR**	US $	INR
Income	**15,495,227**	**1,004,787,995**	20,384,882	1,350,600,357
Profit/(Loss) before tax	**(79,504)**	**(5,155,437)**	(286,749)	(18,998,555)
Profit/(Loss)after tax	**(189,863)**	**(12,311,667)**	(345,488)	(22,890,307)

Review of Operations:

During the year under review, your company recorded an income of US$ 15,495,227 (equivalent to INR 1,004,787,995) decrease of 24% over the previous year. Loss before tax was US$ 79,504 (equivalent to INR 5,155,437) decrease of 72% over the last year. The Company continues to invest in strengthening its marketing infrastructure in Indonesia.

Outlook for the current year:

The Company is optimistic of increasing its business in future.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

For PT Tech Mahindra Indonesia

May 19, 2017 **Director** **Director**

INDEPENDENT AUDITORS' REPORT

The Stockholders, Commissioner and Board of Directors

PT Tech Mahindra Indonesia

We have audited the accompanying financial statements of PT Tech Mahindra Indonesia, which comprise the statement of financial position as of March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Tech Mahindra Indonesia as of March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Satrio Bing Eny & Rekan

Henri Arifian
Public Accountant License No. AP.0561

May 19, 2017

STATEMENT OF FINANCIAL POSITION MARCH 31, 2017

	Notes	**March 31, 2017 US$**	March 31, 2016 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	5	**4,323,725**	3,655,347
Trade and other receivables	6		
Third parties - net of allowance for impairment losses of US$ 1,059,759 as of March 31, 2017 and US$ 1,082,517 as of March 31, 2016		**8,118,313**	10,336,133
Related parties		**57,454**	2,962,496
Prepaid taxes	7	**1,060,408**	1,432,538
Prepaid expenses and advances	8	**857,147**	743,101
Total Current Assets		**14,417,047**	19,129,615
NON-CURRENT ASSETS			
Deferred tax assets	20	**414,929**	392,530
Estimated claims for tax refund	20	**1,904,613**	500,044
Fixed assets - net of accumulated depreciation US$ 262,644 as of March 31, 2017 and US$ 241,528 as of March 31, 2016	9	**19,423**	40,539
Other assets	10	**45,256**	53,272
Total Non-current Assets		**2,384,221**	986,385
TOTAL ASSETS		**16,801,267**	20,116,000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables	11		
Third parties		**1,590,353**	224,733
Related parties		**42,169**	1,330,163
Accrued expenses	12	**1,002,215**	4,195,751
Taxes payable	13	**101,345**	109,338
Other payables	14	**128,004**	108,699
Unearned Revenue	16	**101,142**	187,835
Total Current Liabilities		**2,965,228**	6,156,519
NON-CURRENT LIABILITIES			
Employment benefits	21	**256,080**	230,112
EQUITY			
Capital Stock- Authorized 1,000,000 shares with USD 1 par value per share; Issued and fully paid - 500,000 shares	15	**500,000**	500,000
Other comprehensive Income		**109,848**	69,395
Retained earnings		**12,970,111**	13,159,974
Total Equity		**13,579,959**	13,729,369
TOTAL LIABILITIES AND EQUITY		**16,801,267**	20,116,000

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	Notes	2017 US$	2016 US$
REVENUE	17	**15,495,227**	20,384,882
COST OF REVENUE	18	**7,954,905**	12,524,964
GROSS PROFIT		**7,540,322**	7,859,918
OPERATING EXPENSES	19	**6,942,223**	7,045,128
INCOME FROM OPERATIONS		**598,099**	814,790
OTHER INCOME (CHARGES)			
Loss on foreign exchange - net		**(33,905)**	(1,165,836)
Interest income		**22,060**	12,066
Others - net		**(665,758)**	52,231
Other Income (Charges) - Net		**(677,603)**	(1,101,539)
LOSS BEFORE TAX		**(79,504)**	(286,749)
TAX EXPENSE	20	**(110,359)**	(58,739)
NET LOSS FOR THE YEAR		**(189,863)**	(345,488)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement on net benefit liability	21	**53,938**	92,526
Income tax expense related	20	**(13,485)**	(23,131)
Total other comprehensive income for the year, net of income tax		**40,453**	69,395
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(149,410)**	(276,093)

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Notes	Paid-up capital stock	Retained Earnings	Other Comprehensive Income	Total equity
		US$	US$		US$
Balance as of April 1, 2015		500,000	13,505,462	-	14,005,462
Net loss for the year		-	(345,488)	-	(345,488)
Other comprehensive income		-	-	69,395	69,395
Balance as of March 31, 2016		500,000	13,159,974	69,395	13,729,369
Net loss for the year		-	(189,863)	-	(189,863)
Other comprehensive income		-	-	40,453	40,453
Balance as of March 31, 2017		500,000	12,970,111	109,848	13,579,959

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017 US$	2016 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(79,504)**	(286,749)
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:		
Provision for (reversal of) impairment losses on trade receivables	**(22,758)**	537,876
Employee benefits	**79,905**	34,249
Depreciation	**21,116**	20,835
Interest income	**(22,060)**	(12,066)
Changes in operating assets and liabilities:		
Trade and other receivables	**5,145,619**	2,067,284
Prepaid taxes	**3,395,872**	(2,988,928)
Prepaid expenses and advances	**(114,046)**	(154,369)
Other assets	**8,018**	(155)
Trade payables	**77,625**	(3,026,005)
Accrued expenses	**(3,193,537)**	3,478,447
Taxes payable	**(3,031,735)**	3,121,704
Other payables	**19,305**	3,467
Unearned revenue	**(86,693)**	187,835
Total change operating assets and liabilities	**2,197,127**	2,983,425
Interest received	**22,060**	12,066
Income tax paid	**(1,550,809)**	(2,496,489)
Net Cash Provided by Operating Activities	**668,378**	499,002
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisitions of fixed assets	**-**	(3,286)
NET INCREASE IN CASH AND CASH EQUIVALENT	**668,378**	495,716
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	**3,655,347**	3,159,631
CASH AND CASH EQUIVALENT AT END OF YEAR	**4,323,725**	3,655,347

See accompanying notes to financial statements which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016 AND FOR THE YEAR THEN ENDED

1. GENERAL INFORMATION

PT Tech Mahindra Indonesia (the "Company") was established under the Agreement Letter No. 282/I/PMA/2006 of the Foreign Capital Investment and based on the Notarial Deed No. 62 by Kasir SH dated March 23, 2006. The Company's Articles of Association was approved by the Ministry of Law and Human Rights in its Decision Letter No. C-11861HT.01.01 dated April 25, 2006. The Company's Articles of Association has been amended several times, the latest amendment of which was made under Notarial Deed No. 28 dated February 27, 2014 by Siti Safarijah, S.H., to comply with Law No. 40 Year 2007 concerning limited liability company and changes in the Boards of Commissioners and Directors. The amendment was approved by the Ministry of Law and Human Rights through its Decree No. AHU-0026559.01.09.Year 2014 dated April 2, 2014.

According to the Articles of Association, the Company's scope of activities consists of telecommunications and business consulting services. The Company is currently engaged in providing Billing and Customer Care System Managed Services to PT Hutchison CP Telecommunication and to other companies.

The Company commenced its commercial operations on May 1, 2006.

The Company's head office is located in Ariobimo Sentral Building at Jalan H.R. Rasuna Said Setiabudi, Jakarta Selatan.

As at March 31, 2017 and March 31, 2016, the composition of the Company's Board of Directors and Commissioner was as follows:

President Commissioner	:	Mr. Manoj Joshi
President Director	:	Mr. Manish Goenka
Director	:	Mr. Suresh Bhat

As of March 31, 2017 and March 31, 2016, the Company had 179 and 190 permanent employees, respectively.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. Standards and interpretations effective in the current year

In the current year, the Company adopted the following new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are effective beginning on January 1, 2016 and relevant to its operations and effective for accounting period beginning on April 1, 2016.

The application of the following amendments, and interpretation to standards have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

- Amendments to PSAK 7, Related Party Disclosures
- Amendments to PSAK 16, Property, Plant and Equipment Amendments to PSAK 24, Employee Benefits
- Amendments to PSAK 25, Accounting Policies, Changes in Accounting Estimates and Errors

b. Standards and interpretations issued not yet adopted

New amendments and interpretation effective for periods beginning on or after January 1, 2017, with early application is permitted are the following:

- PSAK 1: Presentation of Financial Statements about Disclosure Initiative;
- ISAK 31: Scope Interpretation of PSAK 13: Investment Property.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are:

- PSAK 69: Agriculture;
- Amendments to PSAK 16,: Property, Plant and Equipment

As of the issuance date of the financial statements, the effect of adoption of these standards, amendments and interpretations on the financial statements is not known nor reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

c. Foreign currency translation

The financial statements are presented in United States Dollar (US $), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than its functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

   iii. Both entities are joint ventures of the same third party;

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

   vi. The entity is controlled or jointly controlled by a person identified in (a);

   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity); and

   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Company's financial assets are classified as loans and receivables.

Loans and Receivables

Cash and cash equivalent and trade receivables from customers that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables".

Loans and receivables are measured at amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for loans and receivables.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at each reporting date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Since loans and receivables are carried at amortized cost, the amount of the impairment is the difference between the loans and receivables carrying amount and the present value of estimated future cash flows, discounted at the loans and receivables original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of financial asset other than its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

f. Financial Liabilities and Equity Instruments Classification as debt or equity

Financial liabilities and equity instruments issued by the Company is classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

<u>Financial liabilities at amortized cost</u>

Financial liabilities, which include trade and other payables, initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

<u>Derecognition of financial liabilities</u>

The Company derecognizes financial liabilities when, and only when, the Company's obligations is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

g. Netting of Financial Asset and Financial Liabilities

The Company only offsets financial assets and liabilities and presents the net amount in the statement of financial position where it:

- currently has a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h. Cash and Cash Equivalent

Cash and cash equivalent consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

i. Prepaid Expenses and advances

Prepaid expenses and advances are amortized over their beneficial periods using the straight-line method.

j. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed using the straight-line method, over the estimated useful life of 4 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with effect of any changes in estimate accounted for on a prospective basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

k. Impairment of Non-Financial Asset

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is discussed in Note 3.

l. Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

m. Employee Benefits

The Company provides employee benefits as required under labor law No. 13/2003 (the

“Labor Law”). No funding has been made to this defined benefit plan.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income as a separate item in the other comprehensive income in equity and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss.

Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

n. Revenue and Expense Recognition

Revenue is measured at the fair value of the consideration received or receivable for revenue receives from services in the ordinary course of the Company's activities. Revenue is shown net of Value Added Tax ("VAT").

Rendering of Services

Revenue from rendering of services is recognized when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion at the balance sheet date can be measured reliably; and;
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest Income

Interest income is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognized when incurred on an accrual basis.

o. Income Tax

The tax currently payable is based on taxable profit to the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates, which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Impairment Loss on Loans and Receivables

  The Company assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is an objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. The carrying amount of loans and receivables are disclosed in Notes 5 and 6.

- Estimated Useful Lives of Fixed Assets

  The useful life of each item of the Company's fixed assets are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to quantity and quality of its crop production, physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

  A change in the estimated useful life of any item of fixed assets would affect the recorded amortization and depreciation expense and decrease in the carrying values of fixed assets. The carrying amounts of fixed assets are disclosed in Notes 9.

- Employee Benefits

  The determination of post-employment benefits obligation is dependent on selection of certain assumptions used in calculating such amounts. Those assumptions include among others, discount rate and rate of salary increase. While it is believed that the Company's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's post-employment benefit obligations. Employment benefit obligations amounted is disclosed in Note 21.

5. CASH AND CASH EQUIVALENT

	March 31, 2017 US$	March 31, 2016 US$
Cash in banks		
U.S. Dollar		
The Hongkong and Shanghai Banking Corporation	**434,077**	552,634
PT Bank Negara Indonesia (Persero) Tbk.	**-**	-
Rupiah		
The Hongkong and Shanghai Banking Corporation	**456,550**	1,214,329
PT Bank Mandiri (Persero) Tbk.	**80,467**	79,615
PT Bank Negara Indonesia (Persero) Tbk.	**444**	-
Sub-total	**971,538**	1,846,578
Cash equivalent		
Time deposit		
U.S. Dollar		
The Hongkong and Shanghai Banking Corporation	**3,352,187**	1,808,769
Total	**4,323,725**	3,655,347

Time deposit earned interest at 3.6% and 4.5% per annum in 2017 and 2016, respectively.

6. TRADE AND OTHER RECEIVABLES

a. By Debtor

	March 31, 2017 US$	March 31, 2016 US$
Third parties:		
PT Hutchison 3 Indonesia	**3,541,644**	6,741,982
PT Malindo Communication	**949,652**	-
PT Sophie Paris Indonesia	**888,869**	1,272,178
PT Sampurna Dharma Utama	**776,237**	-
PT Sampoerna Telekomunikasi Indonesia	**698,214**	-
PT Perintis Tosan Kokoh Jaya	**626,433**	-
PT Paralel Data Sistem	**529,422**	-
PT Asuransi Allianz Life Indonesia	**339,086**	292,128
PT Cisco Technologies Indonesia	**309,291**	367,372
PT XL Axiata Tbk	**174,438**	1,701,269
PT Integrated Marketing Communication	**141,745**	-
PT Glaxo Wellcome Indonesia	**91,940**	121,660
PT BT Communications Indonesia	**59,687**	63,206
PT Hutchison CP Telecommunications	**-**	687,324
PT Indonesia Media Televisi	**-**	71,080
PT AXA Services Indonesia	**-**	45,233
PT Mitra Integrasi Informatika	**-**	15,077
Others	**51,414**	40,142
Total	**9,178,072**	11,418,650
Allowance for impairment losses	**(1,059,759)**	(1,082,517)
Net	**8,118,313**	10,336,133
Movements in allowance for impairment losses:		
Beginning of year	**1,082,517**	544,641
Additional provision made during the year	**777,474**	537,876
Write-off made during the year	**(800,231)**	-
End of year	**1,059,760**	1,082,517
Related parties (Note 22)	**57,454**	2,962,496

b. Aging of trade receivables:

	March 31, 2017 US$	March 31, 2016 US$
Not Due	**1,992,613**	-
Overdue:		
1 - 30 days	**2,484,240**	12,299,519
31 - 60 days	**2,083,861**	38,659
61 - 90 days	**854,482**	186,942
Over 90 days	**1,820,330**	1,856,026
Total	**9,235,526**	14,381,146
Allowance for impairment losses	**(1,059,759)**	(1,082,517)
Net	**8,175,767**	13,298,629

The Company's management believes that the allowance for impairment losses is adequate to cover possible losses that may arise from non-collection of receivables.

7. PREPAID TAXES

	2017	2016
	US$	US$
Corporate income tax (Note 20)	**548,939**	1,309,338
VAT receivable	**511,469**	123,200
Total	**1,060,408**	1,432,538

8. PREPAID EXPENSES AND ADVANCES

	March 31, 2017	March 31, 2016
	US$	US$
Rental software	**780,412**	2,500
Advances to employees (Note 25)	**76,226**	134,024
Advances to suppliers	**-**	596,770
Others	**509**	9,807
Total	**857,147**	743,101
Allowance for impairment losses	**(269,033)**	(257,331)
Net	**588,114**	485,770
Movements in allowance for impairment losses:		
Beginning of year	**257,331**	-
Additional provision made during the year	**11,702**	257,331
End of year	**269,033**	257,331

9. FIXED ASSETS

	April 1, 2016	Additions	Deductions	**March 31, 2017**
	US$	US$	US$	**US$**
Cost:				
Computer	282,067	-	-	**282,067**
Accumulated depreciation:				
Computer	241,528	21,116	-	**262,644**
Net Carrying Amount	40,539			**19,423**

	April 1, 2015	Additions	Deductions	**March 31, 2016**
	US$	US$	US$	**US$**
Cost:				
Computer	278,781	3,286	-	**282,067**
Accumulated depreciation:				
Computer	220,693	20,835	-	**241,528**
Net Carrying Amount	58,088			**40,539**

In 2017 and 2016, depreciation charged to operating expenses amounted to USD 21,116 and USD 20,835, respectively (Note 19).

The Company's fixed assets were not covered by insurance policy. Based on management's assessment, there are no events or changes in circumstances, which would indicate impairment in the carrying value of fixed assets as of March 31, 2017 and 2016.

10. OTHER ASSETS

Other assets consist of rental deposit and other deposits.

11. TRADE PAYABLES

	March 31, 2017 US$	March 31, 2016 US$
Third parties:		
PT Hewlett-Packard Berce Servicindo	**562,304**	-
PT Telereka Inti Prima	**398,927**	-
PT Central Data Technology	**342,745**	-
PT Radinka Anugra	**92,780**	42,739
Newgen Software Technologies Limited	**79,214**	-
PDP & CO PDP & CO Indonesia	**44,699**	-
Guy Carpenter & Company Ltd	**17,694**	-
PT Innovatz	**15,647**	-
PT Niagaprima Paramitra	**-**	62,975
PT Recruitment	**-**	47,732
Tectacle Technologies MSC	**-**	12,084
PT Iditya Putra	**-**	10,978
Others	**36,341**	81,885
Total third parties	**1,590,352**	258,393
Related parties (Note 22)	**42,169**	1,330,163
Total	**1,632,521**	1,588,556

12. ACCRUED EXPENSES

	March 31, 2017 US$	March 31, 2016 US$
Sub-contract expenses	**962,241**	4,078,614
Medical claims	**25,542**	76,560
Payables to employees	**14,433**	40,577
Total	**1,002,215**	4,195,751

13. TAXES PAYABLE

	2017 US$	2016 US$
Income taxes:		
Article 21	**31,561**	47,662
Article 23	**26,378**	5,987
Article 26	**-**	13,075
Other taxes payable	**43,406**	42,614
Total	**101,345**	109,338

14. OTHER PAYABLES

This account represents leave encashment liabilities amounting to US$ 128,004 and US$ 108,699 as of March 31, 2017 and 2016, respectively.

15. CAPITAL STOCK

	March 31, 2017 and 2016		
Name of Stockholder	**Number of Shares**	**Percentage of Ownership %**	**Total Paid-up Capital US$**
Tech Mahindra Limited	**499,000**	**99.80**	**499,000**
Mr. Atanu Sarkar	**1,000**	**0.20**	**1,000**
Total	**500,000**	**100.00**	**500,000**

16. UNEARNED REVENUE

Amounts billed in advance for services performed are recorded as unearned revenue. The services shall be performed in accordance with the terms of the contracts.

17. REVENUE

	2017 US$	2016 US$
PT Hutchison 3 Indonesia	**9,949,365**	14,811,368
PT Asuransi Allianz Life Indonesia	**923,364**	603,995
PT Malindo Communication	**856,681**	-
PT Sampurna Dharma Utama	**846,428**	-
PT Paralel Data Sistem	**801,976**	285,414
PT Sampoerna Telekomunikasi Indonesia	**634,680**	-
PT Perintis Tosan Kokoh Jaya	**565,916**	-
PT AXIS Telekom Indonesia	**467,712**	-
PT Cisco Technologies Indonesia	**318,775**	358,867
PT Glaxo Wellcome Indonesia	**129,854**	107,727
PT Integrated Marketing Communication	**128,298**	-
PT AXA Services Indonesia	**-**	45,233

	2017 US$	2016 US$
PT Sophie Paris Indonesia	-	1,765,694
PT Astra Graphia Information Technology	-	2,018,383
PT Axis Powered by XL	-	269,872
PT Indonesia Media Televisi	-	65,030
PT BT Communications Indonesia	-	41,850
Others	88,873	11,449
Total revenue - gross	15,711,923	20,384,882
Unclaimed revenue		
PT AXA Services Indonesia	(45,239)	-
PT Sophie Paris Indonesia	(171,457)	-
Total revenue - net	15,495,227	20,384,882

18. COST OF REVENUE

This account represents the costs incurred in developing the billing and customer care system, which consist of hardware, software and services. In 2017 and 2016, cost of revenue amounted to US$ 7,954,905 and US$ 12,524,964, respectively.

19. OPERATING EXPENSES

	2017 US$	2016 US$
Salaries	3,102,052	3,467,410
Other allowances	1,661,385	935,836
Professional fees	569,206	183,050
Travel	462,368	667,637
Variable performance allowance	398,451	221,136
School fees - overseas	162,691	113,190
Telecommunication	100,008	123,495
Employee benefits (Note 21)	79,905	34,249
Entertainment Expense	56,931	-
Bank Charges	45,048	7,834
Rental	39,007	22,008
Recruitment	38,903	21,998
Conveyance	23,538	45,202
Depreciation (Note 9)	21,116	20,835
Staff welfare	20,724	66,261
General Office Expenses	16,413	16,806
Printing and stationary	13,483	35,190
Consumables	12,423	-
Insurance	10,394	211,461
Severance Pay	7,804	36,411
Provision for (reversal of) impairment losses on trade receivables and advances	(11,056)	795,206
Others (each below US$ 10,000)	111,429	19,913
Total	6,942,223	7,045,128

20. INCOME TAX

Tax expense (benefit) of the Company consists of the following:

	2017	2016
	US$	US$
Current tax	**(60,284)**	(230,308)
Deferred tax	**35,884**	205,585
	(24,400)	(24,723)
Tax penalties	**(69,156)**	-
Adjustment recognized in the current year in relation to the prior years corporate income tax	**(16,803)**	(34,016)
Total tax benefit	**(110,359)**	(58,739)

Current Tax

Reconciliation between income before tax per statements of profit or loss and other comprehensive income and taxable income is as follows:

	2017	2016
	US$	US$
Loss before tax per statements of profit or loss and other comprehensive income	**(79,504)**	(286,749)
Temporary differences:		
Provision for employment benefit	**79,905**	34,249
Leave enchasment	**75,269**	(6,775)
Difference between commercial and fiscal depreciation	**(582)**	(340)
Provision for (reversal of) impairment losses on trade receivables and advances	**(11,056)**	795,206
Total	**143,536**	822,340
Permanent differences:		
Insurance	**10,394**	211,461
School fees	**158,354**	113,190
Staff welfare	**26,098**	66,261
Meals	**4,317**	6,796
Interest income subjected to final tax	**(22,060)**	(12,066)
Total	**177,103**	385,642
Taxable Income	**241,135**	921,233

Current tax expense and prepayment are computed as follows:

	2017	2016
	US$	US$
Current tax:		
25% x US$ 241,135 in 2017 and US$ 921,233 in 2016	**60,284**	230,308
Less prepaid income taxes:		
Article 23	**(272,135)**	(316,524)
Article 25	**(337,088)**	(1,223,122)
Total	**(609,223)**	(1,539,646)
Over payment of corporate income tax (Note 7)	**(548,939)**	(1,309,338)

Deferred Tax

The details of the Company's deferred tax assets and liability are as follows:

	March 31, 2015 US$	Credited (charged) to income for the year US$	Credited (charged) to other comprehensive income US$	March 31, 2016 US$	Credited (charged) to income for the year US$	Credited (charged) to other comprehensive income US$	March 31, 2017 US$
Provision for employment benefit	68,296	6,868	(23,131)	52,033	38,794	(13,485)	77,343
Differrence between commercial and fiscal depreciation	5,619	(85)	-	5,534	(145)	-	5,389
Provision for doubtful debts/ provision for doubtful advance	136,160	198,802	-	334,962	(2,764)	-	332,197
Deferred tax assets (liabilities) - net	210,075	205,585	(23,131)	392,529	35,885	(13,485)	414,929

A reconciliation between the total tax benefit (expense) and the amounts computed by applying the effective tax rates to income before tax is as follows:

	2017 US$	2016 US$
Loss before tax	**(79,504)**	(286,749)
Tax at applicable rate	**(19,876)**	(71,687)
Tax effect of non-deductible expenses	**44,276**	96,410
Total	**24,400**	24,723

Estimated claims for tax refund consists of:

	2017 US$	2016 US$
Income taxes:		
March 31, 2016	**1,420,173**	-
March 31, 2014	**-**	15,604
March 31, 2013	**104,674**	104,674
March 31, 2012	**379,766**	379,766
Total	**1,904,613**	500,044

On September 19, 2013, Directorate General of Taxation (DGT) issued underpayment tax assessment letter (SKPKB) on the Company's Corporate Income Tax pertaining to fiscal year 2011 amounting to US$ 1,651,754 compared to overpayment US$ 379,766 recorded and being claimed by the Company. The difference between amount claimed by the Company and the SKPKB is still on appeal.

On July 23, 2014, DGT issued SKPKB on the Company's Corporate Income Tax pertaining to fiscal year 2012 amounting to US$ 32,433 compared to overpayment US$ 104,674 recorded and being claimed by the Company. Payment for such SKPKB was made by the Company on August 22, 2014.

21. EMPLOYEE BENEFITS

The Company provides post-employeyment benefits program in the form of severance and gratuity in accordance with the labor regulations in Indonesia (Labor Law No. 13/2003 dated March 25, 2003).

The defined benefit pension plan typically expose the Company to actuarial risk such as interest risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following tables summarize the components of employee benefits expense recognized in the statement of profit or loss and other comprehensive income and employee benefits liability recognized in the statements of financial position, as determined by PT Padma Radya Aktuaria, an independent actuary, in its report dated April 4, 2017 for 2017 and April 11, 2016 for 2016.

Amounts recognized in statements of profit or loss and comprehensive income in respect of the benefits are as follows:

	2017	2016
	US$	US$
Current service costs	**63,501**	24,718
Interest costs	**17,272**	12,907
Gain on foreign exchange	**(868)**	(3,376)
Total	**79,905**	34,249
Remeasurement on net benefit liability:		
Actuarial Gain/Loss from experience adjustment	**(71,299)**	14,103
Current year acturial gain from changes in financial assumptions	**17,361**	(18,732)
Impact on adoption of PSAK 24 (revised 2013)	**-**	(87,897)
Components of benefit cost recognised in other comprehensive income	**(53,938)**	(92,526)
Total	**25,967**	(58,277)

The amounts included in the statements of financial position arising from the Company's obligations in respect of these post-employment benefits are as follows:

	2017	2016
	US$	US$
Beginning of the year	**230,112**	288,389
Current service costs	**63,501**	24,718
Interest costs	**17,272**	12,907
Gain on foreign exchange	**(868)**	(3,376)
Remeasurement on net benefit liability:		
Actuarial Gain/Loss from experience adjustment	**(71,299)**	14,103
Current year acturial gain from changes in financial assumptions	**17,361**	(18,732)
Impact on adoption of PSAK 24 (revised 2013)	**-**	(87,897)
End of the year	**256,079**	230,112

The cost of providing post-employment benefits is calculated by an independent actuary, PT Padma Radya Aktuaria. The actuarial valuation was carried out using the following key assumptions:

	2017		2016	
Discount rate		**7.5%**		8%
Annual salary increment rate		**10%**		10%
Mortality rate	**100%**	**TMI3**	100%	TMI3
Morbidity rate	**5%**	**TMI3**	5%	TMI3
Normal retirement age		**60**		60

Significant actuarial assumptions for the determination of post-employment benefit obligation are discount rate and expected salary increase rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 1% higher, the post-employment benefit obligation would decrease by US$ 33,110, while decrease by 1% in the discount rate would increase the post-employment benefit obligation by US$ 39,786 million.

If the expected salary incremental rate is 1% higher, the post-employment benefit obligation would increase by US$ 37,518 million, while decrease by 1% in the salary incremental rate would decrease the post-employment benefit obligation by US$ 31,995 million.

22. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES Nature of Relationship

a. Tech Mahindra Limited is the majority stockholder and the ultimate controlling party of the Company.

b. Comviva Technologies Limited is the fellow subsidiary of the Company.

c. Key management personnel

Mr. Pranab Choudhary is Director and the Country Head of the Company Mr. Manish Goenka is Director and Regional Head of the Company.

Mr. Rajib Biswas is the Head of Operations of the Company

Transactions with Related Parties

The Company has related party transactions with its controlling entity and other entities which are controlled directly or indirectly by the Tech Mahindra Group or over which they exercise significant influence. The Company enters into transactions with related parties at mutually agreed rates.

a. Other receivables from a related party is as follows:

	2017	2016
	US$	US$
Tech Mahindra Limited	**57,454**	2,962,496
Percentage to total assets	**0.33%**	12.54%

Other receivables from a related party consists of payments made by the Company on behalf of the related party in support of related party's operation.

b. The purchase and related payables arising from trade services obtained by the Company from related parties are as follows:

	2017 US$	2016 US$
Purchase	**366,236**	1,896,000
Percentage to cost of revenue	**4.60%**	15.13%
Trade payables		
Tech Mahindra Limited	**42,169**	1,330,163
Accrued expenses		
Tech Mahindra Limited	**-**	86,316
Total	**42,169**	1,416,479
Percentage to total liabilities	**1.14%**	14.31%

c. Total remuneration incurred by the Company for its key management personnel amounted to US$ 508,628 in 2017 and US$ 690,452 in 2016.

23. SIGNIFICANTS COMMITMENT

In 2014, the Company entered into an agreement with PT Hutchison CP Telecommunication (HCPT). The Company, as the Contractor, agreed to provide Billing and Customer Care System (System) Management Services to HCPT. Under the agreement, the Contractor shall supply a complete turnkey delivery of the System, which includes, but not limited to, HCPT Customer Care, order management, provisioning, mediation, product management/catalogue, resource management, billing and invoicing, payment and collection, interconnect accounting, dealer and partner management, fraud management, reporting, revenue sharing and settlement, rating engine, tarif management, account and balance management and voucher management system. The System shall include hardware, software and services. This Agreement shall take effect from the effective date on July 01, 2014 and shall expire on the third (3rd) anniversary of the Effective Date (the Initial Term), if not automatically renewed. HCPT may terminate this Agreement (in whole or part) at the end of the Initial Term without any cause by giving the Contractor written notice (the Initial Termination Notice) of at least six (6) months prior to the end of the Initial Term. In the absence of such an Initial Termination Notice, this Agreement shall continue to be effective for a further period of two (2) years (the Renewal Term).

24. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCY OTHER THAN U.S. DOLLAR

As of March 31, 2017 and 2016, the Company had monetary assets and liabilities in currency other than U.S. Dollar as follows:

		2017		2016	
		Foreign currency	**Equivalent in US$**	Foreign currency	Equivalent in US$
Assets					
Cash and cash equivalent	Rp	**7,159,651,191**	**537,471**	17,166,643,818	1,293,944
Trade and other receivables	Rp	**61,001,389,976**	**4,579,340**	105,090,361,472	7,942,583
	GBP	**8,969**	**11,182**	-	-
Liability					
Trade payables	Rp	**18,765,465,873**	**1,408,713**	2,697,637,698	203,336
Net monetary assets (liability)		**49,395,584,263**	**3,719,280**	119,559,367,592	9,033,191

The conversion rate per US$ 1 used by the Company is Rp 13,321 on March 31, 2017 and Rp 13,276 on March 31, 2016.

25. CATEGORIES AND FAIR VALUE OF FINANCIAL INSTRUMENTS

	March 31, 2017		March 31, 2016	
	Carrying am ounts US$	**Fair value US$**	Carrying am ounts US$	Fair value US$
Loans and receivables				
Current Financial Assets				
Cash and cash equivalent	**4,323,725**	**4,323,725**	3,655,347	3,655,347
Trade and other receivables	**8,175,767**	**8,175,767**	13,298,629	13,298,629
Prepaid expenses and advances	**76,226**	**76,226**	134,024	134,024
Total Financial Assets	**12,575,718**	**12,575,718**	17,088,000	17,088,000
Liabilities at amortized cost				
Current Financial Liabilities				
Trade payable				
Third parties	**1,590,353**	**1,590,353**	224,733	224,733
Related parties	**42,169**	**42,169**	1,330,163	1,330,163
Accrued expenses	**1,002,215**	**1,002,215**	4,195,751	4,195,751
Other payables	**128,004**	**128,004**	108,699	108,699
Total Financial Liabilities	**2,762,741**	**2,762,741**	5,859,346	5,859,346

The Company has no financial asset categorized as Fair Value Through Profit or Loss (FVTPL), held to maturity and available-for-sale and financial liability categorized as at FVTPL.

Fair Value of Financial Instrument

The Directors consider that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

26. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a, Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of cash and cash equivalent (Note 5) and shareholders' equity consisting of capital stock (Note 15), other comprehensive income and retained earnings.

The Board of Directors of the Company periodically reviews the Company's capital structure. As part of this review, the Board of Directors considers the cost of capital and related risk.

b. Financial Risk Management Objectives and Policies

The Board of Directors guided by approved policies and procedures is generally responsible to manage the financial risks relating to the operations of the Company. Compliance with these policies is reviewed by the Company's internal auditor on a regular basis on a global basis. The Company's risk management program mainly focuses on its foreign exchange risk, interest rate risk, credit risk and liquidity risk to minimize exposure that will adversely affect the performance of the Company.

The Company does not engage into trading of financial instruments, including derivative financial instruments for speculative purpose.

The Company's market risk is limited to the financial risk of changes in foreign currency rates. Mainly transaction in foreign currency rate was settled in short-term, except for non-trade transaction with related parties. Based on these condition, management considers that the Company's exposure to market risk is minimal.

i. Foreign currency risk management

All of the Company's revenue and financing and the majority of its operating expenditure are denominated in U.S

Dollar, which indirectly represents a natural hedge on exposure to fluctuations in foreign exchange rates. However, there are transactions denominated in other currency mainly Indonesian Rupiah, which arose from local expenses, salaries and wages and other operational expenses.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 24. The Company did not enter into any forward foreign exchange contracts.

Foreign currency sensitivity analysis

Since the Company's ordinary business being traded mostly in U.S Dollar, management believes that the Company does not have significant exposure to fluctuation in foreign exchange rate.

This is a result, if the U.S Dollar had strengthened or weakened by 6% against Indonesia Rupiah with all other variables held constant, profit and taxes of the period would have been US$ 3,381 higher/lower while a fluctuation by 2% and 11% between U.S Dollar against Singapore Dollar and Euro respectively will only resulted to profit and taxes of the period to be US$ 840 and US$ 15,359 higher/lower. The percentage used represents management's assessment of the reasonably possible change in foreign exchange rates.

ii. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities, which are subject to a risk that a movement in interest rates will adversely affect the income after tax. The risk on interest income is limited as the Company only intends to keep sufficient cash balances to meet operational needs.

The Company's exposure to interest rates on financial assets only relates to its cash in banks which carry floating interest rates. Management is in the opinion that the Company's exposure to interest rate risk is not significant.

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company.

The Company's credit risk is primarily attributed to its cash in banks, trade receivables and other receivable. The Company places its bank balances with credit worthy financial institutions. Trade and other accounts receivable are entered with respected and credit worthy third and related parties. The Company's exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Director regularly.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses represents the Company's exposure to credit risk.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

<u>Liquidity risk tables</u>

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company maybe required to pay.

	Less than one year US$	More than one year and not later than five years US$	More than five year US$	Total US$
March 31, 2017				
Financial liabilities				
Trade payables	**1,632,522**	**-**	**-**	**1,632,522**
Accrued expenses	**1,002,215**	**-**	**-**	**1,002,215**
Other payables	**128,004**	**-**	**-**	**128,004**
Total	**2,762,741**	**-**	**-**	**2,762,741**

	Less than one year US$	More than one year and not later than five years US$	More than five year US$	Total US$
March 31, 2016				
Trade payables	**1,554,896**	**-**	**-**	**1,554,896**
Accrued expenses	**4,195,751**	**-**	**-**	**4,195,751**
Other payables	**108,699**		**-**	**108,699**
Total	**5,859,346**	**-**	**-**	**5,859,346**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than one month US$	1-3 monts US$	3 months to 1 year US$	1-5 year US$		Total US$
March 31, 2017						
Financial assets						
Cash in banks	**4,323,725**	**-**		**-**	**4,323,725**	
Trade and other receivables	**3,521,103**	**2,706,699**	**1,020,597**	**869,914**		**8,118,313**
Total	**7,844,828**	**2,706,699**	**1,020,597**	**869,914**	**12,442,038**	

	Less than one month US$	1-3 monts US$	3 months to 1 year US$	1-5 year US$		Total US$
March 31, 2016						
Financial assets						
Cash in banks	**3,655,347**				**3,655,347**	
Trade and other receivables	**12,299,519**	**922,916**	**76,192**	**1,082,518**		**14,381,145**
Total	**15,954,866**	**922,916**	**76,192**	**1,082,518**	**18,036,492**	

The amounts included above for variable interest rate instruments for non-derivative financial assets is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

27. RECLASSIFICATION OF ACCOUNT

Certain accounts in the financial statements of March 31, 2016 have been reclassified to conform with the presentation of financial statements of March 31, 2017:

	March 31, 2016		
	Before Reclassification	Reclassification	After Reclassification
	US$	US$	US$
CURRENT ASSETS			
Prepaid taxes	4,942,277	(3,509,739)	1,432,538
CURRENT LIABILITIES			
Taxes payable	3,619,077	(3,509,739)	109,338

28. MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 28 were the responsibilities of the management, and were approved by the Directors and authorized for issue on May 19, 2017.

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

Board of Directors
Mr. Amitava Ghosh
Mr. Makarand Shete
Mr. Ravikanth Karne

Registered Office
Room 2925 of 29F Block C,
Central International Trade Center,
6A Jian Guo Men Wai Avenue,
Chao Yang District, Beijing

Bankers
HSBC Bank Limited

Auditors
Zhong Sheng Jia Hua
Certified Public Accountant
Beijing

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors present their report together with the audited accounts of your company for the year ended December 31, 2016.

Financial Results

For the year ended December 31	**2016**	2015
Income	**18107522**	974187
Profit/(Loss) before tax	**1393640**	65405
Profit/(Loss) after tax	**1042070**	65405

Review of Operations:

The Company continued its marketing activities and an income of RMB 18,107,522 there was a profit of RMB 1,042,070

Directors:

Mr. Amitava Ghosh, Mr. Ravikanth Karne and Mr. Makarand Shete are directors of the Company.

Outlook for the Current Year:

The Company is optimistic of getting business in near future.

Acknowledgements:

Your Directors gratefully acknowledge the co-operation and assistance received from the employees, bankers, State and other Government Authorities and support from the shareholder.

For Tech Mahindra (Beijing) IT Services Limited

Amitava Ghosh	**Ravikant Karne**
President and Chairman	**Director**

Date: May 09, 2017

REPORT OF THE AUDITORS

Shengjiawaishenzi[20 17]No.003

TO TECH MAHINDRA (BEIJING) IT SERVICES LIMITED:

We have accepted the entrustment from Tech Mahindra (Beijing) IT Services Ltd. and have audited the accompanying balance sheet of the Company as of 31 December 2016 and the related consolidated cash flow statements, profit/loss and profit distribution statements for the year then ended.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China's Auditing Standards for the Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company comply with the requirements of the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly. in all material respects, the financial position of the Company as at 31 December 2016, and the results of operations and cash flows of the Company for the year ended 3 1 December 2016.

This report is only used as the corresponding part of the Chinese part of this year, but not for other usage.

Beijing Zhong Sheng Jia Hua Certified	**Name of CPA: Wu Bo**
Public Accountants Co. Ltd.	**Name of CPA: Cao Hua**

Beijing China

February 27, 2017

BALANCE SHEET (AS OF 31 DECEMBER 2016)

Prepared by Tech Mahindra (Beijing) IT Services Ltd.							RMB Yuan
Assets	**No.**	**Beginning of period**	**end of period**	**Liabilities and Shareholders Equity**	**No.**	**Beginning of period**	**End of period**
Current assets				**Current liabilities:**			
Cash and bank	1	496,037.43	2,632,229.32	Short-term loans	68		
Short-term investment	2			Bills payable	69		
Bills receivable	3			Accounts payable	70	540,041.25	
Dividend receivable	4			Adv ances on sales	71		
Interest receivable	5			Wages and salaries unpaid	72		0.01
Accounts receivable	6	1,695,680.18	843,588.98	Staff welfare fund unpaid	73		
Other receivables	7	3,405.76	16,069.76	Dividend unpaid	74		
Prepayments	8	13,610.00	42,181.89	Tax unpaid	75	2,772.57	192,574.32
Subsidy receivable	9			Other outstanding payments	80	35,175.40	668,680.93
Inventories	10			Other expenses	81		
Deferred expenses	II			Contingent liabilities	82		
Long-term investment in bonds to be expired within one year	21				83		
Other current assets	24			Long-term liabilities to be expired within one >ear	86		
Total current assets	31	2,208,733.37	3,534,069.95	**Other current liabilities**	90		
Long-term investment:							
Long-term investment in stocks	32			Total current liabilities	100	577,989.22	861,255.26
Long-term investment in bonds to be	34			Long-term liabilities:			
Total long-term investment	38			**Long-term loans**	101		
Fixed assets				**Bonds payable**	102		
Fixed assets.at cost	39	25,319.20	25,319.20	Long-term accounts payable	103		
Less: Accumulated depreciation	40	25,319.20	25,319.20	Specific payable	106		
F:ixed assets, net value	41	0.00	0.00	Other long-term liabilities	108		
LessiProvision for devaluation of fixed assets	42			Total long-term liabilities	110		
Fixed assets, net amount	43	0.00	0.00	Deferred taxation:			
Construction materials	44			Deferred tax, credit	III		
Construction in progress	45			Total liabilities	114	577,989.22	861,255.26
Disposal of fixed assets	46						
Total fixed assets	50	0.00	0.00	**Shareholders' Lquity:**			
Intangible and other assets:				Share capital	115	3,441,546.02	3,441,546.02
intangible assets	51			Less: In vestment Returned	116		
Long-term deferred expenses	52			Paid-up capital (stock)	117	3,441,546.02	3,441,546.02
Other deferred expenses	53			Capital reserve fund	118	12,639.68	12,639.68
Total intangible and other assets	60			**Surplus reserve fund**	119		
				Including: Staff welfare fund	120		
Deferred taxation:				Undistributed profit	121	-1,823,441.55	-781,371.01
Deferred taxation, debit	61			Shareholders' I-quity:	122	1,630,744.15	2,672,814.69
Total Assets	67	2,208,733.37	3,534,069.95	**Total Liabilities and Shareholders' Equity**	135	2,208,733.37	3,534,069.95

INCOME STATEMENT(FOR THE YEAR 2016)

Prepared by Tech Mahindra (Beijing) IT Services Ltd				**RMB Yuan**
Item		No,	Last year cumulative	**Current year cumulative**
1.	Principal operating revenues	1	974,187.35	**18,107,522.49**
	Less:operating cost	4		
	operating tax and subsidies	5	3,103.54	**106,733.09**
2.	Principal operating profit	10	971,083.81	**18,000,789.40**
	Add:Other operating profit	11		
	Less: Operating expense	14	87,608.69	**45,955.41**
	Administration expense	15	824,035.48	**16,547,008.99**
	Financial expense	16	-3,018.84	**15,301.80**
3.	Operating profit	18	62,458.48	**1,392,523.20**
	AddrInvestment income	19		
	Subsidy income	22		
	Non-operating income	23	2,953.20	**1,728.01**
	Less:Non-operating expense	25	6.27	**610.60**
4.	Total profit	27	65,405.41	**1,393,640.61**
	Less:Income tax payable	28		**351,570.07**
5.	Net profit	30	65,405.41	**1,042,070.54**
6.	Net profit	48	65,405,41	**1,042,070.54**
	plus: (i) Beginning balance of Retained Earnings	49	-1,888,846,96	**-1.823,441.55**
	(ii) Surplus to compensate for loss	50		
	(iii) Other adjustment factor	51		
7.	Profit available for distribution	52	-1,823,441.55	**-781,371.01**
	Less:(i) statutory surplus reserve	53		
	(ii) The statutory public welfare fund	54		
	(iii) Staff bonus and welfare fund	55		
	(iv) Withdrawal reserve fund	56		
	(v) Appropriation of Enterprise Expansion Fund	57		
	(vi) Profit capitalized on return of investment	58		
	(vii) Supplementary current capital	59		
	(viii) Single retained profit	60		
	(ix) Other	61		

INCOME STATEMENT(FOR THE YEAR 2016)

Prepared by Tech Mahindra (Beijing) IT Services Ltd			**RMB Yuan**
Item	No,	Last year cumulative	**Current year cumulative**
8. Distributable profit for investors	62	-1,823,441.55	**-781,371.01**
Less: Dividend payable on preferred stock	63		
(ii) Discretionary surplus reserve	64		
(iii) Common stock dividends payable (profits payable)	65		
(iv) Transferred to capital (capital stock) common stock dividend	66		
(v) Other	67		
9. Undistributed profits	68	-1,823,441.55	**-781,371.01**
Aong which : Annual pre-tax profits after irreparable loss.	69		
Supplementary’ in formation	70		
(i) sale, disposal or investment sector units proceeds	71		
(ii) the loss of natural disasters {loss to “+” to fill a column)	72		
(iii) changes iti accounting policies influence the profit total amount	73		
(iv) change in accounting estimate affects the profit total amount	74		
(v) debt recombination losses (loss to “+” to fill a column))	75		
(vi) other non-recurring gains and losses (gains with “+” to fill a column)	76		

CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31,2016)

Prepared by Tech Mahindra (Beijing) IT Services Ltd		**RMB Yuan**
Items	**No.**	**Amount**
1. Cash flows from operating activities		
Cash inflow from sale of goods and provision of services	1	**19,864,985.87**
Repayment of tax received	3	
Other cash inflow relating to operating activities	8	**5,306.84**
Total cash inflow	9	**19,870,292.71**
Payments for purchase of goods and receipt of services	10	
Payments to and for staff	12	**14,160,496.19**
Taxation paid	13	**2,537,480.17**
Other Payments relating to operating activities	18	**1,036,124.46**
Total cash outflow	20	**17,734,100.82**
Net cash inflow/outflow generated from operations	21	**2,136,191.89**
2. Cash flow from investing activities		
Cash inflow from retirement of investment	22	
Cash inflow from profit of investment	23	
Cash gain of disposal of fixed assets, intangible assets, and other long-term investment	25	
Other proceeds relating to investment activities	28	
Total cash inflow	29	
Purchase of fixed assets, intangible assets and other long-term assets	30	
Cash paid for investment	31	
Other cash paid relating to investment activities	35	
Total cash outflow	36	**-**
Net cash inflow/outflow generated from investment activities	37	**-**
3. Cash flows from financing activities:		
Absorption of investment	38	
Borrowings raised	40	
Other cash inflow relating to financing activities	43	
Total cash inflow	44	**-**
Borrowings repaid	45	
Dividend, interest and profit paid	46	
Other cash outflow relating to financing activities	52	
Total cash outflow	53	
Net cash inflow/outflow generated from financing activities	54	**-**
4. Influence of fluctuation of exchange rate	55	
5. Net increase in cash and cash equivalents	56	**2,136,191.89**

CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31,2016)

Prepared by Tech Mahindra (Beijing) IT Services Ltd

Supplementary information	**No.**	**Amount**
1. Adjustment of net profit to cash flows generated from operations:		
Net profit	57	**1,042,070.54**
Add:Provision for devaluation of assets	58	
Depreciation of fixed assets	59	
Amortization of intangible assets	60	
Amortization of long-term expense	61	
Decrease of deferred expenses (Less: increase)	64	
Increase of pre-paid expense (Less: decrease)	65	
Loss on disposal of fixed assets, intangible assets and other long-term assets (less: gain)	66	
Loss on retirement of fixed assets	67	
Financial expense	68	
Investment loss (less: investment gain)	69	
Deferred tax, credit (less: debit)	70	
Decrease of inventories (less: increase)	71	
Decrease of receivables in operations (less: increase)	72	**810,855.31**
Increase of payables in operations (less: decrease)	73	**283,266.04**
Others	74	_
Net cash inflow /outflow generated from operations	75	**2,136,191.89**
2. Investing and financing activities not relating to cash flows		
Capital transferred from liabilities	76	
Transferable bonds to be expired within one year	77	
Fixed assets transferred from financing activities	78	
3. Net increase in cash and cash equivalents		
Cash and bank balances at end of period	79	**2,632,229.32**
Less: Cash and bank balances at beginning of period	80	**496,037.43**
Cash equivalent at end of period	81	.
Less: Cash equivalent at beginning of period	82	_
Net increase in cash and cash equivalents	83	**2,136,191.89**

NOTES TO FINANCIAL STATEMENTS 31 DEC. 2016

(The currency are presented in RMB except otherwise stated)

I. The Company's General Profile

As a wholly foreign-owned enterprises, Tech Mahindra (Beijing) IT Services Limited was invested and established by Tech Mahindra. The Company was approved to be established by Beijing Municipal Government according to policy document SWZJZZ[2007]No.05422, obtained Enterprise's Legal Person Registration in the Industry and Commerce Administration Bureau of Beijing on Sep.24, 2007 with the Business License QDJZZ No.0535505.The registered capital of the company is US$500,000.00. The Company's registered address is C-2925,29th Floor, ZhongHuanShiMao Building,No.A6 JianGuoMenWai Street, Chaoyang District, Beijing. Legal representative: Mr. Jagdish Mitra.

Scope of Business; Technical services, technical advice, design, development, production and computer networking, telecommunications and electronic technology-related applications; product sales of assets.

II. Basis of Preparation

According to AS BE (Accounting Standards for Business Enterprise) and Enterprise Accounting System issued by the Ministry of Finance of PRC, make confirmation and measurement and formulate financial statement on this basis.

III. Compliance of Accounting Standards of Business Enterprises

The financial statements prepared by the Company are subject to requirements from the Accounting Standards and present fairly the Company's financial position, operation results, cash flow and other related information.

IV. Significant Accounting Policies and Accounting Estimates

1. Accounting period

The accounting period of the Company is from 1 January to 31 December.

2. Book-keeping Currency

The company's financial records and the financial statements are stated in Rimini,

3. Principles of accounting and measurement (Measurement attribute)

The Company uses the accrual method as its basis of accounting. All assets are measured at history cost, except for financial assets for trading and financial assets available-for-sale which are measured at fair value.

4. Foreign exchange translation

The foreign currency running business involved in the accounting year of this company shall be converted into RMB for bookkeeping in accordance with the market exchange rate (middle rate) of actual occurring date of business. The ending balance of foreign currency of the account of all foreign currencies shall be adjusted by converting as standard money as per the year-ending market exchange rate. The balance occurred shall be counted as exchange gain or loss.

As for the sub companies taking foreign currency as bookkeeping recording base money, the All the assets and items of liabilities when formulating the current-year RMB financial statements shall be converted as the bookkeeping standard money of the parent company in line with the market exchange rate on the day of consolidated financial statements.

All the owner's equity items except "Undistributed Profit" shall be converted as the standard money of the parent company in line with the market exchange rate on the day.

Items of profits and losses and items of the related amount incurred in the profit distributed table shall be converted as the standard money of the parent company as per the average exchange rate during the consolidated financial statements

Items of income and fees in cash flow statements shall be converted as the standard money of the parent company as per the average exchange rate during the consolidated financial statements

The increased and decreased items related to long-term liabilities, long-term investment, fixed assets, deferred assets and intangible assets shall be converted as the bookkeeping standard money of the parent company as per the average exchange rate of the consolidated financial statements on final settlement day. Items of net increases amount related to assets shall be converted into the bookkeeping standard money the parent company as per the exchange rate when occurring. The settlement differences produced due to different exchange rate shall be reflected in the items of conversion balance of foreign currency statements.

5. Recognition of Cash and cash equivalents

5.1 Cash in the cash flow statement indicates the cash on hand and the deposit in bank available for a payment at any time.

5.2 Cash equivalents in the cash flow statement are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

6. Business accounting methods of short-term investment

Short-term investment refers to the investment which was bought by the company, converted into cash and the holding time shall not be more than one year, including stocks, securities and fund.

Short-term investment shall be actual cost evaluation after getting, that is, the cash dividends deducting from the actual paid cost, declared but not got, or interests due the payment date and not got.

When disposing short-term investment, confirm the balance between the received disposal income and short-term book value as the investment income of the current period.

At the end of period, make valuation as per the lower one of cost and market price. The balance which the market price is lower than the cost shall be prepared in line with the short-term investment depreciation of single-item accrual. If the market price rises in the succeeding year, it shall be transferred back within the amount form the confirmed investment loss.

7. Accounting Methods of Bad Debt

7.1 Standards confirming accounts payables as bad debt

① The debtor has been dead. After the heritage is paid off, the debt can still be taken back.

② The debtor goes bankruptcy. After the bankruptcy property is paid off, the debt can still be taken back.

③ The debtor has not fulfilled the liabilities payment in a long period and there is enough evidence to prove it impossible or very little possibility to take back.

7.2 The accounting methods of this company’s bad debt adopt allowance method. The counting and drawing method of bad debt preparation adopts single-item specific identification method. Confirm the bad debt preparation for counting and drawing as per customers respectively.

8. Inventory Accounting Method

8.1 Classification of inventory: the inventory of this company includes the raw materials stored for sales or consumption during the production and management process, inventory goods, finished products, goods in process (in research), entrusted processing materials, outsourcing semi-finished products, low priced and easily worn articles and wrap page, etc.

8.2 Valuation method of getting and issuing: the raw materials, entrusted processing materials, goods in process (in research) shall be valued as per the actual cost. The sent raw materials and goods in process (in research) shall be valued as per the method of weighted mean.

8.3 Amortization method of low priced and easily worn articles and wrap page: low priced and easily worn articles shall be amortized through once write-off method according to the actual conditions when receiving.

8.4 Inventory system of stock; the stock method of this company’s inventory quantity is perpetual inventory system.

8.5 The confirmation standard and counting and drawing method of inventory falling price reserves: adopt the valuation principle of “the lower one of book cost and net realizable value” at the end of period. Principally, accrue the inventory falling price reserves according to the balance of single-item net realizable value lower than the cost. Net realization value is determined by deducting the estimated cost, estimated selling expenses and the related taxes when completion from the estimated selling price of inventory.

Accrue inventory falling price reserves in the case of following conditions:

A. Market price continues to fall and may not rise in the foreseeable future.

B. The product cost of using the raw materials production is greater than the selling price of the products.

C. Due to product upgrade, the original inventory materials fail to meet the requirement of new products. The market price of the original materials is lower than the book value.

D. The outmoded products and service supply or change of consumers' preference makes the market's requirement changed, causing the market price gradually fall.

E. Other cases proving the inventory decrease in value

In the case of next item or some other items, transfer the book value of inventory to the profits and losses of current period completely. Write off it once.

(1) Inventory already mildewed and rotten

(2) Inventory dated and no transferring value

(3) Inventory not required in production, without using value and transferring value.

(4) Other inventory proven without using value and transferring value.

9. Long-term investment accounting method

9.1 Long-term equity investment

① Investment of stocks

The actually paid total amount shall be calculated into the cost for what purchases stocks in monetary capital in this company. If the actually-paid amount includes the declared issued dividend, then take the net amount deducting the declared issued dividend from actually paid amount as the initial investment cost. In case of converting into shares in the form of material object and intangible assets take the value of agreed agreement and contract and confirmed value after assets appraisal as the cost.

② Other equity investment

The part investing in the form of monetary capital shall be converted into the cost as per the actually paid amount. The investment cost of long-term equity got by deserting non-cash assets shall be determined by the book value of deserted non-cash assets adding related payable taxes and fees.

③ Determining method of income

If adopting cost method accounting, determine the investment income when the invested unit declares issuing cash dividends; if adopting equity method, determine the investment income in accordance with the shared invested unit's realized net profits or incurred net losses at every accounting period end. Adjust the book value of long-term equity investment.

As for the stock investment or other equity investment, if parent company holds the capital sum of the invested unit with voting right less than 20%, or though holding the capital sum of the invested unit with voting right more than 20% and without significant impact, account as per the cost method.

If parent company holds the capital sum of the invested unit with voting right more than 20%, or less than 20% but with significant impact, count as per the equity method.

If parent company holds the capital sum of the invested unit with voting right more than 50%, or less than 50% but with actually-controlled sub companies, count as per the equity method and combined financial statements.

9.2 Long-term equity investment

① Confirming method of cost

Take the balance after deducting the paid taxes, commission charge and other additional expenses, and paid counted interests from issuance to purchase in line with the actually paid amount as the actual cost. Take the balance of actual cost and securities book value as the premium or discounted amount. The premium or discounted amount of securities shall be amortized when confirming the income of the related securities interest during the securities continual period. The method of amortization is straight line method.

② Confirming method of income

Equity investment shall be collected interests counting as per period. The counted equity investment interest income after adjusting the premium of equity investment and amortization of discounted price shall be confirmed as the current period investment income. Other receivable interests of other equity investment counted as period shall be confirmed as the investment income of the current period.

(1) Confirming standards and counting and drawing methods of the depreciation preparation of long-term investment

Count and draw the depreciation preparation for the long-term investment with market value in case of the following conditions.

① Market price has been lower than the account value for consecutive two years;

② The investment has been suspended for transaction over 1 year.

③ The invested unit is under heavy loss in that year;

④ The invested unit has been under heavy loss for consecutive two years;

⑤ The invested unit has been liquidated, rectified and cleared. Or unsustainable running conditions occur.

Confirming standards and counting and drawing methods of the depreciation preparation of long-term investment

① Political and legal environmental change affecting the management of invested unit

② The market requirement changes due to the outmoded products or changed consumer's preference of the provided goods or service of the invested unit so that the financial status of the invested unit aggravates heavily.

③ The producing technology of the invested unit's industry changes so greatly that the invested unit loses its competitiveness and its financial status aggravates heavily,

④ Evidence indicates that there are other cases in which this item of investment cannot bring forth economic interest for the enterprise virtually.

If the above-mentioned conditions cause the recoverable amount of long-term investment is lower than the book value and the lowered value cannot be restored within the foreseeable future period, count and draw the depreciation reserves of long-term investment in line with the balance of the recoverable amount lower than the book value of long-term investment. First, offset the capital reserve item of the investment. The balance which cannot be offsite shall be confirmed as the current profits and losses. What the value with long-term investment with confirmed loss can be recovered shall be transferred back within the amount of originally confirmed investment loss.

10. Evaluation of entrusted loan, interests confirming methods and confirming standards and accrual methods of depreciation reserves of entrusted loans

10.1 Evaluation of entrusted loan

The entrusted loan of this company shall be recorded into the account as per the amount of the actual entrusted loan initially and count and draw interests in each period, counting into profits and losses. That is to say, at each counting period end, count and draw the receivable interests as per the regulated interest rate to increase the book value of entrusted loan correspondingly.

10.2 Confirming method of interest

If the accrual interest cannot be taken back on schedule, stop accrual interest and offset the accrued interest.

10.3 Confirming methods and counting and drawing methods of entrusted loan deprecation reserves

Thoroughly check the entrusted loan principal at the period end. If evidence shows that the entrusted loan principals is higher than the recoverable amount, then count and draw the corresponding deprecation reserves and offset the investment income by accrued deprecation reserves.

11. Fixed Assets

11.1 Recognition of fixed assets

Fixed assets are defined as the tangible assets which are held for the purpose of producing goods, rendering services, leasing for operation & management. The useful life of fixed assets is more than one year. In the meanwhile meet the following conditions to confirm the fixed assets:

1) And the fixed assets related to the economic benefits are likely to flow into the enterprise.

2) The cost of the fixed asset can be measured reliably.

11.2 Classification of fixed assets

The company fixed assets is divided into buildings and structures, machinery and equipment, transportation tools, land, office equipment, and other equipment.

11.3 Measurement of fixed assets

Fixed assets are recorded at actual cost. Cost of purchased fixed asset includes purchase price, customs and duty on importing and all related cost on making fixed asset available for use.

11.4 Method of depreciation

The depreciation of fixed assets is calculated by straight-line method based on useful lives of assets. Useful lives are:

Categories	Useful lives (year)
Electronic equipment	5

12. Projects under construction

12.1 The projects under construction of this company shall be counted respectively according to the project items, including advance-phrase preparation before construction, architectural engineering under construction, erecting engineering, technological transformation engineering and overhaul engineering. Determine the engineering cost according to the actually incurred payment.

12.2 Standards of projects under construction transferring as fixed assets

Starting from the date the projects under construction reach the usable state, transfer as fixed assets according to the engineering budget, cost of construction or engineering actual cost. The estimated part which has not been transacted final settlement of works completion transfers as the fixed assets. Count and draw the depreciation of fixed assets in accordance with the regulations of accrual fixed assets depreciation and stop capitalization of interest.

12.3 Confirming methods and accrual methods of the depreciation reserves of the project under construction

Thoroughly check the projects under construction of the company at the period end. In the case of the one or variant conditions as follows, count and draw the project under construction deprecation reserves as per the balance of recoverable amount less than the book value.

(1) The project is suspended for a long time and will not restart within the coming three years;

(2) The building project is backward in terms of performance and technology. It will cause substantial uncertainty to the economic interest for the enterprise.

(3) Other cases proving that the project under construction decreases in value.

13. Intangible Assets

13.1 Definition and recognition of intangible assets

The intangible assets of the Company including purchased software etc. Intangible asset is recorded at its original actual cost at acquisition. The cost of purchased intangible assets includes the actual purchase price and other necessary expenditures for purchase. The cost of intangible assets invested by investors is measured at the contract or agreement, except for those with unfair value in the contract or agreement.

13.2 Amortization of intangible asset

Intangible assets are amortized on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. The amortization amount is accounted into the cost of related assets or current profit and loss according to the beneficial items. The Company makes the assessment on the estimated useful life and amortization method of intangible assets with limited useful life at the end of each year and makes adjustment if needed. The

Company assesses the estimated useful life of intangible assets with uncertain useful life during each accounting period. If there are evidences to prove the useful life of intangible assets is limited, the Company will estimate their useful life and amortize the intangible assets within the estimated lifetime.

14. Long-term deferred expenses

Long-term deferred expenses are general expenses which are paid by the amortization period is over 1 year (excluding lyear).

Except purchasing and building fixed assets, the cost occurring in the preparing period, shall be transferred into the profits and losses of the current month of starting production and operation since that month. If some long-term deferred expense item of book value can't gain profits in the future accounting period, the rest value of unamortized value shall be transferred into the current profits and losses.

15. Borrowing costs

15.1 Confirming principles of borrowing costs

Where the borrowing costs meet the following conditions, capitalization can start.

(1) Assets payment has occurred

(2) BoiTowing costs have been produced

(3) Necessary purchasing and constructing activities have started to make assets be the expected usable and sellable state.

15.2 Capitalization period of borrowing cots

Capitalization period refers to the period from the time point of starting capitalization of borrowing costs to the time point of stopping capitalization, excluding the period suspending the capitalization of borrowing costs. Other borrowing interest, the amortization and exchange balance of value discounting and premium shall be counted into the current profits and losses.

15.3 The counting method of the capitalization amount of borrowing costs.

The interest capitalization amount during every accounting period shall be determined by the accumulated payment weighted average and capitalization rate of structuring fixed assets at the current period end, but the amortized capitalization amount of interest, value discounting and premium shall not exceed the interest actually occurring at the current special borrowings and the amortized amount of value discounting and premium.

16. Estimated liabilities

16.1 Confirming principles of estimated liabilities

If the obligations related to contingency meet the following conditions at the same time, this company will confirm it as liabilities.

(1) The obligation is the current obligation shouldered by the enterprise;

(2) The obligation fulfillment may cause economic interest outlawing the enterprise.

(3) The amount of the obligations can be reliably counted.

16.2 Counting method of estimated liabilities

Confirming the estimated liabilities amount is the best estimate of payment requiring paying off to liabilities. If the required payment has a scope of amount, then the best estimate shall be confirmed by the average number of the upper and floor amount. If the required payment has a scope of amount, then the best estimate can be determined by the following methods.

(1) When contingency involves a single item, the best estimate shall be determined by the amount the most likely to occur;

(2) When contingency involves several single items, the best estimate shall be determined by the amount incurred possibly and the probability of occurrence. The required payment of confirmed liabilities shall be completely or

partially offsite by the third party or other parties. When the offset amount is basically confirmed to be received, it can be confirmed separately as assets. The confirmed offset amount shall not exceed the book value of confirmed liabilities.

17. Income

The company confirms the realization of the business revenue as per the following regulations, keeps accounts as per the realized income and records into the current profits and losses.

17.1 Confirming principles and methods of goods sales income

This company has transferred the major risks and remuneration of the property in the goods to the goods purchasing party. The company shall not continue to adopt management right and actual control right to the goods again. The related revenue has received or got the evidence of collection. When it can be reliably counted with the cost related to sell the goods, confirm the realization of the business revenue.

17.2 Confirming principles and methods of providing service revenue

Providing services is to confirm the related service revenue as per the Percentage-of-completion Method. When confirming the service revenue, take the premises of reliably confirming the total income of services contract and completion degree of services, smooth inflow of the price and amount related to transactions and reliably counting the occurred cost and required cost to complete the services.

17.3 Provide the receivable using fees income for others to use the intangible assets of this enterprise. Confirm the realization of business revenue according to the charging time and methods regulated by the related contracts and agreements.

18. Revenue of construction contract

18.1 Confirming principles of construction contract revenue

(1) Adopt once settlement for completion to confirm the income for the projects starting and ending within a same year. And the following conditions must be met simultaneously.

① Sign the project award contract and definitely regulate the settlement way and price amount of project price;

② This Company has got the confirmation report related to the project progress of settlement time point issued by the project contracting party or supervising department.

③ The income (project final payment like project quality margin) which cannot be confirmed for realization shall not be confirmed at the current period. It can be confirmed after actually receiving it.

④ The income exceeding the contract settlement price must be granted the certificate signing materials signed and sealed by the contract awarding units.

(2) Cross-year construction items shall be generally confirmed the income separately as per the project image progress and meet the following conditions simultaneously. \

① Sign a project contracting agreement. Where the contract agreement has regulated the project price settlement method and price amount, it shall be confirmed the income as per the project progress percentage. Where the contract does not regulate the total project price amount and settles the income as per the construction quota, the enterprise must formulate the construction drawing budget as per the project settlement progress. Formulate the project pre-settlement statement accordingly and make it as the basis of confirming income.

② This Company has got the confirmation report about the project progress related the project settlement time point issued by the project contract awarding unit or the supervising unit.

③ The income (project final payment like project quality margin) which cannot be confirmed for realization shall not be confirmed at the current period. It can be confirmed after actually receiving it.

19. Accounting Disposal Method of Income Tax

Accounting disposal method of the company's income tax adopts taxes payable method. Confirm the method of current income taxes and fees according to the payable income tax counted at the current period.

The income tax of this company shall be prepaid by season and paid off at the end of year.

V. Accounting policies, changes in accounting estimates, a major early correction of errors and other matters adjustment is described

VI. Taxation

1. The company mainly taxes and tax rates

Principal Taxation	The statutory tax rate	Preferential tax policy
Business Tax ,	*5%*	-
Value added tax	3%, 6%	
Urban construction and maintenance tax	7%	-
Corporate Income Tax	25%	-
education fee	3%	-
Local education fee	2%	-

VII Main Notes to the Financial Statements

1. Monetary funds

Item	**Ending balance**	**Beginning balance**
Cash on hand		
In which: RMB		
Cash in bank	**2,632,229.32**	496,037.43
In which: RMB	**2,632,218.08**	496,026.79
Dollar	**11.24**	10.64
Other monetary funds		
Total	**2,632,229.32**	496,037.43

2. Accounts receivable

Item	**Ending balance**		**Beginning balance**	
	Book balance	**Bad debt provision**	**Book balance**	**Bad debt provision**
In 1 years ((Included 1 years)	**843,588.98**	**-**	1,695,680.18	-
1-2 years (Included (2 years)		**-**		-
2-3 years ((Included 3 years)		**-**		-
More than 3 years		**-**		-
Total	**843,588.98**	**-**	1,695,680.18	-

3. Other Receivable

Item	**Ending balance**		**Beginning balance**	
	Book balance	**Bad debt provision**	**Book balance**	**Bad debt provision**
In 1 years ((Included 1 years)	**12,664.00**	**-**	3,405.76	-
1-2 years (Included (2 years)	**3,405.76**	**-**	-	-
2-3 years ((Included 3 years)		**-**	-	-
More than 3 years		**-**	-	-
Total	**16,069.76**	**-**	3,405.76	-

4. Prepayments

Item	**Ending balance**	**Beginning balance**
In 1 years ((Included 1 years)	**42,181.89**	13,610.00
1-2 years (Included (2 years)		
2-3 years ((Included 3 years)		
More than 3 years		
Total	**42,181.89**	13,610.00

5. Fixed Assets

Item	Beginning balance	Current period Increases	Current period Decreases	Ending balance
1. Original Cost	**25,319.20**	-		25,319,20
Electronic equipment	**25,319.20**	-		25,319.20
2. Accumulated amortization	**I 25,319.20**		-	25,319.20
Electronic equipment	**25,319.20**		-	25,319.20
3. Impairment provision		-	-	
Electronic equipment		-	-	
4. Net book value	**0.00**	-	-	0.00
Electronic equipment	**0.00**	-	-	0.00

6. Accounts Payable

Item	Ending balance	Beginning balance
In 1 years ((Included 1 years)		540,041.25
1-2 years (Included (2 years)		
2-3 years ((Included 3 years)		
More than 3 years		
Total		540,041.25

7. Wages and salaries unpaid

Item	Beginning balance	Current period Increases	Current period Decreases	Ending balance
1. Wages ^bonuses allowances and subsidies		**9,865,452.89**	9,865,452,88	0.01
2. Employee benefit expenses	**-**	**4,295,04331**	4,295,043.31	-
Total		**14,160,496.20**	14,160,496.19	0.01

8. Tax unpaid

Item	Beginning balance	This year should pay	This year has been submitted	Ending balance
Value added tax	2,475.50	876,482.52	842,942.57	36,015.45
Personal income tax	0.00	1,351,525.37	1,296,208.20	55,317,17
Corporate Income Tax		351,570.07	255,976.88	95,593.19
Urban construction and maintenance tax	173.29	62,127.65	59,005.98	3,294.96
Education surcharge	123.78	44,376.92	42,147.15	2,353,55
Total	2,772.57	2,686,082.53	2,496,280.78	192,574.32

9. Other outstanding payments

Item	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Provision (%)
In 1 years (1 years)	**668,680.93**	**100.00**	35,175.40	100,00
1 -2 years (2 years)				
2-3 years (3 years)				
More than 3 years				
Total	**668,680.93**	**100.00**	35,175,40	100,00

10. Paid- in capital

Investor Name	Beginning balance		Current period Increases	Current period Decreases	Ending balance	
	Amount of investment	Proportion (%)			Amount of investment	Proportion
Total	3,441,546.02	100.00		-	3,441,546.02	100.00
India horse hengda technology Co., LTD	3,441,546.02	100,00		-	3,441,546.02	100.00

11. Capital reserve fund

Item	Beginning balance	Current period Increases	Current period Decreases	Ending balanee
Share premium	**12,639.68**		-	12,639.68
Other Capital reserve fund	**-**	**-**	-	-
Total	**12,639.68**		-	12,639.68

12. Undistributed profit

Item	Amount of this year	Amount of last year
Opening balance	**-1,823,441.55**	-1,888,846.96
Current period Additions	**1,042,070.54**	65,405.41
Including: Transfer of net profits of this year	**1,042,070.54**	65,405.41
Other adjusting factors		
Current period Disposals		
Including: accrued surplus reserves of this year		
Accrued general risks reserve of this year		
Distributed cash dividend of this year		
Transfer increased capita		
Other decreased items		
Closing balance	**-781,371.01**	-1,823,441.55

13. operating revenues and operating cost

Items	Current year cumulative		Last year cumulative	
	Operating Revenues	Operating Cost	Operating Revenues	Operating Cost
1. Subtotal of main businesses	18,107,522.49		974,187.35	0.00
Income of main businesses	18,107,522.49		974,187.35	0.00
2. Subtotal of other businesses				
Income of other businesses				
Total	18,107,522.49		974,187.35	0.00

14. Non-operating income

Item	Current year cumulative	Last year cumulative
Refund of IIT	1,728.01	2,953.20
Total	1,728.01	2,953.20

15. Non-operating expense

Item	Current year cumulative	Last year cumulative
Tax overdue fine	610.60	6.27
Total	610.60	6.27

VIII. Contingent Events

Without the contingent event this year.

IX. Events after the balance sheet date

Without the need for disclosure of events after the balance sheet date this year.

X. Related Party and Transactions

Without the related party and transactions this year.

XI. The transfer and sale of important assets

The year without the significant transfers of assets and sell.

XII. Enterprise merger, spin-off items

Without a merger, division and other matters this year.

XIII. Exchange of non-monetary assets and debt restructuring

This year only monetary assets exchange and debt restructuring.

XIV. Other significant matters

No other significant matters required to explain this year.

XV. Financial statements for approval

The annual financial statements have been approved by the board of directors of the company.

XVI. Other contents to be disclosed as per the related financial accounting and system

Other contents requiring no disclosure this year.

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

February 27, 2017

Beijing Zhong Sheng Jia Hua Certified Public Accountants Co.,Ltd

Foreign rights and interests of foreign-invested enterprises confirmation form audit report

TECH MAHINDRA (BEIJING) IT SERVICES LTD:

We have audited the accompanying Tech Mahindra (Beijing) IT Services Ltd (hereinafter referred to as the Company) 2016 year foreign-invested enterprises the foreign interests confirmation table. In accordance with the relevant provisions of the foreign exchange management, true and complete preparation of foreign-invested enterprises in foreign interests confirmation form is the responsibility of the Company's management. While our responsibility is to perform the audit work on the basis of the foreign interests of foreign-invested enterprises confirmation form whether in all material respects, in accordance with the relevant requirements of the national foreign exchange management audit conclusions. We are not provide assurance to the Company's foreign exchange balance behavior compliance.

We perform the audit work in accordance with the "foreign-invested enterprises by the Chinese Institute of CPAs guidance" which developed by the Chinese Institute of CPAs. In the audit process, we ask to check the records and documents, recalculations and other procedures as we considered necessary. We believe that our audit provides a reasonable basis for the audit conclusions.

We believe that the the foreign interests confirmation table of the foreign-invested enterprises in all material respects comply with the requirements of the national foreign exchange management

This report is intended for your confirmation form submitted to the foreign interests of foreign-invested enterprises to the national foreign exchange management departments, and may not be used for any other purpose.

Beijing Zhong Sheng Jia Hua Certified Public	Chinese Institute of Certified Public Accountant : Wu Bo
Accounts Co., Ltd.	Chinese Institute of Certified Public Accountant : Cao Hua

Beijing China

February 27, 2017

Foreign Rights and Interests of Foreign-invested Enterprises Confirmation Form

Prepared by: TECH MAHINDRA (BEIJING) IT SERVICES LIMITED **Fill time: February 27, 2017**

Organization Code: 66690378-3	Unit : RMB Yuan	
Indicators	Beginning	**Ending**
1. The actual investment of the foreign investor	3,441,546.02	**3,441,546.02**
Of which: foreign real to the registered capital	3,441,546.02	**3,441,546.02**
2. Amount of reserve and retained earnings of foreign enjoyed	-1,810,801.87	**-768,731.33**
2.1 Capital reserve	12,639.68	**12,639.68**
2.2 Surplus reserve		
2.3 Undistributed profit	-1,823,441.55	**-781,371.01**
3. Foreign dividend that allocated but not yet exported outside		
4. Foreign currency account balances (Including regular items and capital items)	10.64	**11.24**

Note:

1. This year has been to export the amount of foreign profits is: 0.00 Yuan.
2. The external guarantees new adding amount is 0.00 U.S. dollars this year, reducing amount of the guarantee is 0.00 U.S. dollars, year-end balance is $ 0.00.

Person in charge of the unit: Mr. Rohit Gandhi

Person in charge of accounting department: Mr. Rohit Gandhi

Lister: Sunjing

TECH MAHINDRA (BAHRAIN) LTD S.P.C.

Board of Directors

Mr. Girish Bhat
Mr. Makarand Shete
Mr. Anil Mohanlal Khatri

Registered Office

Flat 1126, Building 722
Road 1708, Block 317
Diplomatic Area, Manama
Kingdom of Bahrain

Bankers

Ahli United Bank B.S.C.
HSBC Middle East Limited

Auditors

Deloitte & Touche – Middle East
P.O. Box 421
Manama
Kingdom of Bahrain

DIRECTORS' REPORT

The Directors present their Annual Report and financial statements for the year ended March 31, 2017.

PRINCIPAL ACTIVITIES

The principal activities are providing information technology services and telecommunication solutions.

REVIEW OF BUSINESS

The results for the year are set out on page 6 of the financial statements.

CHANGE IN DIRECTORS

There is no further change in directorships during the year.

AUDITORS

A resolution proposing the reappointment of Deloitte & Touche – Middle East as auditors of the Company for the year ending March 31, 2018 and authorising the Directors to fix their remuneration will be placed before members in the Annual General Meeting.

On behalf of the Directors

Date: May 16, 2017	**Girish Bhat**	**Makarand Shete**
Place : Pune	Director	Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder
Tech Mahindra (Bahrain) LTD. S.P.C.
Manama, Kingdom of Bahrain

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tech Mahindra (Bahrain) LTD. S.P.C. (the "Company"), which comprise the statement of financial position as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- 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 disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Further, as required by the Bahrain Commercial Companies Law 2001 and its subsequent amendments, we report that the Company has maintained proper accounting records and the financial statements have been prepared in accordance with those records. We further report that, to the best of our knowledge and belief, the financial information provided in the Directors' Report is in agreement with the financial statements and based on the information and explanations provided by the management which were required for the purpose of our audit, we are not aware of significant violations of the relevant provisions of Bahrain Commercial Companies Law 2001 and the Company's Memorandum and Articles of Association having occurred during the year ended March 31, 2017 that might have had a material effect on the business of the Company or on its financial position.

DELOITTE & TOUCHE – MIDDLE EAST

Partner Registration No. 184
Manama, Kingdom of Bahrain

May 16, 2017

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	Notes	2017 BD	2016 BD
ASSETS			
Current assets:			
Accounts receivable and other assets	5	**30,720**	49,593
Amounts due from the parent Company	6	**-**	5,343
Cash and bank balances	7	**474,284**	425,368
Total assets		**505,004**	480,304
EQUITY AND LIABILITIES			
Equity:			
Share capital	8	**50,000**	50,000
Statutory reserve	9	**25,000**	25,000
Retained earnings		**394,931**	355,834
		-	-
Total equity		**469,931**	430,834
		-	-
Non-current liabilities:			
Employees' end-of service benefits	10	**7,541**	3,485
		-	-
Current liabilities:			
Accounts payable and other liabilities	11	17,524	45,985
Amounts due to the parent Company	6	10,008	**-**
Total current liabilities		**27,532**	45,985
		-	-
Total liabilities		**35,073**	49,470
		-	-
Total equity and liabilities		**505,004**	480,304

The financial statements from pages herein were approved and authorised for issue on May 16, 2017 and signed by:

Mr. Girish Bhat
Director

Mr. Makarand Shete
Director

The attached notes from an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2017

	Notes	2017 BD	2016 BD
Net service revenue to Parent Company	6 & 12	**162,811**	225,098
Cost of revenue	13	**(111,716)**	(125,274)
Gross profit		**51,095**	99,824
Other income	14	**32,428**	100,065
General and administrative expenses	15	**(41,348)**	(40,086)
Allowance for impairment of receivables	5	**(3,078)**	(152,265)
Direct write off on advance payments	5	**-**	(61,844)
Profit/(Loss) for the year		**39,097**	(54,306)
Total comprehensive income/ (loss) for the year		**39,097**	(54,306)

Mr. Girish Bhat
Director

Mr. Makarand Shete
Director

The attached notes from an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital BD	Statutory Reserve BD	Retained Earnings BD	Total BD
Balance at April 1, 2015	50,000	25,000	910,140	985,140
Total comprehensive loss for the year	-	-	(54,306)	(54,306)
Dividend paid	-	-	(500,000)	(500,000)
Balance at March 31, 2016	50,000	25,000	355,834	430,834
Total comprehensive income for the year	**-**	**-**	**39,097**	**39,097**
Balance at March 31, 2017	**50,000**	**25,000**	**394,931**	**469,931**

The attached notes from an integral part of these financial statements

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	2017 BD	2016 BD
Cash flows from operating activities:		
Profit /(Loss) for the year	**39,097**	(54,306)
Adjustments for:		
Allowance for impairment of receivables	**3,078**	152,265
Advance payments and other assets written-off	**-**	61,844
Credit balance written-off	**(32,317)**	(100,031)
Provision for employees' end-of-service benefits	**9,021**	5,924
Changes in operating assets and liabilities:	**18,879**	65,696
Decrease /(increase) in accounts receivable and other assets	**15,795**	(19,058)
Decrease in amounts due from a related party	**5,343**	34,636
Increase/ (decrease) in accounts payable and other liabilities	**3,856**	(3,318)
Increase in change in amount due to a related party	**10,008**	-
Cash from operating activities	**53,881**	77,956
Settlement of employee's end-of-service benefits	**(4,965)**	(14,687)
Net cash generated from operating activities	**48,916**	63,269
Cash flow from financing activity		
Dividend paid	**-**	(500,000)
Net cash used in financing activity	**-**	(500,000)
Net increase/ (decrease) in cash and cash equivalents	**48,916**	(436,731)
Cash and cash equivalents beginning of year	**425,368**	862,099
Cash and cash equivalents at the end of year	**474,284**	425,368
Comprising of:		
Bank balance	**123,542**	143,394
Short term deposit	**350,742**	281,974
	474,284	425,368

The attached notes from an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. STATUS AND ACTIVITIES:

Tech Mahindra (Bahrain) LTD S.P.C. (the "Company") was incorporated on November 3, 2009 as a Single Person Company in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration number 73221. The Company is engaged in providing information technology services and telecommunication solutions.

The Company's registered office is in Manama, Kingdom of Bahrain. The Company is owned by Tech Mahindra Limited – India (the "Parent Company").

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):

In the current year, the Company has adopted the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on April 1, 2016. This adoption did not result in any significant impact on the Company's financial statements or changes to the Company's accounting policies.

Moreover, and at the date of authorization of these financial statements, new standards and interpretations were in issue but not yet effective. The Company anticipates that the adoption of these standards and interpretations in future periods (where applicable) will have no material impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable requirements of the Bahrain Commercial Companies Law.

Basis of Preparation

The financial statements have been prepared under the historical cost convention. The financial statements are presented in Bahraini Dinars ("BD") being the functional currency of the Company.

The significant accounting policies adopted are as follows:

3.1 Receivables

Receivables are measured at amortised cost, less any impairment.

3.2 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.3 Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.4 Financial Liabilities

Financial liabilities, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.5 Provision for Employees' End-of-Service Benefits

Provisions are made for end-of-service benefits to all expatriate employees. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of the employment.

For Bahraini employees, contributions are made to the Social Insurance Organisation based on a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

3.6 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. The Company has entered into a service agreement with the Parent company for reimbursement of costs incurred plus a markup ("cost plus method") which forms part of the revenue.

3.7 Foreign Currencies

Transactions in foreign currencies are recognised in the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the reporting dates. All differences are taken to profit or loss.

3.8 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and short term deposits with original contractual maturity period of three months or less.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the entity's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 3, and due to the nature of operation, the management did not have to make judgements that may have significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 *Impairment of financial assets*

The Company's management reviews periodically items classified as trade receivables to assess whether a provision for impairment should be recorded in the profit or loss. Management calculated the provision on a collective basis as detailed under Note 5.

5. ACCOUNTS RECEIVABLE AND OTHER ASSETS:

Accounts receivable mainly result from pass through billings to customers on behalf of the Parent Company (Refer to Note 6).

	2017 BD	2016 BD
Accounts receivable	**33,279**	115,403
Allowance for impairment of receivables	**(3,078)**	(108,173)
Advances and other receivables	**152,784**	194,628
Allowance for impairment of advances and other assets	**(152,265)**	(152,265)
	30,720	49,593

At the reporting date, One Customer (2016: 3 customers) represented 100% of account receivables.

Ageing of gross receivables as at March 31, is as follows:

	2017 BD	2016 BD
Not yet due	**30,216**	-
Less than 30 days		13,806
31 – 60 days	**-**	-
61- 90 days	**504**	3,084
181 – 365 days	**3,078**	32,722
	33,798	49,612
Above 365 days	**152,265**	260,419
	186,063	310,031

No interest is charged on overdue receivables from customers. These amounts are provided for impairment based on a collective assessment on the following basis:

- Management considers that invoices outstanding up to 30 days are considered within the acceptable credit period.
- Amounts outstanding beyond one year are fully provided for.

The net carrying value of receivables is considered a reasonable approximation of fair value at the financial position date.

Movement in allowance for impairment of receivables:

	2017 BD	2016 BD
Balance beginning of year	**260,438**	108,173
Additions	**3,078**	152,265
Write off	**108,173**	-
Balance end of year	**155,343**	260,438

During the current year direct written-off on advances and other receivables amounted to BD NIL (2016: BD 61,844).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

6. RELATED PARTIES:

The Company bills its revenue to its Parent company (Tech Mahindra Limited India) on the basis of its operating costs with a mark up of 5%. Total billings made to the Parent Company amounted to BD 162,811 (2016: BD 225,098).

Also the Company bills third party customers on behalf of its Parent Company. The credit risk pertaining to these counterparts rests with the Company. Pass through billings to customers amounted to BD 40,256 for the current year (2016: BD 59,469).

Balance in current account due to the Parent Company amounted to BD 10,008 (2016: due from Parent Company BD 5,343).

The movement of the Parent Company account is as follows:

	2017 BD	2016 BD
Opening balance	**5,343**	39,979
Billing to Parent	**162,811**	225,098
Pass through billing to customers	**(40,256)**	(59,469)
Other asset movement	**26,652**	49,098
Payments received	**(164,558)**	(249,363)
Ending balance	**10,008**	5,343

7. CASH AND BANK BALANCES:

	2017 BD	2016 BD
Current account with bank	**123,542**	143,394
Short term deposit	**350,742**	281,974
	474,284	425,368

Short term deposit outstanding at year end, earns interest at a rate of 0.67% to 0.89% (2016 - 0.19% to 0.55%) per annum with original maturity of less than 3 months.

8. SHARE CAPITAL:

The Company's issued share capital consists of 500 ordinary shares at BD 100 each, issued and fully paid.

9. STATUTORY RESERVE:

In accordance with the Bahrain Commercial Companies Law and the Company's Articles of Association, 10% of the profit has been transferred to a statutory reserve. The Company resolved to discontinue such annual transfer when the reserve reached 50% of the issued share capital. The reserve is not available for distribution, except in the circumstances stipulated in the Bahrain Commercial Companies Law.

10. PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS:

	2017 BD	2016 BD
Balance beginning of year	**3,485**	12,248
Additions	**9,021**	5,924
Payments made during the year	**(4,965)**	(14,687)
Balance end of year	**7,541**	3,485

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES:

	2017 BD	2016 BD
Due to suppliers	**12,527**	42,158
Accrued expenses	**283**	252
Accrued employees' benefits	**4,714**	3,575
	17,524	45,985

12. REVENUE:

	2017 BD	2016 BD
Pass through billings to customers (Note 6)	**40,256**	59,469
Less: Payable to Parent company on pass through billings	**(40,256)**	(59,469)
Service revenue to Parent Company (Note 6) (costs plus)	**162,811**	225,098
	162,811	225,098

13. COST OF REVENUE:

	2017 BD	2016 BD
Staff costs	**94,909**	103,497
Travel expenses	**16,807**	21,777
	111,716	125,274

14. OTHER INCOME:

	2017 BD	2016 BD
Credit balance written Back	**32,317**	100,031
Interest income	**111**	34
	32,428	100,065

15. GENERAL AND ADMINISTRATIVE EXPENSES:

	2017 BD	2016 BD
Professional fees	**33,930**	26,566
Rent	**4,567**	6,360
Telephone and mobile charges	**834**	1,646
Foreign exchange loss	**944**	3,214
Miscellaneous expenses	**1,073**	2,300
	41,348	40,086

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

16. FINANCIAL INSTRUMENTS:

Categories of financial instruments

The summary of financial assets and liabilities are follows:

	2017 BD	2016 BD
Financial assets		
At amortised cost (including cash and bank balances)	**504,485**	437,941
Financial liabilities		
At amortised cost	**27,532**	45,985

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk on its receivables and liquid funds. The Company's liquid funds are placed with a bank of good financial standing. The amounts reflected in the statement of financial position are stated at net realisable value, estimated by the Company's management,

The maximum exposure to credit risk is limited to the carrying value of financial assets at the reporting dates.

Foreign currency risk

The Company's primary exposure to the risk of changes in foreign currency relates to the transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty.

17. CAPITAL MANAGEMENT:

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of equity comprising issued capital, reserves and retained earnings.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS:

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. Consequently, differences may arise between the carrying values and the fair value estimates.

The Directors consider that the fair value of the Company's financial instruments measured at amortised cost approximate their carrying amounts at the reporting dates.

TECH MAHINDRA (NIGERIA) LIMITED

BOARD OF DIRECTORS

Chief (Mrs.) Faidat Oreagba (Nigerian)
Mr. Baksi Sujit (Indian)
Mr. Sriram Veeravalli Sevellimedu (Indian)
Mr. Ayan Chatterjee (Indian)

OFFICE ADDRESS:
3rd Floor
68A Coscharis Plaza
Adeola Odeku Street
Victoria Island, Lagos.

SECRETARIES
Probitas Partners
70 Queens Street
Off Herbert Macaulay Way
Yaba
Lagos, Nigeria.

AUDITORS
Grant Thornton Nigeria
(Chartered Accountants)
3rd & 4th Floors
294 Herbert Macaulay Way
Sabo-Yaba
Lagos, Nigeria.

BANKER
Citibank Nigeria Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors submit their report together with the audited financial statements for the year ended 31 March 2017, which disclose the state of affairs of the company.

Legal Form

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on August 18, 2009. It commenced full operation in January 2011.

Principal Activity

The principal activity of the company is to provide global solution on information technology to various sector of the economy. It is engaged in directing, operating, managing, investing in or provide telecommunication, networking, communication, internet information and other information technology related services.

Directors

The directors who held office during the year and to the date of this report were:

Chief (Mrs.) Faidat Oreagba	Director (Nigerian)
Mr. Baksi Sujit	Director (Indian)
Mr. Sriram Veeravalli Sevellimedu	Director (Indian)
Mr. Ayan Chatterjee	Director (Indian)

Directors interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors has notified the company of any direct or indirect interest in contracts or proposed contracts with the company during the year.

Donations and Charitable Gifts

There were no donations made during the year.

Human Resources

Employment of Disabled Persons

The company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled person in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's working environment.

Health, Safety and welfare at Work

The company enforces strict health and safety rules and practices at work environment, which are reviewed and tested regularly. The company retains top-class private hospitals where medical facilities are provided for staff at the company's expense.

Fire prevention and fire-fighting equip ment are installed in strategic locations within the company's premises.

The company operates both Group Personal Accident and contributing to the Nigeria Social Insurance Trust Fund in compliance with the requirements of Employees Compensation Act (ECA), 2010. It also operates a contributory pension plan in line with the Pension Reform Act, 2004.

Employee Involvement and Training

The company ensures, through various form, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the company's policy of continuous development, training facilities are provided in the company's Training School. In addition, employees of the company are nominated to attend both locally and internationally organized courses. These are complemented by on-the job training.

AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) 2004, Messrs. Grant Thornton (Chartered Accountants) will be reappointed to continue in office as Auditors to the Company having indicated their willingness to do so.

LAGOS, NIGERIA. **BY ORDER OF THE BOARD**

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2017

The Companies and Allied Matters Act, CAP C20 LFN 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters Act;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the interim financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Chief (Mrs.) Faidat Oreagba	**Mr. Ayan Chatterjee**
Director	Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TECH MAHINDRA (NIGERIA)LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Tech Mahindra (Nigeria) Limited** (the Company), which comprise the statement of financial position as at **31 March 2017**, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at **31 March 2017**, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Basic for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern, basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

i) 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 that for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management’s use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainly 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.

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

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

Uchenna Okigbo FCA
FRC/2016/ICAN/00000015653
FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)
LAGOS, NIGERIA.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**2017**	2016
		₦	₦
Revenue from Services	5	**3,08,75,01,790**	3,21,52,86,268
Subcontracting Expenses	6	**(85,70,32,394)**	(1,41,17,00,904)
Gross profit		**2,23,04,69,396**	1,80,35,85,364
Finance Cost	7	**(1,45,77,150)**	(77,57,143)
Less Expsenses:			
Personnel Cost	8	**(1,09,32,86,578)**	(1,22,22,51,265)
Administrative Expenses	9	**(2,51,87,40,376)**	(1,18,87,18,831)
Depreciation Expenses	10	**(41,19,692)**	(71,05,471)
		(1,40,02,54,399)	(62,22,47,346)
Other Income	11	**6,96,74,911**	10,69,10,394
Loss Before Taxation		**(1,33,05,79,488)**	(51,53,36,953)
Taxation	12	**(5,91,37,914)**	14,36,74,066
Loss After Taxation		**(1,38,97,17,402)**	(37,16,62,886)
Retained Loss for the Year		**(1,38,97,17,402)**	(37,16,62,886)
Per Share Data:			
Loss per share (Kobo)		**(9)**	(2)
Loss per share from continuing operations attributable to owners during the year: (expressed in naira per share)			
Basic and diluted loss per share		**(9)**	(2)

The statement of accounting policies and notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	**2017** ₦	2016 ₦
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	13	**1,13,30,537**	1,14,16,384
Deferred Tax Assets	12	**15,46,01,085**	15,46,01,085
		16,59,31,623	16,60,17,470
CURRENT ASSETS			
Receivable and Prepayments	14	**5,04,63,43,868**	3,45,29,19,198
Cash and Cash Equivalent	15	**58,76,98,494**	1,01,01,65,836
		5,63,40,42,363	4,46,30,85,033
TOTAL ASSETS		**5,79,99,73,985**	4,62,91,02,503
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	19	**15,30,40,026**	15,30,40,026
General Reserve		**(89,91,93,565)**	49,05,23,836
		(74,61,53,539)	64,35,63,862
NON CURRENT LIABILITIES			
Unsecured Loan from Tech Mahindra Limited	19	**45,75,93,800**	19,65,47,000
CURRENT LIABILITIES			
Trade Payables	16	**45,49,12,364**	28,38,21,965
Other Payables	17	**5,57,55,36,397**	3,50,51,07,145
Income Tax Liabilities	12	**5,80,84,963**	62,529
		6,54,61,27,524	3,98,55,38,640
TOTAL EQUITY AND LIABILITIES		**5,79,99,73,985**	4,62,91,02,503

These financial statements were approved by the Board of Directors on and signed on its behalf by:

Chief (Mrs.) Faidat Oreagba	**Ayan Chatterjee**
Director	Director

The statement of accounting policies and notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Equity Share ₦	General Reserve ₦	Total ₦
Year Ended 31 March 2016			
Balance at 1 April 2015	15,30,40,026	86,21,86,723	1,01,52,26,749
Loss for the year		(37,16,62,886)	(37,16,62,886)
Balance as at 31 March 2016	15,30,40,026	49,05,23,836	64,35,63,863
Year Ended 31 March 2017			
Balance at 1 April 2016	**15,30,40,026**	**49,05,23,837**	**64,35,63,863**
Loss for the year		**(1,38,97,17,402)**	**(1,38,97,17,402)**
Balance as at 31 March 2017	**15,30,40,026**	**(89,91,93,565)**	**(74,61,53,539)**

The statement of accounting policies and notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	₦	₦
Cash flows from operating activities		
Loss Before Tax	**(1,33,05,79,488)**	(51,53,36,953)
Adjustments:		
Depreciation	**41,19,692**	71,05,471
Operating Profit Before Working Capital Changes	**(1,32,64,59,796)**	(50,82,31,482)
(Increase)/Decrease in Debtors and Prepayment	**(1,59,34,24,670)**	(1,73,63,46,080)
Increase/(Decrease) in Trade Payables	**17,10,90,399**	12,13,96,921
Increase/(Decrease) in Other Payables	**2,07,04,29,252**	1,87,02,45,890
	64,80,94,980	25,52,96,731
Tax Paid	**(11,15,480)**	(12,12,78,804)
Net Cash Flow from Operating Activities	**(67,94,80,297)**	(37,42,13,555)
Cash flow from Investing Activities:		
Purchase of Property, Plant and Equipment	**(40,33,845)**	(37,00,000)
Net Cash flow from Investing Activities	**(40,33,845)**	(37,00,000)
Cash Flow from Financing Activities:		
Unsecured Loan from Tech Mahindra Limited	**26,10,46,800**	(3,16,000)
Net Cash Flow from Financing Activities	**26,10,46,800**	(3,16,000)
Net Cash Flow for the year	**(42,24,67,342)**	(37,82,29,555)
Cash and Cash Equivalents at 1 April 2016	**1,01,01,65,836**	1,38,83,95,392
Cash and Cash Equivalents at 31 March 2017	**58,76,98,494**	1,01,01,65,836
Cash and Cash Equivalent Consist of :		
Bank	**58,76,98,494**	1,01,01,65,836

The statement of accounting policies and notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Reporting Entity

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on 18 August 2009. It commenced full operation in January 2011. Its initial authorised share capital was 153,790,000 ordinary shares of N1.00. The company is wholly owned by Tech Mahindra India .

2 Basis of Preparation

(a) Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements were authorized for issue by the Board of Directors of Tech Mahindra (Nigeria) Limited on

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis.

(c) Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the company's functional currency.

(d) Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

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

i. Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software 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 are any indicators that capitalised costs may be impaired.

ii. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company’s future taxable income against which the deferred tax assets 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.

iii. Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

iv. Impairment

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.

v. Useful lives of depreciable assets

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

vi. Inventories

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2016 and not early adopted

A number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except the following set out below:

IFRS 15, 'Revenue from Contracts with Customers', Issued: May 2014 (effective 1 January 2018)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principle based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

IFRS 16, 'Leases', Issued: January 2016 (effective 1 January 2019)

IFRS 16, which was issued January 2016, treats all leases as finance leases and so will ensure that for the first time a large part of the estimated $2.8trn (£2trn) worth of lease commitments that are currently off balance sheet will be included in to the balance sheets of the world's listed companies as assets and liabilities. Under the old lease accounting standard, IAS 17, leases were categorised either as finance leases, in which case they were included in the balance sheet, or operating leases which were disclosed in the notes to the financial statements. This made it difficult for investors to compare companies and to work out the effects of a company's off balance sheet lease obligations. Under IFRS 16, only short-term leases (12 months or less) and leases of low-value assets (such as a personal computer) will not need to be recognised.

Disclosure initiative amendments to IAS 7', Issued: January 2016 (effective 1 January 2017)
This amendments was issued in January 2016. The amendments will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including non-cash changes and changes arising from cash flows. These requirements become effective for reporting periods beginning on or after 1 January 2017. Earlier application is permitted.

In December 2016, the Board decided not to proceed with the work on the cash restrictions proposals included in the Exposure Draft.

IFRS 9, 'Financial instrument', Issued: July 2014 (effective 1 January 2018)

IFRS 9 which was issued in July 2014 is the culmination of the IASB's efforts to replace IAS 39. IFRS 9 was released in phases from 2009 to 2014. The final standard was issued in July 2014, with a proposed mandatory effective date of periods beginning on or after 1 January 2018. Early application of IFRS 9 is permitted. The Board also amended the transitional provisions to provide relief from restating comparative information and introduced new disclosures to help users of financial statements understand the effect of moving to the IFRS 9 classification and measurement model.

The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value if the contractual cash flows do not represent solely payments of principal and interest. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes. There is specific guidance for contractually linked instruments that leverage credit risk, which is often the case with investment tranches in a securitisation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

IFRS 9, 'Financial instrument', Issued: July 2014 (effective 1 January 2018) Cont'd

IFRS 9's classification principles indicate that all equity investments should be measured at fair value through profit and loss. However, an entity has the ability to make an irrevocable election, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income (OCI) rather than profit or loss, as long as the instrument is not held for trading. IFRS 9 removes the cost exemption for unquoted equities and derivatives on unquoted equities, but provides guidance on when cost may be an appropriate estimate of fair value.

Under IFRS 9 financial liabilities continue to be measured at amortised cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss. However, IFRS 9 changes the accounting for financial liabilities for those liabilities where the fair value option has been elected. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in OCI.

IAS 40 Amendment – Transfer of Investment Property', Issued: December 2016 (effective 1 January 2018)

IAS 40 was issued in December 2016, the objective of this session was to discuss: (i) the staff analysis of the comment letters received; (ii) staff recommendations and (iii) whether to proceed with the amendments. The agenda paper includes a summary of the issue and the proposed amendment to IAS 40 as set out in the ED. The amendments will require that transfers of property to or from investment property should be supported by evidence that a change in use has occurred.

Investment property is property (land or a building, or part of a building or both) held by an entity to earn rentals and/ or for capital appreciation. For example, property in the course of construction or development. Any other properties are accounted for as property, plant and equipment (PPE) or inventory in accordance with:

• IAS 16, 'Property, plant and equipment', if they are held for use in the production or supply of goods or services; or

• IAS 2, 'Inventories', as inventory, if they are held for sale in the ordinary course of business.

Investment property is initially measured at cost. Management may subsequently measure investment properties at fair value or at cost. This is an accounting policy choice. The policy chosen is applied consistently to all the investment properties that the entity owns.

IAS 40 Amendment – Transfer of Investment Property', Issued: December 2016 (effective 1 January 2018) Cont'd

Investment properties in the course of construction or development are measured at fair value if this can be reliably measured, when the fair value option is chosen. Otherwise they are measured at cost.

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". Guidance on fair value measurement is given in IFRS 13. Changes in fair value are recognised in profit or loss in the period in which they arise

The cost model requires investment properties to be carried at cost less accumulated depreciation and any accumulated impairment losses; the fair value of these properties is disclosed in the notes.

IFRIC 22 Foreign Currency Transactions and Advance Consideration', Issued: December 2016 (effective 1 January 2018)

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

The following applies:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

  IFRIC 22 is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements.

3.1 Revenue

Sales represents invoiced value, excluding value added tax.

Interest and Dividends

Basic earnings per share are calculated by dividing net earnings for the year by the weighted average number of ordinary shares in issue during the year.

3.2 Administrative expenses

Administrative expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

3.3 Employee Benefits

(i) Pension fund obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity - Pension Fund Administrators (PFA) and has no legal or constructive obligations to pay further contributions. Obligations for contribution plans are recognised as personnel expenses in profit or loss in the periods during which related expenses are rendered. Contributions to a defined contribution plan that are due for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

For defined contribution plans, the company pays contributions to an administered pension plans on a rule basis. However, additional voluntary contributions are allowed. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expense when they are due.

(ii) Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and bonuses are recognised as a liability in the financial statements.

3.4 Tax Expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recongised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current Tax

The tax currently payable/(receivable) is based on taxable profit/(loss) for the year. Taxable profit differs from 'profit/(loss) before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

(ii) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in computation of taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reveiwed at the end of each reporting period and reduced to the extent that it is nolonger probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or subtantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax Exposure

In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that caused the company to change its judgement regarding the adequancy of existing tax liabilites; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

3.5 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of notes and coins on hand, demand deposits and other short term, highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, company overdrafts are included in current liabilities.

3.6 Trade Receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company does not intend to sell immediately or in the near term.

3.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.8 Property, Plant and Equipment

Land

Land held for use in production or administration is stated at cost amounts. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, IT equipment and other equipment

(i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

- The cost of material and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the company. On-going repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is recognised in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

- Motor Vehicles	3-5 years
- Computer Equipment	3 years
- Furniture and Fittings	5-10 years
- Plant and Machinery	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Share Capital

Ordinary Shares

Ordinary shares are classified as equity and (share capital) are recorded at the proceeds received net of incremental external costs directly attributable to the issue.

3.10 Financial Instruments

(i) Recognition and Measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Financial liabilities and equity instruments, issued by the company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial assets expire; or
- The company transfers the financial asset, including substantially all the risks and rewards of ownership of the asset

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Investments made by company which are classified as either held at fair value through profit or loss or available-for-sale, and are measured at subsequent reporting dates at fair value.

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 values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

(ii) Fair Value Hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

Level 1: Quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.

Level 2: Valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

Level 3: Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

(iii) De-recognition of Financial Instruments

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the company has also transferred substantially all risks and rewards of ownership. Non-cash financial assets pledged, where the counterparty has the right to sell or re-pledge the assets to a third party, are classified as pledged assets.

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

(iv) Financial Assets

Management determines the classification of financial assets at initial recognition; this classification depends on the nature and purpose of the financial asset. Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- trade receivables
- held-to-maturity and
- available-for-sale financial assets.
- Financial Assets at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

This category has two components: those held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuation in price or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those that are:

- Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases; or

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

- Trade Receivables

  Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a customer with no intention of trading the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

- Available-for-sale

  Available-for-sale instruments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Subsequent to initial recognition, financial assets classified as available -for -sale are measured at fair value on the statement of financial position.

- Held - to - Maturity

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

(v) Financial Liabilities

Financial liabilities are recognised initially at fair value, generally being their issue poceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

The company classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

(vi) Gains and Losses

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss except for short term receivables where the recognition of interest would be immaterial. Dividends on available -for-sale equity instruments are recognised in the profit or loss when the company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(vii) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(viii) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or, realise the asset and settle the liability simultanenously.

(ix) Impairment of Financial Assets

(i) Assets Carried at Amortised Cost

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occured after the initial recognition of the asset (a 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial asset that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a trade receivable is uncollectible, it is written off against the related provision for loan impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for receivables allowance in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occuring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reverse shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Asset Carried at Fair Value

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decine in the fair value of the security below its cost is considered in determing whether the assets are impaired. If any such evidence exists for available -for-sale financial assets, the cumulative loss- measured as the difference between the acquision cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from comprehensive income and recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available -for-sale increase and the increase can be objectively related to an event occuring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

3.11 Provisions

Provisions are liabilities of uncertain timing or amount, and are recongnised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the director's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determind by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect of any item included in the same class of obligations may be small.

3.12 Foreign Currency Transactions and Balances

Foreign Currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates, which is the Nigerian Naira.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items of historical cost in a foreign currency are not retranslated.

4 Financial Risk Management

(a) Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainablility thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control procssess;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(b) Significant Risks

The company has exposure to Significant Risks which are categorised as follows:

(i) Regulatory (captial adequacy, legal, accounting and taxation);

(ii) Business environment (reputation and strategic);

(iii) Operational (people, information technology and internal control processes);

(iv) Market (equity prices, interest rate and currency); and

(v) Liquidity

(c) Detailed Discussion of Significant Risks

(i) Regulatory Risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in the IT industry and engages in discussions with policy makers and regulators.

Legal Risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 March 2017, the directors are not aware of any significant obligation not provided for.

Taxation Risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

- **Transactional Risk**

  The risk which concerns specific transactions entered into by the company, including restructuring projects and reorgnizations.

- **Operational Risk**

  The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

- **Compliance Risk**

  The risk associated with meeting the company's statutory obligations.

- **Financial Accounting Risk**

  The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

In managing the company's taxation risk, the company tax policy is as follows:

The company will fulfil its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products, these clients are either aware of the probably tax consequences, or are advised to consult with independent professionals to assess these consquences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

Accounting Risk

Accounting Risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of mangement to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Establish proper internal accounting controls;
- Prepare periodic financial statements that reflect an accurate financial position; and be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

(ii) Business Environment

Reputational Risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

- **Strategic Risk**

Strategic Risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business units.

Company risk identifies and assesses both those risks qualitatively as part of a quartely evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the company and regularly informs directors and management.

(iii) Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

(iv) Market Risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Interest Rate and Market Price Risk

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

Interest Rate Risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctute as a result of changes in market prices.

Foreign Currency Risk

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term balances.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are:

* Certain classes of financial assets such as bonds, term deposits, cash and cash equivalent; and
* Certain accounts within trade and other receivables.

Financial Assets

Various debt instruments are entered into by the company in order to invest surplus shareholders funds. The company is exposed to the issuer's credit standing on these instuments.

The following policy and procedure is in place to mitigate the company's exposure to this credit risk:

* Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the company's audit committee and the company's board.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Other Receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company Treasury maintains flexibility in funding by keeping committed credit lines available.

Sensitivities

Management applies a number of sensitivity tests to the earnings of the company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the company is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

* The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.
* The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

	2017	2016
	₦	₦
5 REVENUE FROM SERVICES		
Onsite and Offshore Revenue	**2,561,387,166**	2,397,668,652
Hardware and Software System Revenue	**526,114,624**	817,617,616
	3,087,501,790	3,215,286,268

Revenues are recognized at the fair value of consideration received, after deducting sales taxes, excise duties and similar levies, when the significant risks and rewards of ownership have been transferred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
		₦	₦
6	**SUBCONTRACTING EXPENSES**		
	Subcontracting Expenses - Onsite and Offshore	**605,053,554**	404,314,702
	Subcontracting Expenses - Hardware and Software System	**251,978,839**	1,007,386,202
		857,032,394	1,411,700,904

Subcontracting expenses relates the costs that are incured while bringing the goods to its point of sales and all the associated cost.

		2017	2016
7	**FINANCE COST**		
	Interest Expenses	**7,632,953**	3,392,252
	Bank Charges	**6,944,197**	4,364,891
		14,577,150	7,757,143

The finance cost relates to bank, interest and similar charges from the bank.

		2017	2016
8	**PERSONNEL COST**		
	Salaries and Wages	**1,060,376,829**	1,187,603,608
	Staff Welfare	**28,127,248**	25,190,335
	Staff Recruitment	**4,782,500**	9,457,322
		1,093,286,578	1,222,251,265

Personnel cost relates to cost incured in retaining the existing personnel as well as hiring the new once.

		2017	2016
9	**ADMINISTRATIVE EXPENSES**		
	Other operating expenses consist of the expenses listed below:		
	Guest House Expenses	**38,127,663**	53,675,047
	Telephone, Internet and Postage	**17,934,382**	13,161,039
	Rent	**359,107,171**	275,318,027
	Motor Running Expenses	**51,933,958**	30,251,411
	Audit Fees	**7,800,000**	7,800,000
	Office Running Expenses	**88,358,954**	40,212,491
	Business Promotion Expenses	**4,068,658**	30,896,256
	Insurance	**72,009,438**	89,922,440
	Legal Expenses and Professional Fees	**52,137,106**	44,659,760
	Travelling and Conveyance	**113,054,275**	117,387,157
	Miscellaneous Expenses	**17,317,566**	165,248,850
	Exchange Loss	**1,696,891,205**	319,827,508
	Printing and Stationeries	**-**	358,845
		2,518,740,376	1,188,718,831
10	**DEPRECIATION EXPENSES**	**4,119,692**	7,105,471

Depreciation expenses represents a portion of the cost of plant and equipment that is matched in consideration to the useful life of the assets during the year.

		2017	2016
11	**Other Income**		
	Interest Received	**33,174,588**	27,656,358
	Exchange Gain - Unrealized/Realized	**-**	-
	Provision No Longer Required	**36,500,323**	79,254,036
		69,674,911	106,910,394

Other operating income relates to income earned from other activities other than the company principal activities. Interest received relates to income earned on placement with banks. The provision no longer required represents provision in respect of MRS now treated as no longer required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

		2017 ₦	2016 ₦
12	**Taxation**		
i	**Current Tax (Statement of Financial Position)**		
	Balance as 1 April	**62,529**	203,195,231
	Charge for the year	**59,137,914**	-
		59,200,443	203,195,231
	Under Provision in Prior Year	**-**	-
	Paid During the Year	**(1,115,480)**	(203,195,231)
	Balance as at reporting year	**58,084,963**	62,529
ii	**Income Tax Expense**		
	Company Income Tax	**50,619,786**	-
	Education Tax	**7,402,648**	-
	Information Technology Levy	**-**	-
	Under Provision in Prior Year	**1,115,480**	-
		59,137,914	-
	Deferred Tax Expense Recognised in the current year	**-**	(143,674,066)
	Charge to Income Statement	**59,137,914**	(143,674,066)

The tax rate used for the 2017 tax computation is 30% payable by Corporate Entities in Nigeria, 2% for Education Tax and 1% of profit before tax for information technology levy.

		2017 ₦	2016 ₦
iii	Deferred Tax Assets	**154,601,085**	**154,601,085**

Deferred tax has been computed in accordance with IAS 12; resulting into deferred tax assets. Due to the unpredictability of availability of sufficient future taxable profits, deferred tax assets have not been recognised.

		2017 ₦	2016 ₦
iv	Deferred Tax Liabilities	**-**	-

13 Property, Plant & Equipment

	MOTOR VEHICLE ₦	PLANT & MACHINERY ₦	COMPUTER ₦	FURNITURE & FITTINGS ₦	OFFICE EQUIPMENT ₦	TOTAL ₦
COST						
As At 1 April 2016	**40,780,825**	**4,193,223**	**3,682,541**	**8,055,000**	**422,000**	**57,133,589**
Additions during the year	**-**	**-**	**4,033,845**	**-**	**-**	**4,033,845**
As At 31 March 2017	**40,780,825**	**4,193,223**	**7,716,386**	**8,055,000**	**422,000**	**61,167,434**
DEPRECIATION						
As At 1 April 2016	**32,493,994**	**3,614,862**	**3,607,540**	**5,705,420**	**295,388**	**45,717,205**
Charge for the year	**2,187,082**	**304,363**	**870,469**	**687,447**	**70,330**	**4,119,692**
As At 31 March 2017	**34,681,076**	**3,919,226**	**4,478,009**	**6,392,868**	**365,718**	**49,836,897**
CARRYING AMOUNT						
As At 31 March 2017	**6,099,749**	**273,998**	**3,238,377**	**1,662,132**	**56,282**	**11,330,537**
As At 31 March 2016	**8,286,831**	**578,361**	**75,001**	**2,349,580**	**126,612**	**11,416,384**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017 ₦	2016 ₦
14 RECEIVABLE AND PREPAYMENTS		
Accounts Receivable	**3,139,913,525**	2,200,729,718
Provision for Doubtful Receivables	**(14,754,888)**	(14,754,888)
Accounts Receivable - Net	**3,125,158,637**	2,185,974,830
Withholding Tax Receivable	**804,965,178**	733,094,384
Advance Payment to Suppliers	**390,312,911**	285,711,896
Staff Debtors	**13,711,613**	12,935,488
Prepaid Expenses	**561,674,758**	235,202,600
Intercompany Receivables	**150,520,772**	-
	5,046,343,868	3,452,919,198

All amounts are short-term. The net carrying value of trade receivables is considered to be at fair value.

15 CASH AND CASH EQUIVALENT

Cash and cash equivalents consist of the following:

	2017 ₦	2016 ₦
Bank Balances	**587,698,494**	1,010,165,836

These comprise of balances in foreign currencies that are translated at the period end, using the interbank rate as at 31 March 2017.

16 TRADE PAYABLES

Trade and other payables consist of the following:

	2017 ₦	2016 ₦
Advances From Customers	**380,832,106**	283,821,965
Receivable - Mahindra West Africa	**74,080,258**	-
	454,912,364	283,821,965

The carrying amount of trade and other payables are consindered to be at their fair values.

	2017 ₦	2016 ₦
17 OTHER PAYABLES		
Accrued Expenses	**5,448,191,980**	3,464,167,608
VAT Payable	**102,559,803**	39,252,818
Withholding Tax Payable	**24,784,613**	1,686,719
	5,575,536,397	3,505,107,145
18 Unsecured Loan from Tech Mahindra Limited India	**457,593,800**	196,547,000
	457,593,800	196,547,000

All provisions are considered current.

19 SHARE CAPITAL

	2017 ₦	2016 ₦
Authorised		
153,790,000 Ordinary Shares of ₦1.00 each	**153,790,000**	153,790,000
Issued and Fully Paid-Up		
153,040,026 Ordinary Shares of ₦1.00 each	**153,040,026**	153,040,026

The share capital of Tech Mahindra (Nigeria) Limited consists only of fully paid ordinary shares with a norminal value of ₦ 1 each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
		₦	₦
20	**PROFIT AND LOSS ACCOUNT**		
	The profit for the year is arrived at after charging the following:-		
	Depreciation	**4,119,692**	7,105,471
	Auditors Remuneration	**7,800,000**	7,800,000
21	**EMPLOYEES**		
	The number of persons employed by the company during the year were 540.		
22	**SUBSTANTIAL INTEREST IN SHARES**		
	Tech Mahindra Limited India	**153,040,025**	153,040,025
	Milind Kulkarni	**1**	1
		153,040,026	153,040,026
23	**RELATED PARTY TRANSACTIONS**		
	Parent Company - Tech Mahindra Limited India		
	Beginning Balance Due to Parent Company on 1 April	**2,550,556,094**	1,938,359,058
	Subcontractors for Subs cost to Parent Company	**518,016,000**	44,110,354
	Subcontractors for Subs cos to Parent company unbilled	**77,398,785**	559,510,093
	Reimbursement of Expenses receivable from Parent	**(59,190,819)**	(27,793,580)
	Reimbursement of Expenses payable from Parent	**602,984,450**	-
	Interest on Loan taken from Parent Company	**6,158,301**	3,392,252
	Payments received from parents	**58,690,170**	29,910,793
	Payment to parent	**-**	3,067,122
	Revaluation due to exchange on opening	**1,293,471,500**	-
	Closing Balance as at 31 March	**5,048,084,481**	2,550,556,094
	Comviva Software fees payable	**(116,613,436)**	(68,805,112)
	Mahindra Comviva Nigeria (Loan with Interest)	**224,176,438**	-
	LCC Northern europe rent for equipment	**(4,716,816)**	-
	Loan from Tech Mahindra Limited India	**457,593,800**	196,547,000

24 Authorization of Financial Statements

The financial statements for the year 31 March 2017 (including comparatives) were approved by the board of directors.

TECH MAHINDRA SOUTH AFRICA (PTY) LTD

Board of Directors

Mr. Girish Bhat
Mr. Lakshminarayanan Ravichandran
Mr. Abdul Ismail
Mr Hurdeen Rikash
Mr. Farhadh Dildar

Registered Office

56 Karee Drive,
Walton Road,
Carlswald,
Gauteng
1685

Bankers

HSBC Bank

Auditors

Deloitte &Touche

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors have pleasure in presenting their report for the year ended 31 March 2017.

Business activities

The company is engaged in providing of information technology services and solutions.

Review of operations

The Company annual financial statements set out on pages herein adequately reflect the state of affairs and the results of the business operations of the company for the year ended 31 March 2017.

Share capital

There was no change to authorised or issued share capital of the company during the current year.

Dividends

No dividends were paid during the year (2016 - R Nil).

The directors have not recommended any dividend for the year under review.

Directors

The directors in office during the year and at the date of this report are:

Mr. Girish Bhat *
Mr. Lakshminarayanan Ravichandran *
Mr. Abdul Ismail
Mr Hurdeen Rikash
Mr. Farhadh Dildar
* Indian

Secretary

The Company is not required to appoint secretary. Morestat Corporate Service (Pty) Ltd performs secretarial duties on behalf of the company.

Business Address	**Postal Address**
24A - 18th Street, Menlo Park	P. O. Box 35686, Menlo Park,
Pretoria, 0081	Pretoria, 0102

Auditors

Deloitte & Touche are the appointed auditors for the company.

Business Address	**Postal Address**
Deloitte & Touche	Private Bag X6
The Woodlands	Gallo Manor
20 Woodlands Drive	2052
Woodmead	

Holding company

The holding company and ultimate holding company is Tech Mahindra Limited.

Going concern

The directors of Tech Mahindra South Africa (Pty) Ltd have reviewed the going concern considerations of the company and have no reason to believe the business will not be a going concern in the year ahead.

Subsequent events

There have been no material circumstances or events between the year end.

Company details

Business Address	**Postal Address**
56 Karee Drive, Walton Road,	PO Box 2184, Brooklyn Square,
Carlswald, Gauteng, 1685	Pretoria, Gauteng, 0075

Girish Bhat	**Hurdeen Rikash**
Director	**Director**

Place : Johannesburg

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the company are responsible for the preparation and fair presentation of the company annual financial statements of Tech Mahindra South Africa (Pty) Ltd, comprising the statement of financial position at 31 March 2017, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors' report, in accordance with International Financial Reporting Standards for Small and Medium - sized Entities and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

The company annual financial statements of Tech Mahindra South Africa (Pty) Ltd., as set out on pages herein.

Girish Bhat	**Hurdeen Rikash**
Director	**Director**

Place : Johannesburg

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TECH MAHINDRA SOUTH AFRICA PTY LTD

Opinion

We have audited the financial statements of Tech Mahindra South Africa Pty Ltd set out on pages herein, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tech Mahindra South Africa Pty Ltd as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises Statement of Directors' Responsibility and Approval and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte & Touche
Registered Auditor
Per: JC vd Walt
Partner

Place : Johannesburg

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note(s)	2017 Rand	2016 Rand
Assets			
Non Current Assets			
Deferred tax assets	11	**2,639,695**	-
		2,639,695	-
Current Assets			
Work in progress	3	**3,235,104**	7,210,027
Trade and other receivables	4	**35,913,619**	12,414,519
Rental deposit		**232,015**	232,015
Cash and cash equivalents	5	**52,330,445**	19,029,532
		91,711,183	38,886,093
Total Assets		**94,350,878**	38,886,093
Equity and Liabilities			
Equity			
Share capital	6	**100**	100
Accumulated loss		**(6,684,927)**	(3,646,677)
		(6,684,827)	(3,646,577)
Liabilities			
Non-current liability			
Loans from shareholders	2	**10,131,397**	10,844,528
Current Liabilities			
Trade and other payables	7	**90,904,308**	31,688,142
Total Liabilities		**101,035,705**	42,532,670
Total equity and liabilities		**94,350,878**	38,886,093

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2017 Rand	2016 Rand
Revenue			
Revenue	8	**114,520,652**	29,993,219
Work in progress	3	**3,235,104**	7,210,027
		117,755,756	37,203,246
Cost of sales			
Cost of services rendered		**(108,000,509)**	(26,701,368)
		(108,000,509)	(26,701,368)
Gross profit		**9,755,247**	10,501,878
Operating expenses	8.1	**(15,657,844)**	(9,957,891)
Operating (loss) profit		**(5,902,597)**	543,987
Finance Costs	10	**(415,186)**	(405,203)
Interest Received	9	**639,838**	109,176
(loss) Profit before taxation		**(5,677,945)**	247,960
Taxation	11	**2,639,695**	-
(loss) Profit after taxation		**(3,038,250)**	247,960
Total comprehensive (loss) income for the year		**(3,038,250)**	247,960

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Accumulated loss	Total equity
	Rand	Rand	Rand
Balance at 1 April 2015	100	(3,894,637)	(3,894,537)
Profit for the year	-	247,960	247,960
Other comprehensive income	-	-	-
Total comprehensive profit for the year	-	247,960	247,960
Balance at 31 March 2016	100	(3,646,677)	(3,646,577)
Profit for the year		(3,038,250)	(3,038,250)
Other comprehensive income		-	-
Total comprehensive profit for the year		-	-
Balance at 31 March 2017	**100**	**(6,684,927)**	**(6,684,827)**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
STATEMENT OF CASH FLOWS

Particulars	Note(s)	2017 Rand	2016 Rand
Cash flows from operating activities			
Cash generated from operations	12	**33,789,392**	17,705,975
Interest income		**639,838**	109,176
Finance costs		**(415,186)**	(405,203)
Net cash generated from operating activities		**34,014,044**	17,409,948
Cash flows from financing activities			
(Decrease)/increase in shareholders loan		**(713,131)**	1,289,462
Net cash from financing activities		**(713,131)**	1,289,462
Total cash movement for the year		**33,300,913**	18,699,410
Cash at the beginning of the year		**19,029,532**	330,122
Total cash at end of the year	5	**52,330,445**	19,029,532

Accounting Policies

Note	Particulars

1 Presentation of Financial Statements

"The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act No 71 of 2008.. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands. These accounting policies are consistent with the previous period."

1.1 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

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

Deferred tax asset balances are reviewed at every reporting date to ensure that any deferred tax asset balance carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income (i.e. continuing operations, discontinued operations, or other comprehensive income) or equity as the transaction or other event that resulted in the tax expense.

1.2 Work in progress

Where the outcome of work in progress can be estimated reliably, contract costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period measured on the first in first out method. (FIFO)

1.3 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.4 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency of the company, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

1.5 Turnover

Turnover comprises of services rendered to customers and is stated at the invoice amount exclusive of value added taxation.

2. Loans from shareholders

Particulars	2017 Total Rand	2016 Total Rand
Tech Mahindra Limited Incorporated in India ($ 510,999)	**6,814,827**	7,527,958
Interest of R 141,524 ($ 10,609 at a rate R 13.34) {2016: R 136,655 ($ 9,276 at a rate R14.732)} was charged for the year at 1,85% p.a upto July 20, 2016 and thereafter at 2.22% p.a		
Falcorp Technologies (Pty) Ltd	**3,316,570**	3,316,570
Interest of R 265,844 was charged for the year at 7,5% p.a.		
	10,131,397	10,844,528

The above loans are unsecured and have been subordinated in favour of third party creditors until the solvency of the company has been restored, as per the signed subordinated loan agreements.

3. Work in progress

Particulars	**2017 Rand**	2016 Rand
Contracts in progress at the reporting period:		
Contracts in progress	**3,235,104**	7,210,027
	3,235,104	7,210,027

4. Trade and other receivables

Particulars	**2017 Rand**	2016 Rand
Trade receivables	**35,746,692**	12,485,950
Provision for doubtful debts	**(3,150,929)**	(273,076)
	32,595,763	12,212,874
Advance Corporate Tax	**3,153,560**	-
Prepaid Expenses	**60,520**	-
Other Advances	**89,775**	-
Staff advance for travelling	**24,897**	201,645
Provision for doubtful advances	**(10,896)**	-
	3,317,856	201,645
	35,913,619	12,414,519
The directors consider that the carrying value of trade and other receivables approximates fair value at year end.		
Movement in the provision for doubtful debts:		
Balance at the beginning of the year	**273,076**	-
Net provision raised during the year	**2,877,853**	273,076
Amounts written off during the year, net of recoveries	**-**	-
Closing balance	**3,150,929**	273,076
Ageing of trade receivables past due and not impaired		
All past due receivable balances have been assessed for recoverability and it is believed that their credit quality remains intact. An ageing analysis of these past due trade receivables that have not been impaired, is as follows		
60 days	**14,781,266**	479,216
90 days	**534,994**	2,828,928
120 days	**1,073,359**	385,776
More than 120 days	**2,842,947**	1,300,968

Ageing of trade receivables past due and impaired

All impaired receivables are aged greater than 120 days

5. Cash and Cash Equivalents

Particulars	2017 Rand	2016 Rand
Cash and cash equivalents consist of:		
Bank balance - foreign $ 107,977 at a rate of R 13.34 (2015: $12,968 at a rate of R14.73)	**1,440,010**	191,049
Bank balances - local	**50,890,435**	18,838,483
	52,330,445	19,029,532

6. Share capital

The authorized share capital of the Company consists of 1000 shares of R1 each, issued and fully paid up.

Particulars	2017 Rand	2016 Rand
Authorised		
1000 Ordinary shares of R1 each	**1,000**	1,000
900 unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
100 Ordinary shares of R1 each	**100**	100

7. Trade and other payables

Particulars	2017 Rand	2016 Rand
Trade payables	**12,430,303**	1,077,197
Falcorp Technologies (Pty) Ltd	**1,271,626**	2,832,040
Tech Mahindra Limited Incorporated In India	**77,202,379**	27,778,905
	90,904,308	31,688,142

8. Revenue

Particulars	2017 Rand	2016 Rand
Services rendered	**114,520,652**	29,993,219

8.1 Operating expense

Particulars	2017 Rand	2016 Rand
Advertising	**4,482**	218,632
Auditors remuneration	**32,000**	33,471
Bank charges	**31,921**	23,705
Consulting services	**7,624,563**	3,054,166
Donations	**225,000**	78,328
Employee costs	**3,517,744**	2,794,298
Lease rentals on operating lease	**714,543**	681,814
Legal expenses	**-**	-
Printing and stationery	**2,118**	1,220
Loss on foreign exchange differences	**(1,236,249)**	1,140,720
Subscriptions	**9,177**	84,468
Telephone and fax	**351,741**	390,295
Provision for doubtful debts	**2,877,853**	273,076
Provision for doubtful Advance	**10,896**	
Director Fees (Sitting fees paid to Mr. Abdul Ismail)	**480,000**	200,000
Travel - Other	**109,977**	146,060
Travel - overseas	**835,159**	827,833
Miscellaneous expenses	**66,919**	9,805
	15,657,844	9,957,891

9. Investment revenue

Particulars	2017 Rand	2016 Rand
Interest revenue		
Bank	**639,838**	109,176
	639,838	109,176

10. Finance costs

Particulars	2017 Rand	2016 Rand
Non-current borrowings (refer to note 2)	**415,186**	378,698
Interest and penalties paid	**-**	26,505
	415,186	405,203

11. Taxation

Major components of the tax expense

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R6,077,910. (2016: R 3,536,326). Deferred tax asset of R 2,639,695 has been created during the current year. The following composed of Deferred tax asset recognised by the Company

Particulars	Balance in 2016	Credited / (Charged) to Profit or Loss	Balance in 2017
Brought forward business losses	-	1,701,815	**1,701,815**
Provision for Leave Encashment	-	52,569	**52,569**
Provision for doubtful debts	-	885,311	**885,311**
	-	2,639,695	**2,639,695**

12. Cash generated from operations

Particulars	2017 Rand	2016 Rand
(Loss)/Profit before taxation	**(5,677,945)**	247,960
Adjustments for:		
Interest received - investment	**(639,838)**	(109,176)
Finance costs	**415,186**	405,203
Changes in working capital:		
Trade and other receivables	**(23,499,100)**	(5,763,334)
Construction contracts and receivables	**3,974,923**	(4,619,627)
Trade and other payables	**59,216,166**	27,544,949
	33,789,392	17,705,975

13. Related parties

Relationship

Holding company

Shareholder with significant influence

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

Amounts owing (to) by related parties	**2017**	2016
	Rand	Rand
Tech Mahindra Limited Incorporated in India	**84,017,206**	34,742,863
Falcorp Technologies (Pty) Limited	**4,588,196**	6,148,610
	88,605,402	40,891,474

Tech Mahindra Limited Incorporated in India	**2017**	2016
	Rand	Rand
Balance at beginning of the year	**34,742,863**	8,400,156
Loan received / paid (incl. revaluations) during the year	**(1,351,770)**	1,298,960
Interest charged on loan	**149,341**	127,157
Subcontracting Expenses	**52,034,010**	25,480,590
Reimbursement of Expenses Paid	**785,042**	-
Payments made	**(2,342,280)**	(564,000)
Balance at end of the year	**84,017,206**	34,742,863

Falcorp Technologies (Pty) Limited	**2017**	2016
	Rand	Rand
Balance at beginning of the year	**6,148,610**	5,040,113
Loans received during the year (net of payments)	**-**	-
Interest charged on loan	**265,844**	251,541
Software/Hardware and Project specific expenses	**5,085,302**	176,000
Consulting services (including VAT)	**5,573,937**	2,719,703
Payments made	**(12,485,497)**	(2,038,746)
Balance at end of the year	**4,588,196**	6,148,610

Tax Computation	**2017**	2016
	Rand	Rand
Net (loss)/profit per income statement	**(5,677,945)**	247,960
Permanent differences (Non-deductable/Non taxable items)	**225,000**	104,833
Interest, penalties paid in respect of taxes (us 23(d))		
Leave Encashment	**22,612**	-
Provision for Doubtful Debts/Advances	**2,888,749**	
Calculated tax (loss)/profit for the year	**(2,541,584)**	352,793
Assessed loss brought forward	**(3,536,326)**	(3,889,119)
Assessed loss for 2016/2015 - carried forward	**(6,077,910)**	(3,536,326)
Tax thereon @ 28% in the Rand	**Nil**	Nil
Reconciliation of tax balance		
Tax owing/(prepaid) for the current year:		

14 Post reporting date events

No adjusting or signifcant non adjusting events have occurred between the reporting date and the date of authorization.

15 Comparative Figures

Comparative figures for the previous year have been reclassified/re-arranged whereever necessary to conform with the presentation in the current year's financial statements.

COMVIVA TECHNOLOGIES LIMITED

Board of Directors
Vineet Nayyar
Manoranjan Mohapatra
Ulhas Narayan Yargop
Jagdish Mitra
Chander Prakash Gurnani
Devendra Khanna
Harjeet Singh Kohli
Rajat Mukherjee
Sunita Umesh

Registered Office
A-26, Sector-34, Info City
Gurugram, Haryana-122001, India

Bankers
HDFC
BNP
IDBI
SCB

Auditors
Deloitte and Touche LLP

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Eighteenth Annual Report together with Audited Balance Sheet and Statement of Profit & Loss for the year ended March 31, 2017.

The major Financial Highlights are as under:

FINANCIAL RESULTS	**2016-17 (Rs. in Mn except EPS)**	2015-16 (Rs. in Mn except EPS)
Total Income	**5700**	6491
Profit (Loss) before Depreciation & Taxation	**425**	1260
(-) Depreciation	**(149)**	(149)
Profit (Loss) before Taxation	**276**	1111
(-) Provision for Income Tax	**(111)**	(381)
(-) Deferred Tax charge/Reversal	**115**	(22)
(+) MAT Credit Adjustment/Entitlement	**18**	-
Profit (Loss) for the period	**298**	708
EPS Basic (INR)	**13.74**	32.57
EPS Diluted (INR)	**13.74**	32.57

BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS

Total Income for the year 2016-17 is INR 5700 Mn as against INR 6491 Mn in previous year.

In the concluded financial year, the Company had witnessed strong performance in the order book in the Latin America and MENA regions. The Company has made new inroads into Latin America through its acquisition of ATS – Advanced Technology Solutions in Argentina and Brazil. This has resulted in renewed Customer interest in the Company's products and solutions and the Company is being perceived as a serious player in the Latin America market. The Company expects that Latin America region will contribute significantly to the order book and revenues of the Company in the coming years and shall be the next driver of growth for the Company.

The Company however was impacted by the headwinds faced by 2 key customers that are part of the Company's top 3 customers. Also, the launch of RJio in India impacted India business with some orders getting deferred by our India customers. The combined impact of these 2 factors has impacted the overall order book and revenue of the Company in the concluded financial year.

The Company continued its strong engagement with its Key Customers. With increasing focus on Latin America, the Company has grown its business in Latin America along with improvement in customer satisfaction due to our local presence and support teams. Order book of our traditional products like Lifestyle, PreTUPS and mobiquity® continues to be strong. We have seen significant traction in the market for our Wallet product with several bank customers as well as the MobiLytix product line with several recent wins in the market. The Company's strategy of focusing on key accounts for cross-sell / up-sell of new products continues to produce good results.

The Company continues to retain focus on the developing markets and is leveraging its existing customer relationships as well as the Tech Mahindra sales channel for opening doors in the developed markets of US, Europe and parts of Asia Pacific. The Company shall be investing in sales efforts and personnel in order to ensure increased focus on Tech Mahindra as a sales channel. This has led to some new successes in South East Asia countries such as Indonesia and Philippines.

Along with the continued investment in its existing product portfolio, the Company is making significant investments in our big bets. These are initiatives which could become significantly large in medium to long term. Some of them include TerraPay (A cross border money remittance business), Wallet, D2C business in Mobile Commerce.

In the space of technology and innovation, 5 new Patents were filed in FY 17 including patents for Routing of Outgoing call, Implementing Authorised Master Controls, securing financial card PIN using VKP and TPIN and Communication of Information through sequential contacting subscribers and capturing outcomes

The Company also won many significant awards and mentions over the last year. These include AEGIS Graham Bell Awards for Predictive analytics & automation tools, Global Telecoms Business Innovation Award, CommsMEA Award in Best Business Service, Best A2P Provider at the Messaging and SMS World awards, GSMA Global Mobile Award & AfricaCom Award for MFS amongst several others.

The Company has been regularly participating in international events to take its visibility outside India to greater heights and has been able to achieve significant recognition internationally and nationally.

The Company continues to be focused towards recurring revenue business. There is increasing emphasis to grow the existing business by improving the performance of these long term engagements.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There is no change in the nature of the business of the company during the financial year 2016-17.

DIVIDEND

The Directors believe that there are tremendous growth opportunities for the Company and therefore the Company must invest in further expanding and strengthening its business operations. With a view to conserve cash to fund the growth, the Directors do not recommend any dividend on Equity Shares for the year ended March 31, 2017. The Directors believe that this will increase shareholder value in the long term.

TRANSFER TO RESERVE

The entire amount of profits has been transferred to reserves.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statement relate and the date of the report.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES-

As on March 31, 2017, your Company has 8 subsidiaries which include 14 step-down subsidiaries.

There has not been any material change in the nature of the business of the subsidiaries. Companies Act, 2013, the Consolidated Financial Statements of your Company and all its subsidiaries are provided in this Annual Report. The Consolidated Financial Statements have been prepared in accordance with IND AS 110. The performance and financial position of subsidiaries and joint venture companies included in the Consolidated Financial Statement is provided in accordance with the provisions of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014 as a separate statement annexed to the Notes on Accounts containing the salient features of the financial statement of Company's subsidiaries/joint ventures or associate companies in Form AOC – 1.

List of Subsidiaries	**List of Step-down Subsidiaries**
Comviva Technologies Inc.	Hedonmark Management Services Ltd. (Zoto)
Comviva Technologies Nigeria Limited	ATS Advanced Technologies Solutions (S.A)
Comviva Technologies Singapore Pte. Ltd.	ATS Advanced Technology Solutions do Brazil Indústria, Comércio, Importação e Exportação Ltda Brazil
Comviva Technologies FZ LLC	Comviva Technologies Colombia S.A.S
Comviva Technologies B.V.	Mobex Money Transfer Ltd, Kenya
Terra Payments Services(Netherlands) B.V.	Terrapay Services (UK) Ltd
Terra Payments Services South Africa (PTY) Ltd	Terra payment Services (Uganda) Ltd.
Comviva Technologies Limited Madagascar Sarlu	Terra payment services (Tanzania) Ltd.
	Terra Payment Services Botswana (Pty) Ltd
	Terra Payment Services S.A.R.L. (DRC)
	Terra Payment Services (UK) Limited
	Terra Payment Services S.A.R.L. (Congo B)
	Terra Payment Services (Mauritius)
	Terra Payment Services S.A.R.L. (Senegal)

DEPOSITS

The Company has not accepted any deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Chapter V of the Companies Act, 2013.

STATUTORY AUDITORS AND THEIR REPORT

Board received a resignation letter from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/W-100018] dated 16 May, 2017 indicating that they are unwilling to continue as Auditor of the Company.

Pursuant to provisions of Section 139(2) of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s. BSR and Co, LLP [Firm's Registration No. 101248W/W-100022], are eligible for appointment as Auditors. Your Company has received a written confirmation from M/s. BSR and Co, LLP, to the effect that their appointment, if made, would satisfy the criteria provided in Section 141 of the Companies Act, 2013 for their appointment.

The Board on recommendation of audit committee has proposed the appointment of M/s. BSR and Co, LLP, (Firm Registration No. 101248W/W-100022) as the Auditors of the Company who shall hold the office from the conclusion of ensuing Annual General Meeting (AGM) till the conclusion of the next AGM.

AUDITOR'S REPORT

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2016-17 by M/s. Deloitte Haskins & Sells LLP.

SECRETARIAL AUDITOR'S REPORT

Secretarial Audit Report given by M/s Harish Khurana & Associates, a company secretary in practice, has been annexed as **Annexure 1** with this report.

There is no qualification, reservation or adverse remark made by the company secretary in practice in the secretarial audit report.

SHARE CAPITAL

During the year under review, the Company has allotted 4,000 fully paid-up equity shares to Mr. Saravana Kumar Elumalai pursuant to Comviva ESOP Scheme and 150 fully paid-up equity shares to Ms. Amrita Agarwal pursuant to ESOP Scheme 2009.

EMPLOYEES STOCK OPTION PLANS

The Company has seven ESOP Schemes implemented for the employees of the Company. In FY 2012-13, company offered cash in lieu of swap of share. Most of the employees opted for the scheme. There were a few employees who did not opt for the swap and continue to hold the vested options. Two employees out of the option holders exercised their option and the allotment was made to them on 25th October, 2016.

EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return in **Form No. MGT – 9** has been annexed as **Annexure 2** with this report.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of directors met 4 times during the financial year, notices convening meeting of the Board were duly sent to all the directors.

Meeting	**Date(s) of Meeting**
Board Meeting	12-05-2016, 25-07-2016, 25-10-2016 & 25-01-2017

Further, Four meetings each of Audit Committee; Nomination and Remuneration Committee and CSR Committee on the following dates:

Meeting	Date(s) of Meeting
Audit Committee Meeting	12-05-2016, 25-07-2016, 25-10-2016 & 25-01-2017
Nomination and Remuneration Committee	12-05-2016, 25-07-2016, 25-10-2016 & 25-01-2017
CSR Committee	12-05-2016, 25-07-2016, 25-10-2016 & 25-01-2017

Also one meeting of the Independent Directors was held during the financial year 2016-17.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO UNDER SECTION 134(3)(m)

(A) CONSERVATION OF ENERGY

a) The steps taken or impact on conservation of energy:

Conservation of energy is of utmost significance to the Company. Operations of the Company are not energy intensive. However, every effort is made to ensure optimum use of energy by using energy-efficient computers, processes and other office equipment. Constant efforts are made through regular/ preventive maintenance and upkeep of existing electrical equipment to minimize breakdowns and loss of energy.

b) The steps taken by the company to utilize alternate sources of energy:

As Company has taken all their premises on lease, alternate source of energy could not be installed.

c) The capital investment on energy conservation equipment:

There is no capital investment on energy conservation equipment.

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption

The Company is continuously making efforts for induction of innovative technologies and techniques required for the business activities.

Details of Technology Absorption are given as follows

- **Research and Development (R&D)**

(a) Specific area in which R and D carried out by the Company

The Company continues to do R&D in the areas of commerce, content and data. mCommerce including mBanking, analytics in self care and lifestyle and data platforms are the core areas.

The Company, after having surpassed its vision of touching billion lives through its offerings, has embarked on a vision of building 'Mobility solutions that transforms lives'. The three main pillars of its R&D efforts are around 'Date, Content and Commerce' and adjunct focus areas are Customer Value Solutions and Managed Services.

R&D primarily consists of (1) New product development (2) creating new features and upgrades / version of existing product as per either internal product roadmap, or customer requirement and (3) development work by the Core Engineering Team called as SET on the re-usable common components, engineering practices and prototypes that are utilized as part / addition to products developed by the various PU's.

Research & Development involves rapid prototyping of new products and features in existing products that address the needs of our customers in the market. Focus is around new features, designs, frameworks and methodologies that continue to be of importance to the Company. It not only allows enhancing quality of products and customer satisfaction but also enhances the revenues of customer satisfaction through robust and innovative products.

(b) The benefits derived like product improvement, cost reduction, product development or import substitution;

Continuous R&D is instrumental in building expertise and increasing revenues through enhancement in functionalities and introduction of new products. The organization is receiving significant client traction for new market capabilities including MobiLytix, Mobiquity, CMS (Content) and Data Platforms. Continuous R&D is helping us and our customers in following ways:

- New features to attract additional customers.
- Introduction of new products.
- Better system / product stability
- System / resource optimization-more transaction using same hardware infrastructure
- Reduction in cost of ownership
- Simplicity and user convenience for managing his mobile related services

Our focused R &D efforts has helped us win various Innovation awards that include Golden Peacock, Aegis Graham Bell, GSMA GLOMO and helped us achieve leadership in the area of Mobile Finance, Data analytics in our chosen markets.

(C) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

(i) Company has not Imported Technology during the last three years

(ii) The expenditure incurred on Research and Development.

Figures in Mn INR

S. No.	Particulars	**Current year**	Previous year
1	Capital	**85**	39
2	Recurring	**515**	492
3	Total	**600**	531
4	Total R&D expenditure as a percentage of total turnover	**10%**	8%

C. FOREIGN EXCHANGE EARNINGS & OUTFLOWS

The Company is making continuous efforts to increase its sales in overseas markets and to explore new export markets. During the year under review, the Company has ventured into new markets such as Latin America and South East Asia along with several wins in these markets.

(Amount in Mn INR)

Details of Foreign Exchange Earnings & Outflows	**Financial Year Ended 31st March, 2017**	Financial Year Ended 31st March, 2016
Foreign Exchange Earnings	**4241**	4508
Foreign Exchange Outflows	**1477**	1743

DIRECTORS

A. Changes in Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013, Mr. Vineet Nayyar (DIN: 00018243),) and Mr. Chander Prakash Gurnani (DIN: 00018234) Directors, retire by rotation and being eligible, offer themselves for re-appointment in the forthcoming Annual General Meeting. They have also given confirmation to the Company that they are not disqualified to be re-appointed as Director as per Section 152 of the Companies Act, 2013.

During the year Mr. Harjeet Singh Kohli (DIN: 07575784) was appointed as an Additional Director w.e.f. 05th September, 2016 and Mr. Rahul Bhatnagar (DIN: 07268064) resigned from the board w.e.f. 04th August, 2016. Board took note of the services rendered by Mr. Rahul Bhatnagar (DIN: 07268064) during his tenure on the Board.

As on date, following is the composition of the Board:

Mr. Manoranjan Mohapatra (DIN: 00043930) is Managing Director of the Company.

Mr. Chander Prakash Gurnani (DIN: 00018234), Mr. Vineet Nayyar (DIN: 00018243), Mr. Ulhas Narayan Yargop (DIN: 00054530), Mr. Devendra Khanna (DIN: 01996768) and Mr. Jagdish Mitra (DIN: 06445179) are Directors of the Company.

Mr. Harjeet Singh Kohli (DIN: 07575784) is the additional director of the Company.

Mr. Rajat Mukherjee (DIN: 03431635) and Ms. Sunita Umesh (DIN: 06921083) are independent directors of the Company.

B. Declaration by an Independent Director(s)

Declaration from Independent Directors that they meet the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013 has been annexed as per **Annexure 3**.

C. Commission paid to Managing or directors of the Company

During the year under review, your company has not paid any commission under the provisions of Section 197(14) of the to its Managing Director or under Section 197(1) of the Companies Act, 2013 to other Directors of the Company.

D. Formal Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has devised a policy on evaluation of performance of Board of Directors, Committees and Individual directors. Accordingly, the Chairman of the Nomination and Remuneration Committee obtained from all the board members duly filled in evaluation templates for evaluation of the Board as a whole, evaluation of the committees and peer evaluation. The summary of the evaluation reports were presented to the respective Committees and the Board for their consideration.

E. Policy for selection and appointment of Directors, KMP and their remuneration

The Company has in place a Nomination and Remuneration Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence and other matters provided under section 178(3) of the Companies Act, 2013. The highlights of this policy forms part of this report as **Annexure-4**.

The Nomination and Remuneration Committee identifies and ascertains the integrity, qualification, expertise and experience of the person for appointment as Director or Key Managerial Personnel. The appointment of Directors, KMP and Senior Management as recommended by the Nomination and Remuneration Committee requires approval of the Board.

The remuneration to the Directors and Key Managerial Personnel is proposed by the Nomination and Remuneration Committee in compliance with requirements of the Companies Act and recommended to the Board for their approval. Approval of Shareholders is obtained, if required.

PARTICULARS OF EMPLOYEES u/s 197 OF THE COMPANIES ACT, 2013 r/w COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The information required under Section 197(12) of the Companies Act, 2013 ("the Act") read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, this Report is being sent to the Shareholders excluding the aforesaid information. Any shareholder interested in obtaining said information, may write to the Company Secretary at the Registered Office / Corporate Office of the Company and the said information is available for inspection at the Registered Office of the Company.

During the year under review, remuneration paid / provided to Mr. Manoranjan Mohapatra, Managing director of the Company was in excess of the ceiling prescribed under Section 197 of the Companies Act, 2013, however steps are being taken to seek the permission of the Central Government for waiver of excess remuneration.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of the following Directors:

(i) Mr. Ulhas Narayan Yargop

(ii) Mr. Rajat Mukherjee

(iii) Ms. Sunita Umesh

Ms. Sunita Umesh is Chairperson of the said Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration committee consist of the following Directors:

(i) Mr. Chander Prakash Gurnani

(ii) Mr. Rajat Mukherjee

(iii) Ms. Sunita Umesh

(iv) Mr. Harjeet Singh Kohli

Mr. Chander Prakash Gurnani is Chairman of the said Committee, in his absence the Committee member appoint some other member as a chairman for the meeting.

CSR (Corporate Social Responsibility) Committee

A. The CSR Committee consists of the following Directors:

(i) Ms. Sunita Umesh

(ii) Mr. Rajat Mukherjee

(iii) Mr. Ulhas Narayan Yargop

(iv) Mr. Manoranjan Mohapatra

Mr. Rajat Mukherjee is Chairman of the said Committee.

B. Contents of the CSR Policy and initiatives taken as detailed are in **Annexure 6** to this report.

C. The company has spent Rs. 24,263,526 for approved CSR activities as prescribed under the Companies Act, 2013.

POLICY TO PREVENT AND DEAL WITH SEXUAL HARASSMENT

The Policy to Prevent & Deal with Sexual Harassment at Work place was announced during the financial year 2016-17 as per the "sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

The Internal Complaint Committee (ICC) was formed (see below) and the details were shared with all employees. Advocate Aparna GV is the external member in this Committee.

Gurgaon	**Bangalore**	**Mumbai**
Poonam Tharad	Poonam Tharad	Poonam Tharad
Aparna GV	Aparna GV	Aparna GV
Neena Goel	Lata Rishi	Lianne Rodrigues
Ramutar Goel	Ashwath Subramanya	Tanveer Mahmood M

During the year under report, no complaint has been received by the ICC.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has adopted the whistle blower policy which is available on the Company website. It has been publicized to employees.

RISK MANAGEMENT POLICY

Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management system, organizational;

structure, processes, standards, code of conduct and behaviors together form the risk management matrix that govern how the company conducts the business and manages associated risks.

Company has introduced several improvements to integrated Enterprise Risk Management, Internal Controls Management and Assurance Framework and Processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by fully aligned across companywide risk management, internal control and internal audit methodologies and process.

Company risk management policy was reviewed and approved by the Audit committee.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 AS ON DATE

Name of Body Corporate	Nature of transaction (whether Loan/ Guarantee/Security/ Acquisition)	Amount of Loan/Security/ Acquisition/ Guarantee (in Rs.)	Purpose of Loan/Acquisition/ Guarantee/Security
Comviva Technologies Singapore Pte Ltd	Loan and interest on loan	**35,952,711**	Towards the Objectives of MOA and AOA and ongoing funding Requirements as per Business Plan
Comviva Technologies Singapore Pte Ltd	Investment in shares	**27,665,560**	Investment in Subsidiaries
Comviva Technologies FZ-LLC	Investment in shares	**767,800**	Investment in Subsidiaries
Comviva Technologies Inc.	Investment in shares	**4,939,520**	Investment in Subsidiaries
Comviva Technologies Nigeria Limited	Investment in shares	**151,156,703**	Investment in Subsidiaries
Comviva Technologies B.V.	Investment in shares	**715,500**	Investment in Subsidiaries
Terra Payment Services (Netherlands) B.V.	Investment in shares	**187,825,140**	Investment in Subsidiaries
ATS Advanced Technology Solutions S.A.	Investment in shares	**13,511,974**	Investment in Subsidiaries
ATS Advanced Technology Solutions do Brazil, industria, comercio, importacao y exportacao LTDA**	Investment in shares	**2,099,844**	Investment in Subsidiaries
	Total (Rs.)	**424,634,752**	

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 has been annexed in **AOC-2** as **Annexure 7.**

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There is no significant and material order passed by the regulators or courts or tribunals impacting going concern status and company's operations in future.

Pursuant to the provisions of Section 131(1)(b) of the Companies Act, 2013, the Company has filed application before the Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench, for revision of the Board report pertaining to F.Y. 2015-16, which is still pending for necessary disposal.

Also, pursuant to provisions of Section 460 of the Companies Act, 2013, the Company had sought necessary order from the Central Government seeking condonation of delay in filing of e-Form MGT-14 for the resolutions passed by the Board.

However, these does not in any way affects the going concern status and company's operations in future.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIALS CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has internal financial controls which are adequate and were operating effectively. The controls are adequate for ensuring the orderly & efficient conduct of the business, including adherence to the company's policies, the safe guarding of assets, the prevention & detection of frauds & errors, the accuracy & completeness of accounting records and timely preparation of reliable financial information.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is confirmed:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had 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 and loss of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors on behalf of the Company and management express their gratitude for the co-operation and support received from Customers, Vendors, Shareholders, Bankers, various agencies and departments of Government.

The Directors also place on record their appreciation for the true team spirit, valued contributions and efforts put in by the employees at all levels.

For and on behalf of the Board of Directors

	Manoranjan Mohapatra	**Vineet Nayyar**
Place: New Delhi	Managing Director	Director
Date: 23 May,2017	DIN: 00043930	DIN: 00018243

ANNEXURE 1

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2016–17

To,
The Members,
Comviva Technologies Limited
A-26, Info City, Sector - 34,
Gurgaon (Haryana)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Comviva Technologies 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, e-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 on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

We have examined the books, papers, minute books, e-forms and returns filed and other records maintained by Comviva Technologies Limited (“the Company”) for the financial year ended on 31st March, 2017 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made there under;
2) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
    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, 1992;
    c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    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 (Delisting of Equity Shares) Regulations, 2009; and
    h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6) As per our discussion with the management and based on the quarterly compliance certificate placed before the Board by the respective head of the departments, followings are the other laws, which are applicable to the Company:
    - The Income-tax Act, 1961
    - Industrial Employment (Standing orders) Act, 1946,
    - Industrial Disputes Act, 1947,
    - the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952,

- Employees Provident Funds Scheme, 1952
- the Minimum Wages Act, 1948,
- the Payment of Wages Act, 1936,
- the Payment of Bonus Act, 1965,
- the Payment of Gratuity Act, 1972,
- the Workmen Compensation Act, 1923, and
- the Maternity Benefit Act, 1961 and rules made there under as applicable to the Company.

Necessary compliances have been made during the financial year 2016-17.

7) Secretarial Standards I & II as issued by The Institute of Company Secretaries of India.

8) Since the Company is closely held public limited company, provisions of the Listing Agreements are not applicable to the Company, hence we have not examined these.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the followings:

Few e-Forms were filed with Registrar of Companies beyond the stipulated time period of 30 days but within the extended period of 300 days.

The Company has filed an application under the provisions of Section 131 (1) (b) of the Companies Act, 2013 before the Hon'ble National Company Law Tribunal, Chandigarh seeking its permission to revise the report of the Board for the financial year ending March, 2016, due to error occurred in reporting the capital expenditure incurred on R&D during the financial year ending March, 2016.

During the year under report, the Company had provided remuneration to its Managing Director, having professional qualification, in excess of the prescribed limits under the provisions of Section 197. However, as information provided to us, necessary steps are being taken to seek approval of the Central Government for waiver of excess payment of remuneration.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Company Secretary of the Company is holding dual position as CFO also under the provisions of section 203 of the Act.

Adequate notice is given to all directors to schedule the Board Meetings at least seven days in advance along with agenda and detailed notes on agenda, except in one case where meeting was held on shorter notice and such meeting was attended by two Independent Directors and there also exists a system 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.

Acts, rules and regulations stated above at para no. 2, 5 & 8 are not applicable to the Company. Compliance relating of Overseas Direct Investment (ODI) and Foreign Direct Investment (FDI) under FEMA have been generally made, during the year under report.

Signature:
Harish Khurana & Associates
Company Secretaries
FCS 4835
C P No.: 3506

Place : Delhi
Date : 23 May,2017

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,
Comviva Technologies Limited
A-26, Info City, Sector - 34,
Gurgaon (Haryana)

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 processes 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 the 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 the management. Our examination was limited to the verification of procedures 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.

Signature:
Harish Khurana & Associates
Company Secretaries
FCS 4835
C P No.: 3506

Place : Delhi
Date : 23 May,2017

ANNEXURE-2

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS-

i) CIN: U72200HR1999PLC041214

ii) Registration Date:7th May, 1999

iii) Name of the Company: Comviva Technologies Limited

iv) Category / Sub-Category of the Company: Company limited by shares (Non-govt. company)

v) Address of the Registered office and contact details: A-26, Info City, Sector-34, Gurgaon-122001, Haryana; e-mail: sriram.g@comviva.com

vi) Whether listed company ~~Yes~~ / No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Link Intime India Private Limited, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY-

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Software services	47413	58.79%
2	Revenue sharing arrangements	47411	12.46%
3	Annual maintenance contract services	62013	21.51%
4	Sale of equipment and software licenses	47411	07.23%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	Tech Mahindra Limited Gateway Building, Apollo Bunder, Mumbai-40001, Maharashtra	L64200MH1986PLC041370	Holding Company	67.10%	Section2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)-

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year	No. of Shares held at the beginning of the year	No. of Shares held at the beginning of the year	No. of Shares held at the beginning of the year	No. of Shares held at the end of the year	No. of Shares held at the end of the year	No. of Shares held at the end of the year	No. of Shares held at the end of the year	% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTER									
(1) Indian									
a) Individual/HUF									
b) Central Govt.									
c) State Govt .(s)									
d) Bodies Corp.	19199046	317092	19516138	89.26%	19199046	317092	19516138	89.24%	*(0.02%)
e) Banks / FI									
f) Any other….									
Sub-total (A) (1):-	**19199046**	**317092**	**19516138**	**89.26%**	**19199046**	**317092**	**19516138**	**89.24%**	***(0.02%)**
(2) Foreign									
a) NRIs - Individuals									
b) Other -Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other….									
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**19199046**	**317092**	**19516138**	**89.26%**	**19199046**	**317092**	**19516138**	**89.24%**	***(0.02%)**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds	2170931	--	2170931	9.93%	2170931	--	2170931	9.93%	Nil
i) Others (Specify)	--	148636	148636	0.68%	--	148636	148636	0.68%	Nil
Sub-total (B)(1):-	**2170931**	**148636**	**2319567**	**10.61%**	**2170931**	**148636**	**2319567**	**10.61%**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year	No. of Shares held at the beginning of the year	No. of Shares held at the beginning of the year	No. of Shares held at the beginning of the year	No. of Shares held at the end of the year	No. of Shares held at the end of the year	No. of Shares held at the end of the year	No. of Shares held at the end of the year	% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	24508	4637	29145	0.13%	28658	4637	33295	0.15%	0.02%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (Specify)									
Sub-total (B) (2):-	**24508**	**4637**	**29145**	**0.13%**	**28658**	**4637**	**33295**	**0.15%**	**0.02%**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**2195439**	**153272**	**2348712**	**10.74%**	**2199589**	**153273**	**2352862**	**10.76%**	**0.02%**
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**21394485**	**470364**	**21864850**	**100%**	**21398635**	**470365**	**21869000**	**100%**	**Nil**

*Reduction in shareholding of majority is due to allotment of shares to minority shareholders during the year

ii) Shareholding of Promoters:

S. No.	Shareholder's Name	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Share holding at the end of the year	Share holding at the end of the year	Share holding at the end of the year	% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Tech Mahindra Limited	14675088	67.12%	--	14675088	67.10%	--	*(0.02%)
2.	Bharti (SBM) Holdings Private Limited	1936420	8.86%	--	1936420	8.85%	--	Nil
3.	Bharti (RM) Holdings Private Limited	1210262	5.54%	--	1210262	5.54%	--	Nil
4.	Bharti (RBM) Holdings Private Limited	1210262	5.54%	--	1210262	5.54%	--	Nil
5.	Bharti (Satya) Trustees Private Limited	484106	2.21%	--	484106	2.21%	--	Nil
	Total	**18682115**	**89.27%**	**--**	**19516138**	**85.24%**		**(0.02%)**

*Reduction in shareholding is due to allotment of shares to minority shareholders during the year

.iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.		Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Tech Mahindra Limited** At the beginning of the year	14675088	67.12%	14675088	*67.10%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the Endof the year	**14675088**	**67.12%**	**14675088**	**67.10%**

*Reduction in shareholding is due to allotment of shares to minority shareholders during the year

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**West Bridge Ventures II Investment Holdings**				
	At the beginning of the year	2170931	9.93%	2170931	9.93%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	2170931	9.93%	2170931	9.93%
2.	**Comviva ESOP Trust**				
	At the beginning of the year	148636	0.68%	148636	0.68%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	148636	0.68%	148636	0.68%
3.	**Ajay Dureja**				
	At the beginning of the year	24508	0.11%	24508	0.11%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	24508	0.11%	24508	0.11%
4.	**Saravana Kumar Elumalai**	Nil	Nil	4000	0.02%

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	**Girish Pai**				
	At the beginning of the year	1700	0.01%	1700	0.01%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	1700	0.01%	1700	0.01%
6.	**Adarsh Krishna**				
	At the beginning of the year	1000	-	1000	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Ni	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	1000	--	1000	--
7.	**Vikas Wattal**				
	At the beginning of the year	500	--	500	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	--	500	--
8.	**Amrita Agarwal**				
	At the beginning of the year	500	--	500	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	--	500	--
9.	**Archana Singh**				
	At the beginning of the year	463	--	463	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	463	--	463	--
10.	**Raja Bhaskar Goru**				
	At the beginning of the year	164	--	164	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	164	--	164	--

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	69,580,902.98	NIL	69,580,902.98
Total (i+ii+iii)	**NIL**	**69,580,902.98**	**NIL**	**69,580,902.98**
Change in Indebtedness during the financial year ● Addition ● Reduction	55,569,024	(44,447,983)	NIL	11,121,041
Net Change	**55,569,024**	**(44,447,983)**	**NIL**	**11,121,041**
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	55,569,024	25,132,919.98	NIL	80,701,943.98
Total (i+ii+iii)	**55,569,024**	**25,132,919.98**	**Nil**	**80,701,943.98**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/~~WTD/ Manager~~	Total Amount
		Mr. Manoranjan Mohapatra	
1.	**Gross salary** (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	12,129,000*	12,129,000
2.	**Stock Option**	-	-
3.	**Sweat Equity**	-	-
4.	**Commission** **- as % of profit** **- others, specify…**	-	-
5.	**Others, please specify**	-	-
	Total (A)	**12,129,000**	**12,129,000**
	Ceiling as per the Act	12,129,000	

*During the year company has paid INR 12 Mn and provided 21 Mn towards managerial remuneration. The company is in process of getting necessary central government approval .

B. Remuneration to other Directors:

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
	1. Independent Directors ● Fee for attending board /committee meetings ● Commission ● Others, please specify					
	Total (1)					
	2. Other Non-Executive Directors ● Fee for attending board /committee meetings ● Commission ● Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD-

S. No.	Particulars of Remuneration	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
		CEO	**Mr. Sriram Gopalakrishnan** Company Secretary cum CFO	Total Amount
1.	**Gross salary** (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-- -- --	12,291,959 79,200	12,291,959 79,200
2.	**Stock Option**	--	-	-
3.	**Sweat Equity**	--	-	-
4.	**Commission** **- as % of profit** **- others, specify…**	--	-	-
5.	**Others, please specify**	--	-	-
	Total	**--**	**12,371,159**	**12,371,159**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For Comviva Technologies Limited

Manoranjan Mohapatra
(Managing Director)
Din: 00043930
Date: 23 May,2017

Vineet Nayyar
(Director)
Din: 00018243

ANNEXURE -3

DECLARATION OF INDEPENDENCE

To

Date: MARCH 31, 2017

The Board of Directors
Comviva Technologies Limited
A-26, info City, Sector-34,
Gurgaon-122001, Haryana, India

Sub: Declaration of independence under sub-section (6) of section 149 of the Companies Act, 2013.

I, **Sunita Umesh**, hereby certify that I am a Non-executive Independent Director of **Comviva Technologies Limited**, New Delhi and comply with all the criteria of independent director as envisaged in Companies Act, 2013.

I certify that:

- I possess relevant expertise and experience to be an independent director in the Company;
- I am/was not a promoter of the company or its holding, subsidiary or associate company;
- I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial;
- none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither me nor any of my relatives:
  a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
  b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
     a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
     b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  c) holds together with my relatives 2% or more of the total voting power of the company; or
  d) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- I am not less than 21 years of age.

Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Sunita Umesh
DIN: 06921083
515-A, Hamilton Court
DLF Phase IV, Gurgaon-122002

ANNEXURE-4

Policy on Nomination and Remuneration Committee

1. Objective

As a measure of good Corporate Governance and in compliance with the provisions of Section 178 of Companies Act 2013, following policies are formulated:

1.1. Policy on appointment and removal of Key Managerial Personnel and Senior Management;

1.2. Policy on Remuneration to the Key Managerial Personnel, Senior Management and other Employees

1.3. Policy on Directors Training

1.4. Policy on Evaluation of performance of the Board of Directors, Committees and individual Directors,

1.5. Policy on Board Diversity;

2. Definitions

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means the Comviva Technologies Limited.

"Committee(s)" means Committees of the Board for the time being in force as per the provisions of the Companies Act 2013.

"Employee" means employee of the Company whether employed in India or outside India including any whole time directors, KMPs & Senior Management who serve the company on a full-time basis and are not employed in any other entity except those which are the subsidiaries of the company or subsidiaries of its majority shareholder.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" and Senior Management (KMP} refers to:

(i) Chairman (CM);

(ii) Managing Director (MD), or Chief Executive Officer (CEO);

(iii) Chief Financial Officer (CFO); and

(iv) Company Secretary (CS)

"Nomination and Remuneration Committee" or **"NRC"** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means an employee of the Company who is a member of its Core Management team, which includes CEO, CFO, Company Secretary, Product Unit Heads (for Business units higher than USD 20 million), Global Head of Sales, EVP- New Product Initiatives, Global Head of HR.

3. Constitution of the Nomination and Remuneration Committee

The board has constituted the Nomination and Remuneration Committee on <DDMMYYYY>, in accordance with Companies Act 2013.

The board will have rights to reconstitute this committee from time to time.

4. Policy for appointment of the Board, KMPs & Senior Management

The committee shall look into the following matters:

- Make recommendations to the board on its composition and size to help ensure its effective working. It will do the following under each category of personnel:

4.1. Board Members

a) Identify and recommend to appointment or removal of such candidates who can be considered for the position of a director.

b) The NRC would decide this based on its discussions around qualifications, positive attributes and independence of the candidate being considered for directorship. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.

4.2. KMPs

a) The authority to identify right candidates for the appointment of CFO and CS is vested with the CEO along with HR, who will facilitate in identifying the candidates internally or externally. NRC will consider the candidates proposed by the CEO and recommend to the Board for its consideration and appointment in accordance with the applicable provisions of the Act and Rules.

b) In case of CM I MD I CEO's appointment, NRC will initiate the process of identifying the new candidate, which can be an internal or external candidate, for the respective position. After identification and screening of the candidate, NRC will propose the candidature to the Board for its consideration and for appointment subject to the approval of the Shareholders and Regulatory Authority, if any.

c) The selection and removal would be based on the evaluations done during the selection /search process and would cover such parameters like: qualifications, positive attributes, experiences, etc. The decision may also be based on conditions as best suitab le for the business in accordance with statutory conditions as may be applicable from time to time.

d) If a KMP is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations there-under or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a KMP subject to the compliance of the applicable statutory provisions.

4.3. Senior Management personnel

a) The Senior Management personnel are appointed and removed/relieved with the authority of CEO and HR. The selection and removal would be based on the evaluations done during the selection /search process and would cover such parameters like: qualifications, positive attributes, experiences, etc as per the recruitment policy prevailing at the time of selection. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.

b) The details of the appointment made and the personnel removed/relieved during a quarter shall be presented to the Board as part of update on Corporate Governance. To maintain effective performance and continuity, all attempts will be made to retain and maintain the right balance of expertise and experience at the senior management level through various measures of identification, hiring, training, grooming, performance feedback, compensation & benefits, promotions, etc and . The NRC may seek and review such efforts for any specific position/s as they may deem fit.

5. Remuneration to KMPs, Senior Management personnel and Other Employees

The Company follows an extensive performance management system to review the performance of the employees /Senior Management and provide rewards on the basis of meritocracy.

The overall remuneration (Total compensation) to the employees (including Whole Time Director (CEO) CFO, CS and senior management) includes a fixed component (Guaranteed Pay) and a variable component (Performance Linked pay). The percentage of the variable component increases at hierarchy levels, as the Company believes employees at higher positions have a far greater impact and influence on the overall business result. Variable Pay program is covered by respective variable pay programs (like performance linked incentive programs as applicable for respective roles). Compensation offered is decided based on what is competitive and suitable to attract top talent peer group for such a role, while looking at company's ability to pay vis-a-vis its budget.

The initial remuneration for CEO or any whole time director will be proposed by the CM/MD to the NRC consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The initial remuneration for KMPs - CFO and CS will be proposed by the CEO & HR to the NRC consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The initial remuneration for the Senior Management personnel shall be proposed by HR and approved by CEO. Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR and business /line managers at the time of hiring, depending upon the relevant job experience, last compensation, position details and role maturity fitment; philosophy of which has been captured in the compensation handbook of the company.

The Total compensation is reviewed at least once every year based on company's performance and compensation philosophy and program. Compensation Revision is based on the performance, potential and market positioning of the role as determined through hiring& / attrition related data, surveys and benchmarks.

The annual review of remuneration for CEO or any whole time director will be proposed by the CM/MD to the NRC. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of t heir appointment.

The annual remuneration for KMPs - CFO and CS will be proposed by the CEO & HR Head to the NRC consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

Annual Review of Remuneration (TCTC) for all employees (others than KMPs, but including senior management) will be decided by the HR, in consultation with CEO for all senior management position and along with concerned business unit head/managers as per performance management process & compensation philosophy and approved personnel cost budget. Performance Management Handbook applies to all employees including senior management, CFO and CS. CEO performance is evaluated by the CM/MD based on business goals as determined annually.

Any one-time incentive program offered to employees may be proposed by CEO and approved by HR head. Any Long Term Incentive Program (LTIP) including shares or Stock Option grants to the employees shall be approved by the NRC based on the recommendation of CEO and Head of HR.

All remunerations to directors or CEO will be in accordance to Companies Act 2013 or changes to the same as applicable from time to time, including restatement of accounts due to fraud or noncompliance.

Sitting fee for Independent directors: Sitting fees will be paid to the independent directors for the committee and board meetings, as approved by the board from time to time. This will be subject to the maximum limits, if any, prescribed by the Companies Act 2013.

Refundability of excess remuneration: Any excess remuneration paid will have to be refunded back by the director in case of restatements and no such waivers will be permitted.

Commission or remuneration from holding or subsidiary company: The total commission paid for the services to this Company will include any remuneration paid from either the holding company or the subsidiary company.

6. Policy on Awareness Training to the Independent Directors

The Independent directors at the time of their co-option shall be provided with an orientation by at least one of the senior leaders. They will also be provided with the material/literature regarding the Company's business and its operations, governing documents, information on key personnel and financial information to familiarize them with the Company. The Board wi ll brief them on their roles and responsibilities in the various Committees. The Quarterly Board Meetings will contain an agenda item on 'Business Updates' which provides development in the business strategy of the Company among others. The CM depending on the business need may also nominate Independent Directors for relevant external training programs. Independent Directors may request for any additional information as deemed fit for the successful discharge of their role.

7. Process for Performance Evaluation of the Board as a whole

The process will be initiated each year by the Chairman of the NRC or any other person as authorized by the NRC.

- The Board will carry out annual evaluation of its own performance through its adopted selfevaluation criteria. Board evaluation process will be initiated each year by the chairman of NRC and will be coordinated by the Chairman of NRC or any other person authorized by the NRC. Each Board member will get an evaluation form as given in Annexure - I in the first week of April of each year.

- Board members have the option to disclose his/her name on the evaluation form.
- Board members shall complete the form and return it to the authorized person within two weeks of receipt of the form.
- Only Chairman of the board and the authorized person appointed by the NRC to coordinate this activity will have access to individual evaluation form.
- Chairman of the Board, will arrange to tabulate the results and present summary report to the Board during the first Board Meeting of the financial year. The summary report will include score against each of the evaluation criteria & verbatim comments without any names. Sample template has been included in Annexure II. Report for each individual member will also be shared without names of those who gave the feedback.
- The Board will initiate discussion based on individual feedback, broad & common areas that are working well and those that need attention. The Board will then decide if changes in its governance practices and policies need to be made going forward.

7.1 Process for Performance Evaluation of the Committees:

The Board has adopted the evaluation criteria for Committees as mentioned in Annexure -III. Each Committee member will get an evaluation form as given in Annexure - III for the Committee(s) he/she is part of in the first week of April of each year.

- Committee Members have the option to disclose his/her name on the evaluation form.
- Committee Members shall complete the forms and return them to the authorized person within two weeks of receipt of the forms.
- Only Chairman of the board and the authorized person appointed by the NRC to coordinate this activity will have access to individual evaluation form
- The Chairman NRC, with the assistance of any person, will tabulate the results and share the summary report with the respective Committee in their first meeting of the financial year. The summary report will include score against each of the evaluation criteria & verbatim comments without any names. Sample summary report template has been included in Annexure - IV.
- Each Committee will initiate discussion basis individual feedback, broad & common areas that are working well and those that need attention.
- The Chairman of the respective Committee will also present the summary report to the Board during its first Board Meeting of each financial year.

7.2. Process for Performance Evaluation of individual directors including

Independent Directors

- The NRC will carry out performance evaluation of individual directors through peer evaluation of each Board member.
- The Key areas of evaluation are Knowledge of business, Diligence and preparedness, Effective interaction with others, Constructive contribution to discussion and strategy, Concern for stakeholders, attentive to the internal controls mechanism, and ethical conduct issues as the evaluation criteria.
- In the first week of April of each year, each Board member will get evaluation form as given in Annexure - V for each of their colleagues on the Board. Each Board member will complete evaluation of each of their colleagues. Board member does not have to disclose his/her name on the evaluation form.
- During the first Board meeting of the financial year, separate envelopes indicating name of each Board Member will be circulated in which each Board member will place the completed evaluation sheet of the assessed member in their respective envelope. For example, there will be separate envelopes for Director A, Director B & so on and these envelopes will be circulated to all the Directors to place the evaluation form of the specific Director in the envelope indicating his/her name.
- Once all the evaluation forms are placed in designated envelopes, each Board member will be handed over their respective envelope and will have the opportunity to go through their own peer evaluation scores during the meeting itself.
- After going through their respective evaluation scores by their peers, the Board members will hand over their envelope to the Board chairperson during that meeting.

- Subsequently, the Board chairperson, will go through the contents of the envelope, and if necessary, will meet with each Director individually as part of the evaluation process to identify and discuss the outcome. The separate envelopes containing peer evaluation forms for each individual Director will remain with the Board chairperson and will be kept confidential.
- The NRC on the basis of evaluation scores of the concerned member shall recommend to the Board to extend or continue the term of appointment of the Board member. In case of the upcoming reappointment of any of the NRC member, the concerned member will not participate and others on the committee will be given access to all the available forms of the concerned member as detailed above to continue with the recommendation process.

8. Board's Diversity

A truly diverse Board will make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Board appointments should be based on merit that complements and expands the skills, experience, expertise of the Board as a whole, taking into account knowledge, professional experience, qualifications, gender, age, cultural, educational background, statutory I regulatory requirement and any other factors that might be relevant and applicable from time to time for it to function effectively.

NRC considers the functional diversities in determining the optimum composition of the Board.

9. Amendment

The Policies may be changed at any time by the Board on the recommendation of NRC. However, the NRC shall have the authority to change the Evaluation Form at any time during the year with the objective of seeking more inputs from the Individual Directors In the event of any statement in the policy contradicting with law, the applicable from time to time.

Rajat Mukherjee
DIN: 03431635
Chairman

ANNEXURE I

Performance Evaluation of the Board as a whole - Self Evaluation Form

Each Board Member is to rate the following statements in relation to overall performance of the Board during the last financial year. Please place v in the appropriate box next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have.

Section A: Personal Details

Name ____________________

Title (Non - Executive Director I Independent Director I Any other) ____________________

Section B: Performance Evaluation of the Board (as a whole)

Circle the response that best reflects your opinion.

1. On a scale of 1 to 5, with 5 being the maximum, please rate the performance of the board

   ☐ ☐ ☐ ☐ ☐

2. Anything special that is working well ____________________

   ____

   ____

3. Anything specific that needs to be improved. ____________________

   ____

   ____

Disclaimer

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ANNEXURE-6

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-

Our CSR vision statement: To make concerted efforts in the area of Education for the under privileged Goal to make concerted efforts towards:

a. Promotion of education amongst under-privileged;

b. Support sustainable development of green environment

c. Topical initiatives which adversely impacts a large section of society

The Corporate Social Responsibility (CSR) policy can be viewed at http://www.mahindracomviva.com/wp-content/uploads/2015/02/Corporate-Social-Responsibility-Policy.pdf

1. The Composition of the CSR Committee-The CSR committee members are as follows:

 a. Ms. Sunita Umesh

 b. Mr. Rajat Mukherjee

 c. Mr. Ulhas Yargop

 d. Mr. Manoranjan Mohapatra

3.	Average net profit of the company for last three financial years-	Rs. 1,213,176,353
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)-	Rs. 24,263,527
5.	Details of CSR spent during the financial year:	Rs. 24,263,527
6.	Total amount to be spent for the financial year;	Rs. 24,263,527

 a) Amount unspent, if any; NIL

 b) Manner in which the amount spent during the financial year is detailed below:

(Figures in INR)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or Programs was under-taken	Amount outlay (budget) project or programs-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Over-heads :	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
1.	Agraser 1 and Agraser 2 SMART Centers (515 students) and 4 other initiatives (2509 beneficiaries)	Education to under privileged children	Gurgaon Delhi NCR	13,932,326	13,932,326	13,932,326	13,932,326 (Tech M Foundation)
2.	Sunderhatti school under Satya Bharti school program - (135 students)	Education to under privileged children.	Jhajjar, Haryana,	6,831,200	6,831,200	6,831,200	6,831,200 (Bharti Foundation)
3.	Nele (Home for the Orphans) – 180 students	Education Underprivileged - single parent/ no parent	Bangalore	650,000	650,000	650,000	650,000 (Hindu Seva Pratishthana)
4.	Unnati Making youth Employable – 70 student	Vocational Education for under privileged	Bangalore-catering to Rural Karnataka	650,000	650,000	650,000	650,000 (SGBS Trust)
5.	Agrasar Bachpan learning centre adopted for students staying in the jhuggi cluster-113 Kids	Education for under privileged	Islampur village, Gurgaon	2,200,000	2,200,000	2,200,000	2,200,000 (Agrasar)
	TOTAL			24,263,526	24,263,526	24,263,526	24,263,526

*Give details of implementing agency:

7. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

   Not Applicable

8. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Policy, is in compliance with CSR objectives and Policy of the company.

As our vision statement speak: 'To make concerted efforts in the area of Education for the under privileged' we have put our best effort to identify various projects and partner by going through the track record, audited financial results and going to the actual site visit which was very important and also created a lot of bonding with our CSR club volunteers. As a company, we not only want to meet the financial needs of the under privileged communities education but also want a long standing relation to see the ultimate goal achieved. The CSR is not now a compliance piece for company but also a passion for employees and we expect it would pay off tomorrow.

Chairman of CSR Committee

Mr. Rajat Mukherjee

ANNEXURE-6

S. No.	Name(s) of the related party and nature of relationship		Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board	Amount paid as advances /Loan, if any
1	Comviva Technologies FZ-LLC	100 % Subsidiary	Revenue	01-Apr-2016 to 31-Mar-2017	59,500,394	NA	-
2	Comviva Technologies FZ-LLC	100 % Subsidiary	Purchase of fixed asset	01-Apr-2016 to 31-Mar-2017	14,863,868	NA	-
3	Comviva Technologies Singapore PTE. Ltd.	100 % Subsidiary	Revenue	01-Apr-2016 to 31-Mar-2017	1,152,059	NA	
4	Comviva Technologies Singapore PTE. Ltd.	100 % Subsidiary	Interest on Loan	01-Apr-2016 to 31-Mar-2017	1,622,114	NA	-
5	Comviva Technologies Singapore PTE. Ltd.	100 % Subsidiary	Invesment made during the year	01-Apr-2016 to 31-Mar-2017	24,825,000	NA	-
6	Comviva Technologies Inc	100 % Subsidiary	Cost of Goods/ service received	01-Apr-2016 to 31-Mar-2017	79,737,110	NA	-
7	Comviva Technologies Inc	100 % Subsidiary	Reimbursement of expense (net)	01-Apr-2016 to 31-Mar-2017	401,047	NA	-
8	Comviva ESOP Trust*	ESOP Trust	Advances Given	01-Apr-2016 to 31-Mar-2017	-	NA	16,980,000
9	Terra Payment Services (Netherlands) BV	100 % Subsidiary	Share application money given during the year	01-Apr-2016 to 31-Mar-2017	158,626,140	NA	-
10	Comviva Technologies Nigeria Limited	100 % Subsidiary	Share application money given during the year	01-Apr-2016 to 31-Mar-2017	148,210,500	NA	-
11	ATS Advanced Technology Solutions S.A.	95% subsidiary of Comviva Technologies B.V.	Invesment made during the year	01-Apr-2016 to 31-Mar-2017	13,511,974	NA	-
12	ATS Advanced Technology Solutions do Brasil, industria, comercio, importacao y exportacao LTDA	95% subsidiary of Comviva Technologies B.V.	Invesment made during the year	01-Apr-2016 to 31-Mar-2017	2,099,844	NA	-
13	Tech Mahindra Limited	Holding company	Revenue	01-Apr-2016 to 31-Mar-2017	229,309,239	NA	-
14	Tech Mahindra Limited	Holding company	Reimbursement of expense (net)	01-Apr-2016 to 31-Mar-2017	19,368,586	NA	-
15	PT Tech Mahindra Indonesia	Fellow subsidiary	Revenue	01-Apr-2016 to 31-Mar-2017	671,600	NA	-
16	Tech Mahindra Nigeria Limited	Fellow subsidiary	Revenue	01-Apr-2016 to 31-Mar-2017	3,191,434	NA	-
17	Tech Mahindra Foundation	Fellow subsidiary	Corporate Social Responsibility	01-Apr-2016 to 31-Mar-2017	13,932,326	NA	-
18	Mr. Manoranjan Mahopatra	Key Management Personnel	Managerial Remuneration	01-Apr-2016 to 31-Mar-2017	12,129,000	NA	-
19	Mr. Sriram Gopalakrishnan	Key Management Personnel	Managerial Remuneration	01-Apr-2016 to 31-Mar-2017	14,955,461	NA	-

* This stands eliminated in standalone financial statement.

For Comviva Technologies Limited

Manoranjan Mohapatra
(Managing Director)
Din: 00043930

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COMVIVA TECHNOLOGIES LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of COMVIVA TECHNOLOGIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and 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.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditors’ 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:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer note 29 to the standalone Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer note 53 to the standalone Ind AS financial statements.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place : New Delhi
Date : May 23, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **COMVIVA TECHNOLOGIES LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place : New Delhi
Date : May 23, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The major portions of the fixed assets were physically verified during the year by management in accordance with a regular programme of verification, which, in our opinion, provide for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

(ii) As explained to us, the inventories lying with the company were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. Majority of the inventory was lying with third parties, where the certificates confirming stock held at the year-end have been received.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly the provisions of clause 3(iii) of the Order is not applicable to the company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under sections 73 to 76 and other relevant provisions of the Act. Therefore, the provisions of the clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act. Therefore the provisions of clause 3(vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

(Rs. in million)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Year to which the Amount Relates	Amount unpaid	Amount paid under protest
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax	FY 2004-05	**1.81**	**1.50**
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax	FY 2005-06	**2.27**	**-**
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 2006-07	**2.30**	**-**
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax	FY 2006-07	**0.54**	**1.87**
Finance Act, 1994	Service Tax	Customs Excise & Service Tax Appellate Tribunal	FY 2004-05 to 2007-08	**392.37***	**-**

(Rs. in million)

Name of Statute	**Nature of Dues**	**Forum where Dispute is Pending**	**Year to which the Amount Relates**	**Amount unpaid**	**Amount paid under protest**
Chad Tax Adminstration	Corporate Tax/ VAT	Directorate General of Taxation**	Calendar year 2014	**7.09**	-
Chad Tax Adminstration	Corporate Tax/ VAT	Directorate General of Taxation**	Calendar year 2015	**5.12**	-
Income Tax Act, 2015	Corporate Tax	Commissioner General- Task Force operations**	Period April 2012 to March 2014	**14.97**	-

* Net of Rs.15 million being eligible cenvat credit set aside under protest.

** The Company is in the process of filing an appeal.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary company or persons connected with them and hence provisions of section 192 Act, are not applicable.

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

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place : New Delhi
Date : May 23, 2017

BALANCE SHEET AS AT MARCH 31, 2017

₹ in Million

Particulars			Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I	**Assets**					
A	**Non current assets**					
	(a)	Property, plant and equipment	4A	**134**	137	168
	(b)	Capital work-in-progress		**39**	15	25
	(c)	Other intangible assets	4B	**29**	4	8
	(d)	Financial assets				
		(i) Investments	5	**389**	42	9
		(ii) Loans	6	**27**	27	26
		(iii) Other financial assets	14(i)	**65**	77	70
	(e)	Deferred tax assets (net)	7	**315**	186	208
	(f)	Other non-current assets	8(i)	**1,186**	578	415
	Total non-current assets			**2,184**	1,066	929
B	**Current assets**					
	(a)	Inventories	9	**64**	105	57
	(b)	Financial assets				
		(i) Investments	10	**-**	110	-
		(ii) Trade receivables	11	**2,481**	2,730	2,940
		(iii) Cash and cash equivalents	12	**526**	607	520
		(iv) Other balances with bank	13	**14**	2	-
		(v) Other financial assets	14(ii)	**952**	1,224	813
	(c)	Other current assets	8(ii)	**280**	351	305
	Total current assets			**4,317**	5,129	4,635
	TOTAL ASSETS			**6,501**	6,195	5,564
II	**Equity and liabilities**					
A	**Equity**					
	(a)	Equity share capital	15	**217**	217	217
	(b)	Other equity	16	**4,548**	4,245	3,556
				4,765	4,462	3,773
B	**Liabilities**					
1	**Non current liabilities**					
	(a)	Financial liabilities				
		(i) Borrowings	17(i)	**4**	33	-
		(ii) Other financial liabilities	21(i)	**6**	-	-
	(b)	Provisions	18(i)	**147**	120	107
	(c)	Other non-current liabilities	19(i)	**48**	22	24
	Total non-current liabilities			**205**	175	131
2	**Current Liabilities**					
	(a)	Financial liabilities				
		(i) Borrowings	17(ii)	**56**	-	-
		(ii) Trade payables	20	**1,087**	1,116	1,342
		(iii) Other financial liabilities	21 (ii)	**80**	80	25
	(b)	Other current liabilities	19(ii)	**199**	293	170
	(c)	Provisions	18(ii)	**71**	47	48
	(d)	Current tax liabilities (net)		**38**	22	75
	Total current liabilities			**1,531**	1,558	1,660
	TOTAL EQUITY AND LIABILITIES			**6,501**	6,195	5,564
	See accompanying notes forming part of the financial statements		1-54			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

For and on behalf of the Board of Directors

Vineet Nayyar
Chairman

Manoranjan Mohapatra
Managing Director and CEO

C.P. Gurnani
Director

Devendra Khanna
Director

Rajat Mukherjee
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Sunita Umesh
Director

Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

Place: New Delhi
Date: May 23, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million except Earnings Per Share

	Particulars	Note No.		For the year ended March 31, 2017	For the year ended March 31, 2016
I.	Revenue from operations	22		**5,778**	6,355
II.	Other income (net)	23		**(78)**	136
III.	**Total Income (I+II)**			**5,700**	6,491
IV.	**Expenses**				
	(a) Employee benefits expense	24		**2,331**	2,026
	(b) Subcontracting cost			**582**	659
	(c) Finance costs			**18**	23
	(d) Depreciation and amortization expense	4		**149**	149
	(e) Other expenses	25		**2,344**	2,523
	Total expenses			**5,424**	5,380
V.	**Profit before tax**			**276**	1,111
VI.	**Tax expenses:**				
	(a) Current tax		**111**		381
	(b) Deferred tax (Refer Note 52)		**(133)**		22
				(22)	403
VII.	**Profit for the year**			**298**	708
VIII.	**OTHER COMPREHENSIVE INCOME**				
A)	(I) Items that will not be reclassified to profit or loss				
	(a) Re-measurement gain/(loss) on defined benefit plans			**(6)**	(6)
	(II) Income tax relating to items that will not be reclassified to profit or loss			**2**	-
B)	(I) Items that will be reclassified to profit or loss				
	(a) Net movement of effective portion on cash flow hedge			**15**	(13)
	(II) Income tax relating to items that will be reclassified to profit or loss			**(6)**	-
IX.	**Other comprehensive income for the year**			**5**	(19)
X.	**Total comprehensive income for the year**			**303**	689
XI.	**Earnings per Equity share (Face value of Rs. 10/- each)**	31			
	(a) Basic			**13.74**	32.57
	(b) Diluted			**13.74**	32.57
	See accompanying notes forming part of the financial statements	1-54			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: New Delhi
Date: May 23, 2017

For and on behalf of the Board of Directors

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Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

₹ in Million

Particulars	Number of Shares	Equity Share Capital
Balance As at April 1, 2015	21,716,214	217
Changes in equity share capital during the year	-	-
Balance As at March 31, 2016	**21,716,214**	217
Balance As at April 1, 2016	21,716,214	217
Changes in equity share capital during the year	4,150	0
Balance As at March 31, 2017	**21,720,364**	217

b. Other Equity

₹ in Million

Particulars	Reserves & Surplus		Effective portion of Cash flow Hedge	Total
	Securities Premium	Retained Earnings		
Balance As at April 1, 2015	552	2,987	17	3,556
Profit for the year	-	708	-	708
Other Comprehensive Income	-	(6)	(13)	(19)
Total Comprehensive income	**-**	**702**	**(13)**	**689**
Balance As at March 31, 2016	**552**	**3,689**	**4**	**4,245**
Balance As at April 1, 2016	552	3,689	4	4,245
Profit for the year	-	298	-	298
Other Comprehensive Income	-	(4)	9	5
Total Comprehensive income	**-**	**294**	**9**	**303**
Balance As at March 31, 2017	**552**	**3,983**	**13**	**4,548**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
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Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

Place: New Delhi
Date: May 23, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in Million

	Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
A]	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Profit before tax		**276**		1,111
	Adjustments for:				
	Depreciation and amortization	**149**		150	
	Profit on sale of property,plant and equipment	**(0)**		(1)	
	Interest expense	**18**		23	
	Interest income	**(14)**		(9)	
	Dividend income	**(0)**		(0)	
	Unrealised foreign exchange (gain)/loss net	**90**		(31)	
	Reversal of provision no longer required	**(6)**		(18)	
			237		114
	Operating Profit before working capital changes		**513**		1,225
	Adjustments for changes in working capital:				
	Trade payable, other liabilities and provisions	**(26)**		(85)	
	Trade receivables	**170**		245	
	Other assets, loans and advances	**304**		(602)	
			448		(442)
	Cash generated from operations		**961**		783
	Direct Taxes Paid		**(601)**		(519)
	Net cash flows from/(used in) operating activities (A)		**360**		264
B]	**CASH FLOWS FROM INVESTING ACTIVITIES**				
	Purchase of property, plant and equipment & intangible assets	**(196)**		(103)	
	Interest received	**0**		1	
	Dividend received	**0**		0	
	Purchase of current investments	**(25)**		(110)	
	Sale of current investments	**135**		-	
	Investment in equity shares	**(6)**		(30)	
	Sale of property, plant and equipment	**1**		1	
	Net Cash flows from/(used in) investing activities (B)		**(91)**		(241)
C]	**CASH FLOWS FROM FINANCING ACTIVITIES**				
	Proceeds from issue of equity shares	**0**		-	
	Loan given to subsidiary	**-**		(26)	
	Additional investment in subsidiaries	**(331)**		(3)	
	Proceeds from long term borrowings (net)	**-**		83	
	Proceeds from short term borrowings (Net)	**56**		-	
	Repayments of Short term borrowings	**(55)**		-	
	Loan repaid by subsidiary	**-**		26	
	Interest Paid	**(14)**		(17)	
	Net cash flows from/(used in) financing activities (C)		**(344)**		63

₹ in Million

	Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
D]	**Exchange differences on translation of foreign currency cash and cash equivalents**	**(6)**	1
	"Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D)"	**(81)**	87
	Cash & cash equivalents at the end of the period (refer note 1 below)	**526**	607
	Cash & cash equivalents at the beginning of the year	**607**	520
	Net Increase / (decrease) in cash and cash equivalents	**(81)**	87

₹ in Million

	As at March 31, 2017	As at March 31, 2016
Note 1:		
Cash and cash equivalents include:		
Cash on hand	**0**	0
Remittances in transit	**21**	51
Balance with banks		
- In current accounts	**505**	556
- In deposit accounts	**-**	-
Total Cash and cash equivalents - Refer Note 12	**526**	607

Note 2:
Figures in brackets represent outflow of cash and cash equivalents.

Note 3:
The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: New Delhi
Date: May 23, 2017

For and on behalf of the Board of Directors

Vineet Nayyar
Chairman

Manoranjan Mohapatra
Managing Director and CEO

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Sunita Umesh
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Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. **Company Overview**

Comviva Technologies Limited ("the Company") is in the business of providing Integrated Value Added Services (VAS) to telecom companies, predominantly in emerging markets. The Company's portfolio of services includes mobile financial solutions, mobile music and video applications, messaging and business support systems.

The company is a subsidiary of Tech Mahindra Limited.

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorise for issue on May 23, 2017.

2. **Significant Accounting Policies**

2.1 Statement of Compliance

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 *First time adoption of Indian Accounting Standards* has been applied.

An explanation and effect of transition from Indian GAAP (referred to as "Previous GAAP") to Ind AS has been described in note 3 to these financial statements.

2.2 Basis for preparation of financial statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 *Inventories* or value in use in Ind AS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.3 Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Critical accounting estimates

i) **Revenue Recognition**

The Company applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Company to estimate the efforts to date as a proportion of the total budgeted efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity.

ii) **Income taxes**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. The policy for the same has been explained under Note 2.12.

iii) **Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The policy for the same has been explained under Note 2.4.

iv) **Impairment of Investments**

The Company reviews its carrying value of investments in subsidiaries and other entities at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

v) **Provisions**

Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.14.

2.4 Property, Plant & Equipment and Other Intangible assets

Property, Plant & Equipment and Other Intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the assets has been assessed as under based on technical advice, considering the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Type of Asset	Estimated useful life
Plant and Equipment (including Computers)	3 year
Plant and Equipment (Electrical Equipment)	5 year
Office Equipment	5 year
Furniture and Fixtures	5 year

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Improvements to leased premises are amortized over their estimated useful life or period of the lease, whichever is shorter.

Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Computer Software and hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of Software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of 4 years.

2.5 Leases

i) Operating Lease

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognized in the Statement of Profit and Loss on a straight line basis over the lease term.

2.6 Impairment of Assets

i) **Financial assets**

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortized cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decrease can be related objectively to an event, the previously recognized impairment is reversed through Statement of profit and loss.

ii) **Non-financial assets**

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the Statement of profit and loss.

2.7 Inventories

Inventories are stated at lower of cost or net realizable value. In determining the cost of materials, the weighted average cost method is used.

2.8 Revenue recognition

Revenue from sale of equipment and third party software is recognized upon delivery, which is when the title passes to the customer, along with risk and rewards.

Revenue from contracts priced on a time and material basis is recognized when services are rendered.

Revenue from fixed price contracts is recognized as per the proportionate completion method if there is no uncertainty as to the measurement or collectability of the consideration.

Revenue from annual maintenance and annual technical services contracts is recognized on pro-rata basis over the period of the contract.

Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customers/unearned revenue.

Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses

Interest income is recognized using the effective interest method.

Dividend income is recognized when the Company's right to receive dividend is established.

2.9 Foreign currency transactions

The functional currency of the company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the Statement of profit and loss.

2.10 Financial Instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized in Statement of profit and loss.

i) Non-derivative financial instruments:

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.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortized cost is carried at fair value through profit and loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Company, on initial application of IND AS 109 *Financial Instruments*, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognized in Statement of profit and loss.

Investment in subsidiaries

Investment in subsidiaries is carried at cost as per Ind AS 27.

Financial liabilities

Financial liabilities maturing after one year are subsequently carried at amortized cost using the effective interest method.

For trade payables and other financial liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

ii) Derivative financial instruments and hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The use of foreign currency forward contracts is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized in other comprehensive income and accumulated under hedging reserve and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

Amounts previously recognized in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the same period in which gains/losses on the item hedged are recognized in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any Profit or Loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified in hedging reserve is retained there and is classified to Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in hedging reserve is transferred to the Statement of Profit and Loss for the period.

iii) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

2.11 Employee benefits

i) Gratuity:

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for India location. Certain overseas branches of the company also provide for retirement benefit plans in accordance with local laws.

Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur. (Refer note 26 below). Past service cost is recognized in profit or loss in the period of a plan amendment.

ii) Provident fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. A portion of the contribution is made to the approved provident fund trust managed by the Company while the remainder of the contribution is made to the government administered pension fund. The contributions to the trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the fund assets based on the government specified minimum rates of return.

iii) Compensated absences:

The Company provides for the compensated absences subject to Company's certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for India location and some branches of Company, whereas provision for encashment of unavailed leave on retirement is made on actual basis for other branches of Company.

Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the period in which they occur.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

iv) Other short term employee benefits:

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognized during the period when the employee renders the service.

2.12 Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes or deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax in future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

2.13 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.14 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

2.15 Provision for Warranty

The Company has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract. Costs associated with such sale are accrued at the time when related revenues are recorded and included in cost of service delivery. The Company estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

2.16 Treasury Stock

When any entities within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from share premium.

2.17 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2017

Statement of Cash Flows

Ind AS 7 (*Statement of Cash Flows*) was issued in February 2015. MCA on March 17, 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 7.

The amendments made to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments are to be applied prospectively for annual periods beginning on or after April 1, 2017. Earlier application is not permitted. When the amendments are first applied, entities are not required to present comparative information for earlier periods. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

3. EXPLANATION OF TRANSITION TO IND AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Exemptions from retrospective application:

a) In accordance with the exemption given in IND AS 101, the Company has recorded investment in subsidiaries at deemed cost i.e. Indian GAAP carrying amount, as on date of transition.

b) The estimates at April 1, 2015 and at March 31, 2015 are consistent with those made for the same dates in accordance with previous GAAP after adjustments to reflect any differences in accounting policies.

c) Appendix C to IND AS 17 requires the Company to assess whether a contract or arrangement contains a lease. In accordance with IND AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all relevant arrangements for leases based on conditions in place as at the date of transition.

Reconciliations between Previous GAAP and Ind AS

i) **Equity reconciliation:-**

	Notes	As at March 31, 2016	As at April 1, 2015
As reported under Previous GAAP		**4,485**	3,790
Adjustment on consolidation of Trust		**(17)**	(17)
Interest on deferred credit terms	A	**(6)**	-
As per IND AS		**4,462**	3,773

ii) **Reconciliation of Total comprehensive income:-**

	Notes	For the year ended March 31, 2016
Net income under Previous GAAP		**708**
Interest on deferred payment	A	(6)
Interest Income on Security Deposit	B	6
Amortization on Security Deposit	B	(6)
Employee benefits	C	6
Net Profit as per Ind AS		**708**
Actuarial gain/(loss) on defined benefits recognised in other comprehensive income	C	(6)
Effective portion of Cash flow hedges	C	(13)
Total comprehensive income as per Ind AS		**689**

A) Interest on deferred payment

Under previous GAAP the cost of inventory was the purchase price for deferred credit terms. Under Ind AS difference between the purchase price of inventories for normal credit terms and the amount paid for deferred settlement terms is recognised as interest expense. This has resulted in decrease in retained earnings of Rs. 6 million and Rs. nil as on March 31, 2016, and April 1, 2015 respectively, and decrease in net profit by Rs.6 million for the period ended March 31, 2016.

B) Interest on Security Deposit

Under the previous GAAP the company accounted its security deposit on actual basis however, Ind AS requires the same to be measured and valued at Amortized Cost. Accordingly the Security Deposits in the books have been discounted for the time value of money calculation. This has resulted in increase in Interest Income for Rs.6 million for the period ended March 31, 2016 and increase in Rent Expenses for Rs.6 million for the period ended March 31, 2016.

C) Other Comprehensive income

Under Previous GAAP the company had not presented other comprehensive income (OCI) separately. Now, as per requirements of Ind AS, actuarial gain/ (loss) on defined benefits and effective portion of gain/ (loss) on cash flow hedges has been shown separately and routed through OCI.

Note 4 - Property, Plant and Equipment

₹ in Million

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at April 1, 2016	Additions during the year	Disposals during the year	As at March 31, 2017	As at April 1, 2016	For the year	On disposal during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
4A. Tangible Assets										
Plant and equipments	803	81	69	815	696	78	67	707	108	107
(Previous year)	760	67	24	803	625	95	24	696	107	135
Furniture and fixtures	33	1	-	34	23	4	-	27	7	10
(Previous year)	31	2	-	33	20	3	-	23	10	11
Office equipments	44	8	-	52	27	7	-	34	18	17
(Previous year)	36	8	-	44	21	6	-	27	17	15
			-							
Improvement to leased premises	49	-	-	49	46	2	-	48	1	3
(Previous year)	46	3	-	49	39	7	-	46	3	7
Total	929	90	69	950	792	91	67	816	134	137
Previous year	873	80	24	929	705	111	24	792	137	168
4B. Intangible Assets (Other than internally generated)										
Computer software	381	48	-	429	377	50	-	427	2	4
(Previous year)	346	35	-	381	339	38	-	377	4	8
Intellectual property rights	-	35	-	35	-	8	-	8	27	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
Total	381	83	-	464	377	58	-	435	29	4
Previous Year	346	35	-	381	339	38	-	377	4	8

Note 5 - Non-current investments :

₹ in Million

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
TRADE (UNQUOTED)			
(a) In subsidiaries			
Comviva Technologies Inc A wholly owned subsidiary incorporated in USA 10,450 (Previous year at March 31, 2016 and April 1, 2015 : 10,450) Common Stock of USD 10 each, fully paid up	**5**	5	5
Comviva Technologies Nigeria Limited A wholly owned subsidiary incorporated in Nigeria. -10,000,000 (Previous year at March 31, 2016 and April 1, 2015 : 10,000,000) Common Stock of Naira 1 each, fully paid up	**3**	3	3
-Share application money	**148**	-	-
Comviva Technologies FZ-LLC A wholly owned subsidiary incorporated in UAE. 55 (Previous year at March 31, 2016 and April 1, 2015 : 55) Common Stock of AED 1,000 each, fully paid up	**1**	1	1
Comviva Technologies Singapore PTE Limited A wholly owned subsidiary incorporated in Singapore. 561,000 (Previous year at March 31, 2016 : 61,000 and April 1, 2015 : 1,000) Common Stock of SGD 1 each, fully paid up	**28**	3	0
Terra Payment Services South Africa (PTY) Ltd. A wholly owned subsidiary acquired in South Africa. 120 (Previous year at March 31, 2016 and April 1, 2015 : Nil) Common Stock of Rand nil each	**-**	-	-
Comviva Technologies B.V. A wholly owned subsidiary incorporated in Netherland. 10,001 (Previous year at March 31, 2016 : 10,001and April 1, 2015: NIL) Common Stock of EUR 1 each, fully paid up	**1**	1	-
Terra Payment Services (Netherlands) B.V. A wholly owned subsidiary incorporated in Netherland. **- 400,001 (Previous year at March 31, 2016 : 400,001 and April 1, 2015 : Nil) Common Stock of EUR 1 each, fully paid up**	**29**	29	-
-Share application money	**158**	-	-
Sub total (a)	**373**	42	9
(b) Other investments			
- In Equity shares			
790 (Previous year at March 31,2016 : Nil and April 1, 2015 : Nil) common stock ARL 1 Each, fully paid) of ATS Advanced Technology Solutions S.A. Argentina	**14**	-	-
5,000 (Previous year at March 31,2016 : Nil and April 1, 2015 : Nil) common stock BRL 1 Each, fully paid) of ATS Advanced Technology Solutions do brasil industria, comercio, importacao E exportacao LTDA	**2**	-	-
Sub total (b)	**16**	-	-
Total (a+b)	**389**	42	9
Investments carried at cost	**373**	42	9
Investments carried at Fair value through other comprehensive income	**16**	-	-

Note 6 - Loans : Non Current

₹ in Million

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
(Unsecured, considered good unless otherwise stated)			
Loan to subsidiary (Refer Note 28)	**27**	27	26
Total	**27**	27	26

Note 7 - Deferred tax assets :

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Break up of deferred tax assets			
Nature of timing differences			
Provision for Employee benefits	**101**	96	129
Inventory and Trade receivables	**133**	56	51
Property, Plant & Equipment and Intangible assets	**40**	34	28
MAT credit entitlement	**18**	-	-
Provision for expenses allowed on payment basis	**22**	-	-
Others	**7**	-	-
Break up of deferred tax liability			
Cash flow hedging reserve	**(6)**	-	-
Total	**315**	186	208

Note 8 - Other Assets :

(i) Other non current assets

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
- Balance with Government authorities	**181**	73	-
- Advance Income Taxes (Net of Provisions)	**983**	478	393
- Prepaid expenses	**22**	26	19
- Capital advances			
- Considered good	**0**	1	3
- Considered doubtful	**0**	0	0
	0	1	3
- Provision for doubtful advances	**0**	0	0
	0	1	3
Total	**1,186**	578	415

(ii) Other current assets

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
- Advance to suppliers			
Considered good	**12**	17	29
Considered doubtful	**1**	2	0
	13	19	29
Provision for doubtful advances	**1**	2	0
	12	17	29
- Loans and advances to employees	**47**	77	77
- Advances to related parties (Refer Note 28)	**6**	-	-
- Balance with Government authorities	**127**	165	135
- Prepaid expenses	**88**	92	64
Total	**280**	351	305

Note 9 - Inventories :

₹ in Million

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
(Valued at lower of cost and net realizable value)			
- Others - Stock of IT equipments and purchased software (consumed in IT projects)	**64**	105	57
Total	**64**	105	57

Note 10 - Current Investments :

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Investments in Mutual Funds (unquoted) (Non-trade) (at Cost or NRV whichever is lower)			
Nil (Previous year March 31, 2016 : 107,977.10 units of Rs 1019.4457 and April 1, 2015: Nil)- UTI-Liquid cash plan-Institutional-daily dividend investment	**-**	110	-
Total	**-**	110	-

Note 11 - Trade receivables :

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Trade Receivables (Unsecured)			
Over Six Months			
- Considered good*	**593**	598	655
- Considered doubtful	**334**	144	136
	927	742	791
Others			
- Considered good**	**1,888**	2,132	2,285
- Considered doubtful	**-**	-	2
Total	**1,888**	2,132	2,287
	2,815	2,874	3,078
Less: Allowance for doubtful debts	**334**	144	138
Total	**2,481**	2,730	2,940

* Net of Advances aggregating to Rs. 79 million (Previous year: Rs. 83 million) pending adjustments with Invoices.

** Net of Advances aggregating to Rs. 27 million (Previous year: Rs.25 million) pending adjustments with Invoices.

Note 12- Cash and cash equivalents :

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Cash on hand	**0**	0	0
Remittances in transit	**21**	51	78
Balances with banks:			
- In current accounts	**505**	556	442
Total	**526**	607	520

Note 13 - Other balances with bank :

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked balances with bank			
-Balance held under Escrow account	**14**	2	-
Total	**14**	2	-

Note 14 - Other financial assets :

(i) - Other Financial assets : Non Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits			
- Considered good	**65**	77	70
- Considered doubtful	**1**	-	-
	66	77	70
- Provision for doubtful advances	**1**	-	-
	65	77	70
Total	**65**	77	70

(ii) - Other Financial assets : Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled Revenue (Net of provision of Rs. 14 million (Previous year: Rs. 14 million)	**713**	1,073	645
Dues from subsidiary companies	**113**	123	112
Fair values of foreign exchange forward contracts	**85**	22	52
Interest accrued	**7**	6	4
Security deposits	**34**	-	-
Total	**952**	1,224	813

Note 15 - Share capital :

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	**₹ in million**	Number	₹ in million	Number	₹ in million
(a) Authorized :						
Equity shares of Rs. 10 each	**25,500,000**	**255**	25,500,000	255	25,500,000	255
Series A 0.001% fully convertible non-cumulative preference shares of Rs. 10 each	**8,000,000**	**80**	8,000,000	80	8,000,000	80
(b) Issued, subscribed and fully paid up :						
Equity shares of Rs. 10 each fully paid up	**21,869,000**	**219**	21,864,850	219	21,864,850	219
Less : Shares issued to ESOP Trust treated as Treasury Stock	**148,636**	**2**	148,636	2	148,636	2
Total	**21,720,364**	**217**	21,716,214	217	21,716,214	217

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at					
	March 31, 2017		March 31, 2016		April 1, 2015	
	Number	**₹ in million**	Number	₹ in million	Number	₹ in million
Equity Shares						
Opening Balance	**21,864,850**	**219**	21,864,850	219	21,864,850	219
Less : Shares issued to ESOP Trust treated as Treasury Stock	**148,636**	**2**	148,636	2	148,636	2
Shares issued during the year	**4,150**	**0**	-	-	-	-
Closing Balance	**21,720,364**	**217**	21,716,214	217	21,716,214	217

(ii) Terms, rights and restrictions attached to:

Equity Shares:

The Company has equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

Series A 0.001% fully convertible non-cumulative preference shares:

The Company has class of fully convertible non-cumulative redeemable preference shares having a par value of Rs. 10 per share. Non-cumulative redeemable preference shares carry cumulative dividend @ 0.001 % per annum.

(iii) Details of shares held by the holding company

Particulars	Number of Shares		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tech Mahindra Limited	**14,675,088**	14,675,088	14,675,088

(iv) Details of equity shares held by shareholder holding more than 5%:

Name of shareholder	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	No of Shares	**% of Holding#**	No of Shares	% of Holding#	No of Shares	% of Holding#
Tech Mahindra Limited	**14,675,088**	**67.10%**	14,675,088	67.12%	14,675,088	67.12%
West Bridge Ventures II Investment Holdings	**2,170,931**	**9.93%**	2,170,931	9.93%	2,170,931	9.93%
Bharti (SBM) Holdings Private Limited	**1,936,420**	**8.85%**	1,936,420	8.86%	1,936,420	8.86%
Bharti (RM) Holdings Private Limited	**1,210,262**	**5.53%**	1,210,262	5.54%	1,210,262	5.54%
Bharti (RBM) Holdings Private Limited	**1,210,262**	**5.53%**	1,210,262	5.54%	1,210,262	5.54%

 # This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

Note 16 - Other Equity :

₹ in Million

Particulars	As at			
	March 31, 2017		March 31, 2016	
Securities premium account				
Opening balance	**552**		552	
Add: Additions on ESOPs exercised	**0**		-	
Closing balance		**552**		552
Hedging reserve (Refer Note 2.10(ii) & 30)				
Opening balance	**4**		17	
Add/(less): Other Comprehensive income	**9**		(13)	
Closing balance		**13**		4
Surplus in the statement of profit and loss				
Opening balance	**3,689**		2,987	
Add: Profit/(loss) for the year	**298**		708	
Add/(Less): Other comprehensive income	**(4)**		(6)	
Closing balance		**3,983**		3,689
Total		**4,548**		4,245

Note 17 -Borrowings :

(i) Long-term borrowings

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured Borrowings			
- Deferred payments (Liabilities repayable over period of 2-3 years)	**4**	33	-
Total	**4**	33	-

(ii) Short-term borrowings

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Secured			
-Cash credit (secured by book debt, inventory and moveable fixed assets)	**56**	-	-
Total	**56**	-	-

Note 18 - Provisions :

(i) Long-term provisions

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits			
-Gratuity (Refer Note 26)	**104**	83	72
-Compensated absences	**43**	37	35
Total	**147**	120	107

(ii) Short-term provisions

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits			
-Gratuity (Refer Note 26)	**10**	8	4
-Compensated absences	**28**	27	32
	38	35	36
Provision for warranties (Refer Note 32)	**13**	12	12
Provision for contigencies (Refer Note 33)	**20**	-	-
Total	**71**	47	48

Note 19 - Other liabilities :

(i) Non-current liabilities

₹ in Million

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Unearned revenue	**48**	22	24
Total	**48**	22	24

(ii) Current liabilities

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Unearned revenue	**87**	104	42
Statutory remittances	**80**	102	73
Advance from customers	**32**	87	55
Total	**199**	293	170

Note 20 - Trade payables :

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Creditors for supplies / services	**961**	965	1,098
Creditors for accrued wages and salaries	**126**	151	244
Total	**1,087**	1,116	1,342

Note 21 - Other Financial liabilities:

(i) Other Financial liabilities: Non Current

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Contractual obligation	**6**	-	-
Total	**6**	-	-

(ii) Other Financial liabilities : Current

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Payables on purchase of Property, plant and equipment	**54**	35	25
Current maturities of long term borrowings (unsecured)	**21**	37	-
Contractual obligation	**3**	-	-
Interest accrued	**2**	8	-
Total	**80**	80	25

Note 22 - Revenue from operations :

₹ in Million

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Income from Comviva Product and related managed support:		
Licence Fee with Implementation and other services	**3,397**	3,494
Revenue sharing arrangements	**720**	1,274
Annual maintenance contract services	**1,243**	930
	5,360	5,698
Income from sale of equipments and software (third party)*	**418**	657
Total	**5,778**	6,355

*Includes revenue in respect of certain contracts which involve delivery of hardware equipment / software but are still part of an integrated solution to the customer, the corresponding cost of which is reflected under Cost of hardware equipment and other items sold (Refer Note 25).

Note 23 - Other income (net):

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Interest income	**14**	9
Dividend income on current investments	**0**	0
Foreign Exchange gain/loss (net)	**(98)**	105
Sundry Balances written back	**6**	18
Miscellaneous Income	**0**	**4**
Total	**(78)**	136

Note 24. Employee benefits expense :

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Salaries, wages and bonus	**2,154**	1,859
Contribution to provident and other funds (Refer Note 26)	**112**	102
Staff welfare expenses	**65**	65
Total	**2,331**	2,026

Note 25. Other expenses :

₹ in Million

Particulars		**For the year ended March 31, 2017**	For the year ended March 31, 2016
Cost of hardware equipment and other items sold		**748**	986
Royalty and software charges		**74**	88
Travelling and conveyance		**464**	585
Specific project related claims		**27**	14
Freight and forwarding charges		**7**	18
Recruitment Expenses		**13**	28
Power and fuel		**33**	31
Rent		**167**	146
Rates and taxes		**40**	24
Insurance		**29**	23
Repairs and maintenance:			
Machinery and computers	**32**		35
Building	**38**		39
Others	**48**		69
		118	143
Advertising and sales promotion		**95**	70
Communication costs		**90**	80
(Profit) on Sale of property,plant and equipment (Net)		**(0)**	(1)
Corporate Social Responsibility		**24**	20
Legal and professional fees		**128**	103
Conference expenses		**45**	51
General office expenses		**31**	22
Provision for doubtful debts (net)		**191**	72
"Miscellaneous expenses (including warranty) (Refer note 32)"		**20**	20
Total		**2,344**	2,523

26. Employee Benefits

a) Defined Contribution Plan

Amounts recognized as an expense in the Statement of Profit and Loss in respect of defined contribution plan is Rs. 91 million (year ended March 31, 2016 : Rs. 81 million).

Provident Fund

The Company makes Provident fund contributions for eligible employees to the trust administrated by the Board of trustees at a specified percentage of the salary components. In respect of Provident fund contributions, the Company is liable for annual contribution and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952. In addition to such contributions, the Company also recognises potential deficiency in interest, if any, computed as per actuarial valuation of interest as an expense in the year it is determined. As of March 31, 2017, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 761 million and Rs. 426 million respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.80% for the first year and 8.60% thereafter. The actuarial assumptions include discount rate of 6.80% and an average expected future period of 5 years. The Company recognised Rs. 67 million (March 31, 2016: Rs.56 million) for provident fund contributions in the statement of profit and loss.

b) Defined Benefit Plan - Gratuity

i) The Defined Benefit Plan comprises of Gratuity.

ii) Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

iii) The defined benefit plan is funded.

iv) Actuarial gains and losses in respect of defined benefit plans are recognised in other comprehensive income.

I] Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Present Value of Defined Benefit Obligation as at the beginning of the year	**106**	94
Service Cost	**14**	16
Interest cost	**8**	6
Benefits Paid	**(11)**	(12)
Actuarial (gain)/ loss - experience	**6**	5
Actuarial (gain)/ loss - financial assumptions	**(0)**	1
Liability transferred to subsidiary*	**-**	(4)
Present Value of Defined Benefit Obligation as at the end of the year	**123**	106

*During previous year i.e from January 2016 all the employees of the Sharjah branch have been transferred with a continuity of service to Comviva Technologies FZ-LLC, a 100% subsidiary of the company and accordingly all the retirement benefits obligation upto January 2016 have been transferred to Comviva Technologies FZ-LLC .

II] Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Opening fair value of plan assets	**15**	18
Interest income on plan assets	**1**	1
Contributions by employer	**4**	8
Benefits Paid	**(11)**	(12)
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	0
Closing fair value of plan assets as at end of the year	**9**	15

III] Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet :

Net defined benefit Asset/(Liability)

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Net defined benefit asset/(liability) at end of prior period	**(91)**	(76)
Service Cost	**(14)**	(16)
Net interest on net defined benefit liability/(asset)	**(7)**	(5)
Amount recognised in OCI	**(6)**	(6)
Employer contribution	**4**	8
Liability transferred to subsidiary	**-**	4
Benefits Paid (Net)	**0**	-
Net defined benefit Asset/(Liability) recognised in Balance Sheet	**(114)**	(91)

IV] Components of employer expenses recognised in the Statement of Profit and Loss:

₹ in Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Service Cost	**14**	16
Interest cost	**8**	6
Expected return on plan assets	**(1)**	(1)
Total expense recognised in the Statement of Profit & Loss	**21**	21

V] Components of employer expenses recognised in the other comprehensive income:

₹ in Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Actuarial (gain)/ loss due to DBO experience	**6**	5
Actuarial (gain)/ loss due to DBO assumption changes	**(0)**	1
Remeasurement- Return on plan assets excluding amount included in interest income	**(0)**	(0)
Actuarial (gain)/ loss recognised in OCI	**6**	6

VI] Assumptions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount Rate	**6.80%**	7.60%	7.80%
Salary Escalation Rate	**7.00%**	8.00%	8.00%
Employee Separation Rate	**17.00%**	17.00%	17.00%

a) Discount rate : It is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities.

b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c) Employee separation Rate: The assumption of Employee separation rate represents the company's expected experience of employee turnover.

VII] Sensitivity analysis

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
A: Discount rate		
1. Effect on DBO due to 0.5% increase in discount rate	**(3)**	(2)
2. Effect on DBO due to 0.5% decrease in discount rate	**3**	3
B : Salary Escalation Rate		
1. Effect on DBO due to 0.5% increase in Salary escalation rate	**3**	2
2. Effect on DBO due to 0.5% decrease in Salary escalation rate	**(2)**	(2)
C : Withdrawal Rate		
1. Effect on DBO due to 5% increase in withdrawal rate	**(1)**	(1)
2. Effect on DBO due to 5% decrease in withdrawal rate	**1**	0

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

VIII] Expected benefit payments for the year ended **(Rs. in million)**

1. March 31, 2018	21
2. March 31, 2019	21
3. March 31, 2020	23
4. March 31, 2021	24
5. March 31, 2022	26
6. March 31, 2023 to March 31, 2027	112

IX] Expected employer contributions for the year ended March 31, 2018 (Rs. in million) 8

X] Weighted average duration of defined benefit obligation 5 years

XI] Accrued benefit obligation as at March 31, 2017 (Rs. in million) 93

XII] Vested benefit obligation as at March 31, 2017 (Rs. in million) 106

XIII] Plan asset information:

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Schemes of insurance - conventional products	**100%**	100%	100%

XIV] Description of Plan characteristics and associated risks:

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

1. Interest rate risk
2. Salary Inflation risk
3. Demographic risk

XV] Description of Funding arrangements and policies:

The Gratuity scheme of the company is funded by way of a separate irrevocable Trust and the company is expected to make regular contributions to the Trust. The fund is managed internally by the company and assets are invested in a combination of insurance funded arrangements as well as some assets directly invested in securities.

27. Leases

The Company has taken premises on operating lease for the period of one to five years. The expenses of such lease rentals recognised in the statement of Profit and loss account for the year ended March 31, 2017 is Rs. 167 Million (year ended March 31, 2016: Rs 146 Million). The future lease payments of such operating lease are as follows:

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Minimum Lease Payments			
- Not later than one year	**110**	120	121
- Later than one year and not later than five years	**51**	85	201
- Later than five years	**-**	-	-

28. Related Party Disclosure

a) Name of the related party and nature of relationship:-

Name of the Related Party	**Extent of holding / Relationship**
Tech Mahindra Limited	Holding company
Where control exists:	
Comviva Technologies Inc	100 % Subsidiary
Comviva Technologies Nigeria Limited and its subsidiary:	100 % Subsidiary
Hedonmark {Management Services} Limited	75 % subsidiary of Comviva Technologies Nigeria Ltd
Comviva Technologies Singapore PTE. Ltd.	100 % Subsidiary
Comviva Technologies FZ-LLC	100 % Subsidiary
Terra Payment Services South Africa (PTY) Ltd.	100 % Subsidiary
Comviva Technologies Madagascar Sarlu.	100 % Subsidiary
Comviva Technologies B.V. and its subsidiaries	100 % Subsidiary
ATS Advanced Technology Solutions S.A.	95% subsidiary of Comviva Technologies B.V.
ATS Advanced Technology Solutions do Brasil, industria, comercio, importacao E exportacao LTDA	95% subsidiary of Comviva Technologies B.V.
Comviva Technologies Colombia S.A.S.	100% subsidiary of Comviva Technologies B.V.
Terra Payment Services (Netherlands) BV and its subsidiaries	100 % Subsidiary
Mobex Money Transfer Services Limited	99.99% subsidiary of Terra Payment Services (Netherlands) BV
Terrapay Services (UK) Limited	100% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services (Tanzania) Limited	99.99% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services (Uganda) Limited	100% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services S.A.R.L. -(Senegal)	100% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services S.A.R.L.-(Congo B)	100% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services S.A.R.L. -(DRC)	100% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services (UK) Limited	100% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services Botswana (Pty) Limited	100% subsidiary of Terra Payment Services (Netherlands) BV
Terra Payment Services (Mauritius)	100% subsidiary of Terra Payment Services (Netherlands) BV
Other related parties with whom transactions during the year:	
PT Tech Mahindra Indonesia	Fellow subsidiary
New VC Services Private Limited	Fellow subsidiary
Tech Mahindra Foundation	Fellow subsidiary
Tech Mahindra Nigeria Limited	Fellow subsidiary
Bharti Telesoft International Pvt. Ltd. Executives Providend Fund Trust*	Post-employment benefit plan
Bharti Telesoft Ltd. Employee Group Gratuity Trust	Post-employment benefit plan
Key Management Personnel:	
Manoranjan Mohapatra	Managing Director and Chief Executive Officer
Sriram Gopalakrishnan	Chief Financial Officer

*Refer note no. 26 for details of related party transaction.

b) Transactions with Related Parties:

₹ in Million

Particulars	Transactions for the year ended March 31, 2017 Revenue/(Expense)										Balance as at March 31, 2017 Debit/(Credit)										
	Sales	Interest Income	Cost of Goods/ Service (received)/ provided	Reimburse-ment of Expenses	Donation Given	Sale / (Purchase) of Fixed Assets / Inventory	Repayment of loan and interest	Share Application Money	Investment/ Share Capital Infusion	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Other Current Assets	Trade Payables	Loans & other financial assets / liabilities	Contractual obligation	Investment	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Subsidiary Companies																					
Comviva Technologies Inc	-	-	(80)	(0)	-	-	-	-	-	-	3	-	-	(19)	(1)	-	5	-	-	-	-
Comviva Technologies Nigeria Limited	-	-	-	-	-	-	-	148	-	-	33	-	-	-	76	-	151	-	-	-	-
Comviva Technologies Singapore PTE. Ltd.	1	2	-	-	-	-	-	-	25	-	4	-	-	(22)	29	-	28	7	-	(3)	-
Comviva Technologies FZ-LLC	60	-	-	-	-	(15)	-	-	-	-	161	21	-	(56)	35	-	1	-	(33)	-	-
Terra Payment Services (Netherlands) BV	-	-	-	-	-	-	-	159	-	-	-	-	-	-	-	-	188	-	-	-	-
Comviva Technologies B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9)	1	-	-	-	-
ATS Advanced Technology Solutions S.A.**	-	-	-	-	-	-	-	-	14	-	-	-	-	-	-	-	14	-	-	-	-
ATS Advanced Technology Solutions do Brasil, industria, comercio, importacao y exportacao LTDA**	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	2	-	-	-	-
Holding Company																					
Tech Mahindra Limited	229	-	-	(19)	-	-	-	-	-	-	57	67	-	(5)	-	-	-	-	(4)	-	-
Fellow Subsidiaries																					
PT Tech Mahindra Indonesia	1	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	(0)	-	-
Tech Mahindra Foundation	-	-	-	-	(14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	3	-	-	-	-	-	-	-	-	-	25	-	-	-	-	-	-	-	-	-	-
Key Management Personnel*																					
Manoranjan Mohapatra (Refer Note 34)	-	-	-	-	-	-	-	-	-	(12)	-	-	6	-	-	-	-	-	-	-	-
Sriram Gopalakrishnan	-	-	-	-	-	-	-	-	-	(15)	-	-	-	-	-	-	-	-	-	-	(2)

* * Shares purchased from Comviva Technologies BV Ltd.

b) Transactions with Related Parties:

₹ in Million

Particulars	Transactions for the year ended March 31, 2016 Revenue/(Expense)									Balance as at March 31, 2016 Debit/(Credit)									
	Sales	Interest Income	Cost of Goods / service (received)/ provided	Reimbursement of Expenses	Donation Given	Advance Given	Repayment of loan and interest	Investments made during the period	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Trade Payables	Loans & other financial assets / liabilities	Investment	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Subsidiary Companies																		
Comviva Technologies Inc	-	-	(134)	(0)	-	-	-	-	-	3	-	(21)	(0)	5	-	-	-	-
Comviva Technologies Nigeria Limited	-	-	-	-	-	-	-	-	-	34	-	-	78	3	-	-	-	-
Comviva Technologies Singapore PTE. Ltd.	-	2	-	-	-	-	-	(3)	-	3	-	(23)	27	3	6	-	(3)	-
Comviva Technologies FZ-LLC	211	1	(3)	-	-	(27)	26	-	-	291	84	(43)	45	1	-	(5)	-	-
Terra Payment Services (Netherlands) BV	-	-	-	-	-	-	-	(29)	-	-	-	-	-	29	-	-	-	-
Comviva Technologies B.V.	-	-	-	-	-	-	-	(1)	-	-	-	-	-	1	-	-	-	-
Holding Company																		
Tech Mahindra Limited	160	-	(1)	(26)	-	-	-	-	-	63	20	(12)	-	-	-	(1)	-	-
Fellow Subsidiaries																		
PT Tech Mahindra Indonesia	7	-	-	-	-	-	-	-	-	-	0	-	-	-	-	(0)	-	-
Tech Mahindra Foundation	-	-	-	-	(11)	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	23	-	-	-	-	-	-	-	-	23	-	-	-	-	-	(0)	-	-
Key Management Personnel*																		
Manoranjan Mohapatra	-	-	-	-	-	-	-	-	(36)	-	-	-	-	-	-	-	-	(16)
Sriram Gopalakrishnan	-	-	-	-	-	-	-	-	(16)	-	-	-	-	-	-	-	-	(2)

b) Transactions with Related Parties:

₹ in Million

Particulars	Balance as at March 31, 2015 Debit/(Credit)							
	Trade Receivable	Unbilled Revenue	Trade Payables	Investment	Loans & other financial assets / liabilities	Interest Accrued	Advance from Customers	Accrued benefit payable
Subsidiary Companies								
Comviva Technologies Inc	3	-	(9)	5	0	-	-	-
Comviva Technologies Nigeria Limited	32	-	-	3	74	-	-	-
Comviva Technologies Singapore PTE. Ltd.	3	-	(21)	0	26	4	(3)	-
Comviva Technologies FZ-LLC	399	-	(37)	1	38	-	-	-
Holding Company								
Tech Mahindra Limited	57	46	(16)	-	-	-	-	-
Fellow Subsidiaries								
PT Tech Mahindra Indonesia	3	-	-	-	-	-	-	-
New VC Services Private Limited	1	-	-	-	-	-	-	-
Tech Mahindra Foundation	-	-	-	-	-	-	-	-
Key Management Personnel								
Manoranjan Mohapatra	-	-	-	-	-	-	-	(30)
Sriram Gopalakrishnan	-	-	-	-	-	-	-	(4)

*The breakup of compensation of Key management personnel is as follows:

₹ in Million

Key Management Personnel	Short-term employee benefits	Post-employment benefits***	Other long-term benefits***	Termination benefits	Share-based payment	Total
Manoranjan Mohapatra	12	-	-	-	-	12
	[36]	[-]	[-]	[-]	[-]	[36]
Sriram Gopalakrishnan	15	-	-	-	-	15
	[16]	[-]	[-]	[-]	[-]	[16]

*** Employment benefits comprising gratuity, and compensated absences are not disclosed as these are determined for the company as a whole.

Figures in brackets "[ ]" are for year ended March 31, 2016.

29 Contingent Liabilities and Commitments:

(i) Contingent Liabilities:

₹ in Million

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Bank Guarantees	**109**	84	86
2	Corporate Guarantee*	**1,783**	1,822	-
3	Income tax matters (Refer Note I)	**328**	157	22
4	Service tax matters (Refer Note II)	**407**	407	407
5	Other claims against the company not acknowledged as debts (Refer Note III)	**46**	47	46

* Corporate Guarantee of USD 28 million (Rs.1,783 million) given to the bank for availing credit facility by Comviva Technologies B.V.(100% subsidiary of the company).

Note:

I Income Tax Matter:

a) Demand from Income Tax Authorities for Assessment year 2005-06 (from Assistant Commissioner of Income Tax) Rs. 3 million (March 31, 2016 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2016 - Rs. 2 million) under protest.

b) Demand from Income Tax Authorities for Assessment year 2006-07 (from Assistant Commissioner of Income Tax) Rs. 2 million (March 31, 2016 : Rs. 2 million)

c) Demand from Income Tax Authorities for Assessment year 2007-08 u/s 154 (from Assistant Commissioner of Income tax) Rs. 3 million (March 31, 2016 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2016 Rs. 2 million) under protest.

d) Demand from Income tax Authorities for the Assessment year 2007-08 for payment of additional tax u/s 143(3) from Deputy Commissioner of Income Tax for Rs. 58 Million (March 31, 2016 Rs. 58 Million). The Company has filed Form 35 with CIT(A) and subsequent appeal before income tax appellant tribunal against this Assessment Order. The company has got favourable order from CIT(A) and ITAT. However on the ground relating to disallowance under section 14A, ITAT has referred back the matter to Assessing Officer for statistical verification. The Assessing Officer has issued an order dated March 28, 2017 demanding Rs. 2 million on the grounds of disallowance under section 14A. The company has filed a rectification application under section 154 before the assessing officer and has filed appeal before CIT (Appeals).

e) The company has paid CDF 190 million (Rs. 9 million) against the tax demand along with filling of objection letter with the respective tax department against this said demand. The matter is not up for hearing and the management is confident of recovering the same.

f) The Company has received an order u/s 143(3) from the Assessing Officer for Assessment year 2012-13 with no adjustments in the returned income. However, there is a short adjustment of TDS credit, MAT credit and Foreign tax credit of Rs. 196 million resulting in a demand of Rs.134 million(March 31, 2016 Rs. 134 Million). The Company has filed a rectification application u/s 154 before the assessing officer on April 4, 2016 and appeal before CIT(Appeals) on April 14, 2016.

g) Demand of XAF 67 Million (Rs 7 Million) from Chad Income tax authorities for the year 2014, against which the Company is in the process of filing an objection letter.

h) Demand of XAF 49 Million (Rs 5 Million) from Chad Income tax authorities for the year 2015, against which the Company is in the process of filing an objection letter.

i) Demand of GHS 2 Million (Rs 32 Million) from Ghana Income tax authorities for the year April 2012 to March 2014 which has been subsequently revised to GHS 0.9 Million (Rs. 15 Million), against which the Company is in the process of filing a written response to object to the assessment.

j) The Company has received an order u/s 143(3) from the Assessing Officer for Assessment year 2013-14 with adjustments in the returned income and short grant of prepaid taxes . Consequently there is reduction in refund of Rs 29 Million. The Company has filled appeal before CIT (Appeals) on January 27, 2017 and is pending for hearing.

k) The Company has received an order u/s 143(3) from the Assessing Officer for Assessment year 2014-15 with adjustments in the returned income and short grant of prepaid taxes. Consequently there is reduction in refund of Rs 119 Million. The Company has filled appeal before CIT (Appeals) on January 27, 2017 and is pending for hearing.

II Service Tax Matter:

The company has received an order from Commissioner of service tax confirming demand (including penalty of Rs. 204 million) for the financial years 2004-05 to 2007-08 amounting to Rs. 407 million (March 31, 2016 - Rs. 407 million). An amount of Rs. 15 million has been adjusted against the cenvat credit as a protest payment. The company has filed an appeal before the Honorable Customs, Excise & Service Tax Appellate(CESTAT) and is pending hearing.

III Other Claims:

a) It includes demand from BSES, New Delhi amounting to Rs. 15 million and from BESCOM, Bangalore amounting to Rs. 7 million.

b) Includes a claim of USD-0.6 million (Rs. 39 million) by a leading telecom customer in Africa. The company has issued a credit note of Rs. 19 million (50% of the claim amount) as an interim settlement and provided for an amount of Rs. 10 million based on it's estimate of the liability and the balance amount is shown under contingent liabilities.

c) Includes a claim of KES-22 million (Rs. 14 million) by a leading telecom customer in Africa. The company has issued a credit note of Rs 4 Million (30% of the claim amount) as an interim settlement and the balance amount is shown under contingent liabilities.

d) Includes a claim of KES- 7 Million (Rs. 4 million) by a leading telecom customer in Africa. The Company believes that it is not liable for this claim and accordingly responded to the customer on November 19, 2015 to which the company has not received any reply as at March 31, 2017.

(ii) Commitments :

₹ in Million

Sr. No.	Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**116**	17	36

30. FINANCIAL INSTRUMENTS

I] Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2017 were as follows:

₹ in Million

Particulars	**Amortised cost**	**Financial assets/ liabilities at fair value through profit or loss**	**Financial assets at fair value through OCI**	**Total carrying value**
Assets:				
Cash and cash equivalents (Refer note 12)	526	-	-	526
Other balances with banks (Refer note 13)	14	-	-	14
Equity Investment (Non Current, (Refer note 5))	-	-	16	16
Investment in mutual fund (Refer note 10)	-	-	-	-
Trade receivables (Refer note 11)	2,481	-	-	2,481
Loans (Refer note 6)	27	-	-	27
Other financial assets (Refer note 14(i) & 14(ii))	932	66	19	1,017
Total	**3,980**	**66**	**35**	**4,081**
Liabilities:				
Trade payables (Refer note 20)	1,087	-	-	1,087
Borrowings (Refer note 17(i) & 17(ii))	60	-	-	60
Other financial liabilities (Refer Note 21(i) & 21(ii))	86	-	-	86
Total	**1,233**	**-**	**-**	**1,233**

The carrying value of financial instruments by categories as at March 31, 2016 were as follows:

₹ in Million

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Total carrying value
Assets:				
Cash and cash equivalents (Refer Note 12)	607	-	-	607
Other balances with banks (Refer Note 13)	2	-	-	2
Investment in mutual fund (Refer Note 10)	-	110	-	110
Trade receivables (Refer Note 11)	2,730	-	-	2,730
Loans (Refer note 6)	27	-	-	27
Other financial assets (Refer note 14(i) & 14(ii))	1,279	18	4	1,301
Total	**4,645**	**128**	**4**	**4,777**
Liabilities:				
Trade payables (Refer note 20)	1,116	-	-	1,116
Borrowings (Refer note 17(i) & 17(ii))	33	-	-	33
Other financial liabilities (Refer Note 21(i) & 21(ii))	80	-	-	80
Total	**1,229**	**-**	**-**	**1,229**

The carrying value of financial instruments by categories As at April 1, 2015 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value
Assets:				
Cash and cash equivalents (Refer Note 12)	520	-	-	520
Other balances with banks (Refer Note 13)	-	-	-	-
Investment in mutual fund (Refer Note 10)	-	-	-	-
Trade receivables (Refer Note 11)	2,940	-	-	2,940
Loans (Refer note 6)	26	-	-	26
Other financial assets (Refer note 14(i) & 14(ii))	831	35	17	883
Total	**4,317**	**35**	**17**	**4,369**
Liabilities:				
Trade payables (Refer note 20)	1,342	-	-	1,342
Borrowings (Refer note 17(i) & 17(ii))	-	-	-	-
Other financial liabilities (Refer Note 21(i) & 21(ii))	25	-	-	25
Total	**1,367**	**-**	**-**	**1,367**

II] Fair Value Hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis As at March 31, 2017:

₹ in Million

Particulars	As at March 31, 2017	Fair value measurement As at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund	-	-	-	-
Derivative financial instruments - foreign currency forward contracts	85	-	85	-
Liabilities	-	-	-	-
Derivative financial instruments - foreign currency forward contracts	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of As at March 31, 2016:

₹ in Million

Particulars	**As at March 31, 2016**	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Investments in mutual fund	110	110	-	-
Derivative financial instruments - foreign currency forward contracts	22	-	22	-
Liabilities	-	-	-	-
Derivative financial instruments - foreign currency forward contracts	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis As at April 1, 2015:

₹ in Million

Particulars	**As at April 1, 2015**	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Investments in mutual fund	-	-	-	-
Derivative financial instruments - foreign currency forward contracts	52	-	52	-
Liabilities	-	-	-	-
Derivative financial instruments - foreign currency forward contracts	-	-	-	-

III] Financial Risk Management

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

(i) Market risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company exposure to market risk is primarily on account of foreign currency exchange rate risk.

The company revenue is denominated majorly in USD and EUR. The majority of the costs are in Indian rupee. This exposes the company to currency fluctuation risk. The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. These forward contracts period lies between 1 day to 1 year.

The following are the outstanding USD/EUR : INR currency exchange contracts entered into by the company which have been designated as cash flow hedges:

Currency	**Amount outstanding as at March 31, 2017 in foreign currency**	**Fair value Gain/ (loss) in Rs.**	**Amount outstanding as at March 31, 2017 in Rs.**	**No. of Contracts**
In USD	15 million	71 million	952 million	9 Contracts
	(March 31, 2016: 23 mn)	(March 31, 2016: 24 mn)	(March 31, 2016: 1534 mn)	(March 31, 2016: 15 Contracts)
	(March 31, 2015: 29 mn)	(March 31, 2015: 22 mn)	(March 31, 2015: 1779 mn)	(March 31, 2015: 33 Contracts)
In Euro	2 million	14 million	118 million	8 Contracts
	(March 31, 2016: 3 mn)	(March 31, 2016: (2) mn)	(March 31, 2016: 226 mn)	(March 31, 2016: 14 Contracts)
	(March 31, 2015: 3 mn)	(March 31, 2015: 30 mn)	(March 31, 2015: 188 mn)	(March 31, 2015: 14 Contracts)

(ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit Risk Exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 3,440 million, Rs. 4,036 million and Rs. 3,797 Million as of As at March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total of the carrying amount of trade receivables, unbilled revenue and other financial assets. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantee is called on. Refer Note 29(i).

Trade receivable

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

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Movement in the Expected credit loss allowance:"

₹ in Million

Particulars	**As at March 31, 2017**	As at March 31, 2016
Balance at the beginning of the year	**144**	138
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**190**	69
Bad debts written off	**-**	(63)
Balance at the end of the year	**334**	144

(iii) Liquidity Risk

Liquidity risk refers to the risk that the company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

Capital management

"The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 17 (i) and 17 (ii) offset by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Comapny's risk management committee reviews the capital structure of the Company on a an ongoing basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017

₹ in Million

Particulars	Less Than 1 Year	More Than 1 Year	Total
Trade Payables	1,087	-	1,087
Other financial liabilities	80	6	86

The table below provides details regarding the contractual maturities of significant financial liabilities as of as at March 31, 2016

₹ in Million

Particulars	Less Than 1 Year	More Than 1 Year	Total
Trade Payables	1,116	-	1,116
Other financial liabilities	80	-	80

The table below provides details regarding the contractual maturities of significant financial liabilities as of as at April 1, 2015

₹ in Million

Particulars	Less Than 1 Year	More Than 1 Year	Total
Trade Payables	1,342	-	1,342
Other financial liabilities	25	-	25

(IV) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:-

₹ in Million

Particulars	Currency	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Amount in Foreign Currency	Amount in INR Currency	Amount in Foreign Currency	Amount in INR Currency	Amount in Foreign Currency	Amount in INR Currency
Trade Receivables	BDT	58	47	50	42	52	42
	CDF	169	8	822	60	504	35
	EUR	6	444	4	315	4	256
	GBP	0	9	0	7	-	2
	GHS	1	13	1	15	-	5
	KES	15	9	15	10	21	15
	MGA	1,300	26	497	10	1,189	25
	MWK	78	7	147	14	284	41
	RWF	59	5	15	1	33	3
	SCR	0	0	0	1	-	-
	SLL	471	4	856	14	661	10
	TZS	592	17	1,999	61	1,092	37
	UGX	272	5	213	4	-	-
	USD	14	922	3	203	2	137
	XAF	135	14	189	22	226	23
	XOF	264	28	528	61	246	25
	ZMW	0	2	1	3	2	16
Other financial assets	AED	0	6	1	11	1	9
	BDT	1	1	75	63	72	58
	CDF	12	1	712	52	526	36
	EUR	0	2	2	184	2	116
	GBP	0	1	0	4	-	4
	GHS	(0)	(1)	1	10	-	7
	KES	12	7	42	27	43	29
	LKR	-	-	1	0	1	-
	MGA	0	0	757	16	443	9
	MWK	0	0	201	20	106	15
	RWF	4	0	2	0	6	1

₹ in Million

Particulars	Currency	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Amount in Foreign Currency	Amount in INR Currency	Amount in Foreign Currency	Amount in INR Currency	Amount in Foreign Currency	Amount in INR Currency
Other financial assets	SCR	-	-	1	6	1	4
	SGD	0	2	0	2	-	4
	SLL	5	0	880	15	744	11
	TZS	0	0	2,778	84	1,776	60
	UGX	4	0	742	15	694	15
	USD	1	90	15	1,011	11	686
	XAF	5	1	174	20	145	15
	XOF	1	0	326	38	364	38
	ZAR	0	1	0	0	-	-
	ZMK	14	0	-	-	-	-
	ZMW	0	1	1	5	1	5
Trade Payables	AED	(0)	(0)	-	-	-	4
	BDT	3	2	2	2	1	1
	CDF	31	1	10	1	133	9
	EUR	0	10	0	5	-	-
	GBP	0	2	0	3	-	6
	GHS	0	5	0	5	-	5
	KES	9	6	-	-	8	5
	LKR	0	0	-	-	4	2
	MGA	47	1	107	2	91	2
	MWK	5	0	3	0	5	1
	RWF	8	1	5	0	2	-
	SCR	0	0	0	0	-	1
	SGD	0	1	0	2	-	6
	SLL	144	1	97	2	95	1
	TZS	44	1	35	1	74	3
	UGX	88	2	2	0	42	1
	USD	6	392	5	327	5	327
	XAF	223	23	136	16	131	14
	XOF	108	11	85	10	143	15
	ZAR	0	0	0	1	-	1
	ZMK	71	0	-	-	-	-
	ZMW	0	1	0	1	-	1

Forex sensitivity analysis:

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the company would result in increase/decrease in the company's profit before tax by approximately Rs. 156 million as at March 31, 2017 (Rs. 84 million as at March 31, 2016, Rs. 67 million as at April 1, 2015) for trade receivables and Rs. 11 million as at March 31, 2017 (Rs. 158 million as at March 31, 2016, Rs. 112 million as at April 1, 2015) for other financial assets.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the company would result in decrease/increase in the company's profit before tax by approximately Rs. 46 million as at March 31, 2017 (Rs. 38 million as at March 31, 2016, Rs. 41 million as at April 1, 2015) for trade payables.

31 Basic and Diluted Earning per share

₹ in million except earning per share

Particulars	As at March 31, 2017	As at March 31, 2016
Nominal value per equity share	**10**	10
Total profit/(loss) for the year	**298**	708
Total profit/(loss) attributable to equity shareholders	**298**	708
	No. of Shares	No. of Shares
Weighted average number of equity shares	**21,717,999**	21,716,214
Weighted average number of diluted equity shares	**21,717,999**	21,717,279
Earning Per Share- Basic	**13.74**	32.57
Earning Per Share- Diluted	**13.74**	32.57

32 Provision for warranty:

The movement in the said provision is summarized below:

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening Balance	**12**	12	6
Add: Additional provision made during the year	**13**	12	12
Less: Provision reversed during the year	**(12)**	(12)	(6)
Closing balance	**13**	12	12

Note: Provision for warranty is estimated and made based on technical estimates of the management and is expected to be settled over the period of next year.

33 Provision for contingencies

The movement in the said provision is summarized below:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening Balance	**-**	-	-
Add: Provision made during the year	**20**	-	-
Less: Provision reversed during the year	**-**	-	-
Closing balance	**20**	-	-

Note : Management estimates to settle the above within one year

34 In view of inadequacy of profits during the year, remuneration to the Managing Director has been restricted to the limits prescribed in schedule V of the Companies Act, 2013 ("the Act") while the actual remuneration approved by the shareholders of the company is higher than the said limits. The differential remuneration between the approved amount and the amount prescribed in schedule V of the Act is subject to approval from the Central Government and considering the likelihood of such payment after obtaining the approval from Central Government, has been accrued as provision toward contingencies (Refer Note 33). The amount paid in excess of the said limits / remuneration during the year is confirmed to be held in trust by the Managing Director

35 Segment Information has been presented in the Consolidated Financial Statements as permitted by Ind AS 108 on Operating Segments.

36 The company has accounted as an expense of Rs. 19 million (year ended March 31, 2016: Rs. 26 million) pertaining to amortised cost of stock options granted to certain employees of the company granted by Tech Mahindra Limited, its holding company. This cost is being accounted as an employee benefits expense.

37 The Company, through its 100% subsidiary Terra Payment Services (Netherlands) B.V. in June 2016, has incorporated a 100% subsidiary in DR Congo namely Terra Payment Services S.A.R.L. However the company is yet to start its operations as of March 31, 2017.

38 The Company, through its 100% subsidiary Terra Payment Services (Netherlands) B.V. in June 2016, has incorporated a 100% subsidiary in Senegal namely Terra Payment Services S.A.R.L. However the company is yet to start its operations as of March 31, 2017.

39 The Company, through its 100% subsidiary Comviva Technologies B.V in June 2016, has incorporated a 100% subsidiary in Colombia namely Comviva Technologies Colombia S.A.S. which has commenced its operations since November 2016.

40 On April 29, 2016, Terra Payment Services (Netherlands) B.V.(a wholly owned subsidiary of the Company) entered into an agreement to acquire 100% equity control in Pay2Global Limited for an upfront consideration of GBP 0.26 million (Rs. 23 million) subject to certain terms and conditions. On such fulfilment, Pay2Global Limited became a wholly owned subsidiary of Terra Payment Services (Netherlands) B.V. w.e.f. August 5, 2016. Subsequently, on August 9, 2016 name of Pay2Global Limited was changed to Terra Payment Services (UK) Limited.

41 On July 4, 2016, Terra Payment Services (Netherlands) B.V.(a wholly owned subsidiary of the Company) has incorporated a 100% subsidiary in Congo B namely Terra Payment Services S.A.R.L. The company is yet to start its operations as at March 31, 2017.

42 Terra Payment Services (Netherlands) B.V.(a wholly owned subsidiary of the Company) has acquired 100% stake in Terra Payment Services Botswana (Pty) Limited (formerly known as Orpsket (Proprietary) Limited) w.e.f July 13, 2016 for a total consideration of BWP 120 (Rs. 0 million).

43 The Company has acquired 5% stake in ATS Advanced Technology Solutions do Brasil Industria, Comercio, Importacao e Exportacao Ltda. from Comviva Technologies (Netherlands) B.V. (a wholly owned subsidiary of the Company) in July 2016 for a total consideration of USD 31,250 (Rs. 2 million).

44 The Company has acquired 5% stake in ATS Advanced Technology Solutions S.A. from Comviva Technologies (Netherlands) B.V. (a wholly owned subsidiary of the Company) in July 2016 for a total consideration of USD 201,806 (Rs.14 million). As per the agreement dated July 21, 2016, the initial purchase consideration of USD 21,086 (Rs. 1 Million) has been paid and balance is payable in tranches of USD 45,000 in each successive years commencing from December 31, 2016 till December 31, 2019.

45 The Company has incorporated a 100% Subsidiary in Madagascar namely Comviva Technologies Madagascar Sarlu in December 2016. However the company is yet to start its operations as on March 31, 2017

46 The Company, through its 100% subsidiary Terra Payment Services (Netherlands) B.V. in January 2017, has incorporated a 100% subsidiary in Terra Payment Services Mauritius.

47 Based on the information available with the company, no creditors have been identified as "Supplier" within the meaning of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

48 Auditors Remuneration (net of service tax)

₹ in Million

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Audit Fees (including quarterly audits)	**3**	3
For other services	**1**	0
For taxation matter	**1**	1
Total	**5**	4

49 Particulars of loans given \ investments made \ guarantees given, as required by clause (4) of Section 186 of the Companies Act, 2013

Name	**Nature**	**Amount of loan outstanding as at March 31, 2017**	**Period**	**Rate of interest**	**Purpose**
For details of investments made, refer Note 5					
Comviva Technologies B.V.	Guarantee	Rs. 1,783 Million (USD 28 Million) [Rs. 1,822 Million (USD 28 Million)]	Repayable on demand	Libor+95 bps	Corporate Guarantee of Rs. 1,783 million (USD 28 million) to Bank of America for availing credit facility by Comviva Technologies B.V.
Figures in brackets "[ ]" are for the previous year ended March 31, 2016.					

50 Corporate Social Responsibility:

a) Gross amount required to be spent by the Company Rs 24 million during the year.

b) Amount spent during the year Rs 24 million.

51 Research & Development Expenditure

The Company has incurred Research & Development Expenditure during the year. Details are as follows:

• Revenue Expenditure – Rs. 515 million

• Capital Expenditure – Rs. 85 million

52 Income Tax and Deferred Tax

Income Tax Expense

Income tax expense in the statement of profit and loss comprises:

₹ in Million

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Current tax	**111**	381
Deferred tax	**(133)**	22
Income tax expense recognized in profit or loss	**(22)**	403
Deferred tax in other comprehensive income	**4**	-
Total income tax expense recognized in total comprehensive income	**(18)**	403

The income tax expense for the year can be reconciled to the accounting profit as follows:

₹ in Million

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Profit before Tax	**276**	1111
Enacted tax rate	**34.608%**	34.608%
Income tax expense calculated at 34.608%	**96**	384
Effect of expenses/ income that are not admissible in determining taxable profit	**21**	7
Effect of differential overseas tax rates	**1**	1
Additional deduction on Research & Development expenditure	**(145)**	-
Others	**5**	11
Income tax expense recognised in profit or loss	**(22)**	403

Note:

Current tax for the year ended March 31, 2017 includes tax expense w.r.t. foreign branches amounting to Rs. (41) million (year ended march 31, 2016: Rs. 15 million).

The tax rate used for the above reconciliations are the rates as applicable for the respective periods payable by corporate entities in India on taxable profits under the India tax laws.

Deferred Tax:

The following is the analysis of deferred tax assets presented in the balance sheet:

₹ in Million

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	As at April 1, 2015
Deferred tax assets	**321**	186	208
Deferred tax liabilities	**(6)**	-	-
Deferred tax assets (net)	**315**	186	208

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

₹ in Million

Particulars	For the year ended March 31, 2017			
	Opening balance	Recognized in Profit and loss	Recognized in OCI	Closing balance
Provision for Employee benefits	96	3	2	101
Inventory and Trade receivables	56	77	-	133
Property, Plant & Equipment and Intangibles assets	34	6	-	40
MAT Credit Entitlement	-	18	-	18
Provision for expenses allowed on payment basis		22		22
Others	-	7	-	7
Cash flow hedging reserve	-	-	(6)	(6)
Net Deferred Tax Assets	**186**	**133**	**(4)**	**315**

₹ in Million

Particulars	For the year ended March 31, 2016			
	Opening balance	Recognized in Profit and loss	Recognized in OCI	Closing balance
Provision for Employee benefits	129	(33)	-	96
Inventory and Trade receivables	51	5	-	56
Property, Plant & Equipment and Intangibles assets	28	6	-	34
Net Deferred Tax Assets	**208**	**(22)**	**-**	**186**

53 Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016:

₹ in Million

Particulars	SBNs	Other denomination notes	Total Amount in ₹
Closing cash in hand as on November 8,2016	17,000	584	17,584
Add: Permitted receipts	-	16,000	16,000
Less: Permitted payments	-	4,478	4,478
Less: Amount deposited in Banks	17,000	-	17,000
Closing cash in hand as on December 30, 2016	**-**	**12,106**	**12,106**

54 Previous year's figures have been re-classified to conform this year’s classification.

For and on behalf of Board of Directors

Vineet Nayyar
Chairman

Manoranjan Mohapatra
Managing Director and CEO

C. P. Gurnani
Director

Devendra Khanna
Director

Rajat Mukherjee
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Sunita Umesh
Director

Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMVIVA TECHNOLOGIES LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of COMVIVA TECHNOLOGIES LIMITED (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries, referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2017, and their consolidated loss, consolidated total comprehensive loss, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements / financial information of 6 subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 1,823 million as at 31st March, 2017, total revenues of Rs. 1,293 million and net cash inflows amounting to Rs. 32 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements / financial information of 14 subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 71 million as at 31st March, 2017, total revenues of Rs. 80 million and net cash inflows amounting to Rs. 32 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent Company, none of the directors of the Parent Company is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Parent company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent’s internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note 28(i) to the consolidated Ind AS financial statements.

   ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company.

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by the Parent for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management. Refer note 48 to the consolidated Ind AS financial statements.

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place : New Delhi
Date : May 23, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of COMVIVA TECHNOLOGIES LIMITED (hereinafter referred to as "Parent"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the 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 its business, including adherence to the Parent'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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place : New Delhi
Date : May 23, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

₹ in Million

			Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I	**Assets**						
A	**Non current assets**						
	(a)		Property, plant and equipment	4A	**178**	188	207
	(b)		Capital work-in-progress		**39**	15	26
	(c)		Other intangible assets	4B	**113**	128	8
	(d)		Goodwill on acquisition		**154**	169	20
	(e)		Financial assets				
	(f)		Other financial assets	12(i)	**77**	81	70
	(g)		Deferred tax assets (net)	5	**383**	189	208
	(h)		Other non-current assets	6(i)	**1,258**	638	443
	Total non-current assets				**2,202**	1,408	982
B	**Current assets**						
	(a)		Inventories	7	**105**	131	58
	(b)		Financial assets				
		(i)	Investments	8	**-**	136	-
		(ii)	Trade receivables	9	**3,002**	2,911	2,723
		(iii)	Cash and cash equivalents	10	**943**	937	671
		(iv)	Other balances with bank	11	**29**	2	-
		(v)	Other financial assets	12(ii)	**1,064**	1,255	858
	(c)		Other current assets	6(ii)	**335**	430	352
	Total current assets				**5,478**	5,802	4,662
	TOTAL ASSETS				**7,680**	7,210	5,644
II	**Equity and liabilities**						
A	**Equity**						
	(a)		Equity share capital	13	**217**	217	217
	(b)		Other equity	14	**4,255**	4,273	3,531
	Equity attributable to owners of the company				**4,472**	4,490	3,748
B	**Non-controlling interests**				**(40)**	(9)	-
C	**Liabilities**						
1	**Non current liabilities**						
	(a)		Financial liabilities				
		(i)	Borrowings	15(i)	**4**	33	-
		(ii)	Other financial liabilities	16(i)	**-**	138	-
	(b)		Provisions	17(i)	**157**	125	109
	(c)		Other non-current liabilities	18(i)	**24**	26	24
	Total non-current liabilities				**185**	322	133
2	**Current liabilities**						
	(a)		Financial liabilities				
		(i)	Borrowings	15(ii)	**754**	265	-
		(ii)	Trade payables	19	**1,723**	1,519	1,352
		(iii)	Other financial liabilities	16(ii)	**79**	138	25
	(b)		Other current liabilities	18(ii)	**351**	363	254
	(c)		Provisions	17(ii)	**115**	78	49
	(d)		Current tax liabilities (net)		**41**	44	83
	Total current liabilities				**3,063**	2,407	1,763
	TOTAL EQUITY AND LIABILITIES				**7,680**	7,210	5,644
	See accompanying notes forming part of the consolidated financial statements			1-51			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: New Delhi
Date: May 23, 2017

For and on behalf of the Board of Directors

Vineet Nayyar
Chairman

Manoranjan Mohapatra
Managing Director and CEO

C.P. Gurnani
Director

Devendra Khanna
Director

Rajat Mukherjee
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Sunita Umesh
Director

Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million except Earnings Per Share

	Particulars	Note No.	**For the year ended March 31, 2017**	For the year ended March 31, 2016
I.	Revenue from operations	20	**8,314**	7,825
II.	Other income (net)	21	**(129)**	159
III.	**Total income (I+II)**		**8,185**	7,984
IV.	**Expenses**			
	(a) Employee benefits expense	22	**3,121**	2,274
	(b) Subcontracting cost		**639**	592
	(c) Finance costs		**69**	26
	(d) Depreciation and amortization expense	4	**230**	190
	(e) Other expenses	23	**4,329**	3,727
	Total expenses		**8,388**	6,809
V.	**Profit/(loss) before tax**		**(203)**	1,175
VI.	**Tax expenses**			
	(a) Current tax		**96**	400
	(b) Deferred tax (Refer Note 47)		**(209)**	19
			(113)	419
VII.	**Profit/(Loss) after tax**		**(90)**	756
VIII.	**OTHER COMPREHENSIVE INCOME**			
A)	(I) Items that will not be reclassified to profit or loss			
	(a) Re-measurement gain/(loss) on defined benefit plans		**(6)**	(6)
	(II) Income tax relating to items that will not be reclassified to profit or loss		**2**	-
B)	(I) Items that will be reclassified to profit or loss			
	(a) Net movement of effective portion on cash flow hedge		**15**	(13)
	(b) Exchange difference in translating the financial statements of foreign operations		**36**	(3)
	(II) Income tax relating to items that will be reclassified to profit or loss		**(6)**	-
IX.	**Other Comprehensive Income for the year**		**41**	(22)
X.	**Total Comprehensive Income for the year**		**(49)**	734
	Profit/(loss) for the year attributable to:			
	Owners of the Company		**(59)**	765
	Non controlling interests		**(31)**	(9)
	Other comprehensive income for the year attributable to:			
	Owners of the Company		**41**	(22)
	Non controlling interests		**-**	-
	Total comprehensive income for the year attributable to:			
	Owners of the Company		**(18)**	743
	Non controlling interests		**(31)**	(9)
XI.	**Earnings per equity share (Face value of Rs. 10/- each)**	30		
	(a) Basic		**(2.70)**	35.14
	(b) Diluted		**(2.70)**	35.14
	See accompanying notes forming part of the consolidated financial statements	1-51		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

For and on behalf of the Board of Directors

Vineet Nayyar
Chairman

Manoranjan Mohapatra
Managing Director and CEO

C.P. Gurnani
Director

Devendra Khanna
Director

Rajat Mukherjee
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Sunita Umesh
Director

Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

Place: New Delhi
Date: May 23, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

₹ in Million

Particulars	Number of Shares	Equity Share Capital
Balance at April 1, 2015	21,716,214	217
Changes in equity share capital during the year	-	-
Balance as at March 31, 2016	**21,716,214**	217
Balance at April 1, 2016	21,716,214	217
Changes in equity share capital during the year	4,150	0
Balance as at March 31, 2017	**21,720,364**	217

b. Other Equity

₹ in Million

Particulars	Reserves & Surplus		Foreign Currency Translation Reserve	Effective portion of cash flow hedge	Owners Equity	Non-Controlling interest	Total
	Securities Premium	Retained Earnings					
Balance as at April 1, 2015	552	2,962	-	17	3,531	-	3,531
Profit/(Loss) during year	-	764	-	-	764	(9)	755
Other Comprehensive income during year	-	(6)	(3)	(13)	(22)	-	(22)
Total Comprehensive income during year	**-**	**758**	**(3)**	**(13)**	**742**	**(9)**	**733**
Balance as at March 31, 2016	**552**	**3,720**	**(3)**	**4**	**4,273**	**(9)**	**4,264**
Balance as at April 1, 2016	552	3,720	(3)	4	4,273	(9)	4,264
Profit/(Loss) during year	-	(59)	-	-	(59)	(31)	(90)
Other Comprehensive income during year	-	(4)	36	9	41	-	41
Total Comprehensive income during year	**-**	**(63)**	**36**	**9**	**(18)**	**(31)**	**(49)**
Additions during the year	0	-	-	-	0	-	0
Balance as at March 31, 2017	**552**	**3,657**	**33**	**13**	**4,255**	**(40)**	**4,215**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: New Delhi
Date: May 23, 2017

For and on behalf of the Board of Directors

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Director

Sunita Umesh
Director

Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

₹ in Million

	Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
A]	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Profit/(Loss) before tax		**(203)**		1,175
	Adjustments for:				
	Depreciation and amortization	**230**		190	
	(Profit)/Loss on sale of property, plant and equipment	**(0)**		0	
	Interest expense	**69**		26	
	Interest income	**(15)**		(9)	
	Dividend income	**(0)**		(0)	
	Unrealised foreign exchange difference (net)	**235**		(55)	
	Reversal of provision no longer required	**(8)**		(17)	
	Profit on sale of current investment	**(3)**		(1)	
			508		134
	Operating Profit before working capital changes		**305**		1,309
	Adjustments for changes in working capital:				
	Trade payable, other liabilities and provisions	**250**		375	
	Trade receivables	**(165)**		(12)	
	Other assets and loan advances	**180**		(619)	
			265		(256)
	Cash generated from operations		**570**		1,053
	Direct Taxes Paid		**(615)**		(537)
	Net cash flows from operating activities (A)		**(45)**		516
B]	**CASH FLOWS FROM INVESTING ACTIVITIES**				
	Purchase of property, plant and equipment	**(246)**		(393)	
	Interest Received	**3**		3	
	Dividend Received	**0**		0	
	Purchase of Investments	**(121)**		(110)	
	Sale of Investments	**260**		1	
	Deferred consideration paid	**(193)**		-	
	Acquisition of a Company (Refer Note 42 B)	**(14)**		(70)	
	Sale of property, plant and equipment	**1**		2	
	Net Cash flows from/(used in) investing activities (B)		**(310)**		(567)
C]	**CASH FLOWS FROM FINANCING ACTIVITIES**				
	Proceeds from Issue of Equity Shares	**0**		-	
	Proceeds from long term borrowings	**-**		83	
	Proceeds from Short term borrowings (net)	**475**		185	
	Repayment of short term borrowings	**(54)**		-	
	Finance Cost	**(67)**		(17)	
	Net cash flows from/(used in) financing activities (C)		**354**		251

₹ in Million

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
D]	**Exchange differences on translation of foreign currency cash and cash equivalents**	**(3)**	1
	Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D)	**(4)**	201
	Cash & cash equivalents at the end of the period (refer note 1 below)	**943**	937
	Increase in cash and cash equivalents on acquisition (Refer Note 42 B)	**10**	65
	Cash & cash equivalents at the beginning of the year	**937**	671
	Net Increase / (decrease) in cash and cash equivalents	**(4)**	201

₹ in Million

	As at March 31, 2017	As at March 31, 2016
Note 1:		
Cash and cash equivalents include:		
Cash on hand	**0**	1
Remittances in transit	**44**	88
Balance with banks		
- In current accounts	**899**	848
- In deposit accounts	**-**	-
Total Cash and Cash equivalents - Refer Note - 10	**943**	937

Note 2:

Figures in brackets represent outflow of cash and cash equivalents.

Note 3:

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: New Delhi
Date: May 23, 2017

For and on behalf of the Board of Directors

Vineet Nayyar
Chairman

Manoranjan Mohapatra
Managing Director and CEO

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Sunita Umesh
Director

Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. **Company Overview**

Comviva Technologies Limited ("company") along with its subsidiaries is in the business of providing Integrated Value Added Services (VAS) to telecom companies, predominantly in emerging markets. The Company's portfolio of services includes mobile financial solutions, mobile music and video applications, messaging and business support systems.

The company is a subsidiary of Tech Mahindra Limited.

The consolidated financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorise for issue on May 23, 2017.

2. **Significant Accounting Policies**

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the group's first financial statements prepared in accordance with Ind AS and Ind AS 101 First time adoption of Indian Accounting Standards has been applied.

An explanation and effect of transition from Indian GAAP (referred to as "Previous GAAP") to Ind AS has been described in note 3 to these financial statements.

2.2 Basis for preparation of financial statements

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.3 Basis of Consolidation:

The Consolidated Financial Statements comprise the financial statements of Comviva Technologies Limited and its subsidiaries (the Company and its subsidiaries constitute "the Group").

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company transactions, balances and income and expenses and cash flows are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the company's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Particulars of Consolidation:

The Consolidated financial statements present the consolidated accounts of the Group, which consists of accounts of Comviva and its subsidiaries:

Investment in Subsidiaries:

Sr. No.	Name of the Subsidiary	Country of Incorporation	As at March 31, 2017	As at March 31, 2016
1	Comviva Technologies Inc.	USA	100%	100%
2	Comviva Technologies Nigeria Limited and its following 75% subsidiary:	Nigeria	100%	100%
3	-Hedonmark {Management Services} Limited	Nigeria	75%	75%
4	Comviva Technologies Singapore Pte. Ltd.	Singapore	100%	100%
5	Comviva Technologies FZ-LLC	Dubai	100%	100%
6	Comviva Technologies B.V. and its subsidiaries:	Netherlands	100%	100%
7	-ATS Advanced Technology Solution S.A. (5% held by Comviva Technologies limited)	Argentina	100%	100%
8	-ATS Advanced Technology Solution do brasil, industria, Comercio, Importacao E Exportacao LTDA (5% held by Comviva Technologies limited)	Brazil	100%	100%
9	-Comviva Technologies Colombia S.A.S.*	Colombia	100%	-
10	Terra payment Services (Netherlands) B.V. and its following 100% subsidiaries	Netherlands	100%	100%
11	- Mobex Money Transfer Services limited	Kenya	100%	100%
12	- Terrapay Services (UK) Limited	UK	100%	100%
13	- Terra Payment Services (Tanzania) Limited	Tanzania	100%	100%
14	- Terra Payment Services (Uganda) Limited **#	Uganda	100%	100%
15	- Terra Payment Services S.A.R.L. – Senegal**	Senegal	100%	-
16	- Terra Payment Services S.A.R.L. –DR Congo***	DR Congo	100%	-
17	- Terra Payment Services S.A.R.L. –Congo B#	Congo B	100%	-
18	- Terra Payment Services Botswana (Pty) Limited##	Botswana	100%	-
19	- Terra Payment Services (UK) Ltd.###	UK	100%	-
20	- Terra Payment Services Mauritius^^	Mauritius	100%	-
21	Terra payment Services South Africa (PTY) Ltd.	South Africa	100%	100%
22	Comviva Technologies Madagascar Sarlu^	Madagascar	100%	-

* The Company, in June 2016, has incorporated a 100% subsidiary named Comviva Technologies Colombia S.A.S. through its subsidiary Comviva Technologies B.V., which has commenced its operations since November, 2016.

** The Company, in June 2016, has incorporated a 100% subsidiary named Terra Payment Services S.A.R.L., Senegal through its subsidiary Terra payment Services (Netherlands) B.V. However, the Company has not yet commenced operations.

*** The Company, in June 2016, has incorporated a 100% subsidiary named Terra Payment Services S.A.R.L., DR Congo through its subsidiary Terra payment Services (Netherlands) B.V. and has infused capital but no shares have been allotted till 31st March 2017, the Company has also not yet commenced operations.

The Company, in July 2016, has incorporated a 100% subsidiary named Terra Payment Services S.A.R.L., Congo B through its subsidiary Terra payment Services (Netherlands) B.V. However, the Company has not yet commenced operations and no capital has been infused in the subsidiary as of March 31, 2017.

The Company, has acquired a 100% subsidiary named Terra Payment Services Botswana (Pty) Limited through its subsidiary Terra payment Services (Netherlands) B.V.. However, the company has not yet commenced operations.

The Company, has acquired a 100% subsidiary named Terra Payment Services (UK) Ltd. through its subsidiary Terra payment Services (Netherlands) B.V.. However ,the company has not yet commenced operations.

^ The Company, in December 2016, has incorporated a 100% subsidiary named Comviva Technologies Madagascar Sarlu. However, the Company has not yet commenced operations and no capital has been infused in the subsidiary as of March 31, 2017.

**# The Company has incorporated a 100% subsidiary named Terra Payment services (Uganda) limited through its subsidiary Terra payment Services (Netherlands) B.V. and has infused capital but no shares have been allotted till 31st March 2017, the Company has also not yet commenced operations.

^^ The Company, in January 2017, has incorporated a 100% subsidiary named Terra Payment Services Mauritius through its subsidiary Terra payment Services (Netherlands) B.V.

2.4 Business Combinations:

a. Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange for control of the acquire. Acquisition related costs are generally recognized in profit or loss as incurred.

b. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

c. The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity of subsidiaries.

d. When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IND AS 109 Financial Instruments or IND AS 37 Provisions, Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in profit or loss.

e. Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders’ equity.

Goodwill and intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Intangible assets purchased including acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

Intangible assets are amortized on a straight line basis over its useful lives.Intangible assets consist of acquired contract rights, rights under licensing agreement and software licenses and customer-related intangibles.

2.5 Use of Estimates:

The preparation of financial statements requires the management of the Group to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Critical accounting estimates

i) **Revenue Recognition**

The Group applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Group to estimate the efforts to date as a proportion of the total budgeted efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity.

ii) **Income taxes**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. The policy for the same has been explained under Note 2.15.

iii) **Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The policy for the same has been explained under Note 2.6.

iv) **Provisions**

Provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.17.

2.6 Property, Plant & Equipment and Other Intangible assets

Property, Plant & Equipment and Other Intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortization on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life except in respect of the following categories of assets, where the life of the assets has been assessed as under based on technical advice, considering the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Type of Asset	Estimated useful life
Plant and Equipment (including Computers)	3 year
Plant and Equipment (Electrical Equipment)	5 year
Office Equipment	5 year
Furniture and Fixtures	5 year

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Improvements to leased premises are amortized over their estimated useful life or period of the lease, whichever is shorter.

Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Computer Software and Hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of 4 years.

Customer relationships and contracts is amortized over a period of 3 years.

Licenses are amortized over a period of 2 years.

2.7 **Leases**

i) **Operating Lease**

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

2.8 Impairment of Assets

i) **Financial assets**

Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortized cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decrease can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

ii) **Non-financial assets**

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

2.9 Inventories

Inventories are stated at lower of cost or net realizable value. In determining the cost of materials, the weighted average cost method is used.

2.10 Revenue recognition

Revenue from sale of equipment and third party software is recognized upon delivery, which is when the title passes to the customer, along with risk and rewards.

Revenue from contracts priced on a time and material basis is recognised when services are rendered.

Revenue from fixed price contracts is recognized as per the proportionate completion method and where there is no uncertainty as to the measurement or collectability of the consideration.

Revenue from annual maintenance and annual technical services contracts is recognised on pro-rata basis over the period of the contract.

Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customers/unearned revenue.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

Interest income is recognized using the effective interest method.

Dividend income is recognized when the Group's right to receive dividend is established.

2.11 Foreign currency transactions

The functional currency of Comviva Technologies Limited is Indian Rupees (INR) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

2.12 Foreign Operations:

For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognized in other comprehensive income and accumulated in equity.

2.13 Financial Instruments:

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

i) Non-derivative financial instruments:

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.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortized cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Group, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognized in Statement of profit and loss.

Financial liabilities

Financial liabilities maturing after one year are subsequently carried at amortized cost using the effective interest method.

For trade payables and other financial liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

ii) Derivative financial instruments and hedge accounting

The Group uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Group designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Group policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The counter party to the Group's foreign currency forward contracts is generally a bank. The Group does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under Hedging Reserve and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognized in other comprehensive income and accumulated in Hedging Reserve are reclassified to profit or loss in the same period in which gains/losses on the item hedged are recognized in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in Hedging Reserve are transferred from Hedging Reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any Profit or Loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified in Hedging Reserve is retained there and is classified to Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in Hedging Reserve is transferred to the Statement of Profit and Loss for the period.

iii) Derecognition of financial instruments

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The group derecognises financial liabilities when, and only when, the group's obligation are discharged, cancelled or have expired.

2.14 Employee benefits

i) Gratuity:

The group accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for India location. Certain overseas subsidiaries/ branches of the group also provide for retirement benefit plans in accordance with the local laws.Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur. (Refer note 24 below). Past service cost is recognized in profit or loss in the period of a plan amendment.

ii) Provident fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. A portion of the contribution is made to the approved provident fund trust managed by the Company while the remainder of the contribution is made to the government administered pension fund. The contributions to the trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the fund assets based on the government specified minimum rates of return.

iii) Compensated absences:

The group provides for the compensated absences subject to group's certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for India location and some branches of Company, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries and other branches of Company.Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the period in which they occur.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

iv) Other short term employee benefits:

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognized during the period when the employee renders the service.

2.15 Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes or deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised 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.

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the company will pay normal income tax in future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

2.16 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.17 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

2.18 Provision for Warranty

The Group has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract. Costs associated with such sale are accrued at the time when related revenues are recorded and included in cost of service delivery. The Group estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

2.19 Treasury Stock

When any entities within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from share premium.

2.20 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2017

Statement of Cash Flows

Ind AS 7 (Statement of Cash Flows) was issued in February 2015. MCA on March 17, 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 7.

The amendments made to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments are to be applied prospectively for annual periods beginning on or after April 1, 2017. Earlier application is not permitted. When the amendments are first applied, entities are not required to present comparative information for earlier periods. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

3. EXPLANATION OF TRANSITION TO Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Exemptions from retrospective application:

a) Business Combinations exemption

The Company has elected not to apply Ind AS 103, Business Combinations, to business combinations consummated prior to April 1, 2015.

b) In accordance with the exemption given in Ind AS 101, the Company has recorded investment in subsidiaries and associates at deemed cost i.e. Indian GAAP carrying amount, as on date of transition.

c) The estimates at April 1, 2015 and at March 31, 2015 are consistent with those made for the same dates in accordance with previous GAAP after adjustments to reflect any differences in accounting policies.

d) Appendix C to Ind AS 17 requires the Company to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all relevant arrangements for leases based on conditions in place as at the date of transition.

e) In accordance with the exemption given in Ind AS 101, the Company has attributed the deficit balance in total comprehensive income to the non-controlling interests prospectively from the date of transition to Ind AS.

Reconciliations between Previous GAAP and Ind AS

i) **Reconciliation of equity :-**

Particulars	**Note**	**As at March 31, 2016**	As at April 1, 2015
Balance as per Previous GAAP attributable to			
Comviva Technologies Limited		4,503	3,764
Non-controlling interests		-	-
Adjustments:			
Adjustment on Consolidation of Trust		(17)	(17)
IND AS adjustments:			
Interest on deferred payment	a	(6)	-
Gain on revaluation of Fixed Assets	b	4	1
Gain on translation of goodwill	b	2	-
Impact on account of business combination (Refer Note 39A)		(6)	-
Impact of fair valuation of deferred consideration		1	-
Balance as per Ind AS attributable to			
Comviva Technologies Limited		4,490	3,748
Non-controlling interests		(9)	-

ii) **Reconciliation of income :-**

Particulars	**Notes**	**Year ended March 31, 2016**
Net income under Previous GAAP		**752**
Interest on deferred payment	a	(6)
Actuarial gain/(loss) on defined benefits recognised in other comprehensive income	c	6
Exchange differences in translating the Financial Statements of Foreign Operations.	c	13
Interest Income on Security Deposit	d	6
Amortization on Security Deposit	d	(6)
Impact on account of business combination (Refer Note 39A)		(6)
Impact of fair valuation of deferred consideration		(3)
Net Profit as per Ind AS		**756**
Actuarial gain/(loss) on defined benefits recognised in other comprehensive income	c	(6)
Effective portion of Cash flow hedges	c	(13)
Exchange differences in translating the Financial Statements of Foreign Operations	c	(13)
Gain on revaluation of Fixed Assets	b	4
Gain on translation of goodwill	b	2
Impact of fair valuation of deferred consideration		4
Total comprehensive income as per Ind AS		**(22)**
Comviva Technologies Limited		743
Non-Controlling Interest		(9)

a) Interest on deferred payment

Under previous GAAP the cost of inventory was the purchase price for deferred credit terms. Under Ind AS difference between the purchase price of inventories for normal credit terms and the amount paid for deferred settlement terms is recognised as interest expense. This has resulted in decrease in retained earnings of Rs.6 million, and Rs. nil as on March 31, 2016, and April 1, 2015 respectively.

b) Foreign currency translation

In accordance with Ind AS 21, The Effects of Changes in Foreign Exchange Rates, Goodwill arising on acquisition of foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate in accordance with the standard. In the case of the Group, Goodwill arising on acquisition of foreign operation has been translated at closing rate and corresponding effect has been given in equity amounting to gain of Rs. 2 Million as at March 31, 2016.

In Previous GAAP, assets of integral foreign operations were carried at historical exchange rate and non-integral foreign operations at closing exchange rate. Now in accordance with Ind AS 21, Property, Plant and Equipment of integral foreign operations has been restated at closing rate and corresponding effect (gain) has been given in equity amounting to Rs. 4 Million, and Rs. 1 Million as at March 31, 2016 and April 1, 2015 respectively, and total comprehensive income has been increased by an amount of Rs. 4 Million for the year ended March 31, 2016.

c) Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Now, under Ind AS, actuarial gain/loss on defined benefit plan, effective portion of cash flow hedges and currency translation reserve has been shown separately routing through OCI.

d) Interest on Security Deposit

Under the previous GAAP, the company accounted its security deposit on actual basis however, Ind AS require the same to be measured and valued at Amortized Cost. Accordingly the Security Deposits in the books have been discounted for the time value of money calculation. This has resulted in increase in Interest Income for Rs.6 million for the period ended March 31, 2016 and increase in Rent Expenses for Rs.6 million for the period ended March 31, 2016.

Note 4 - Property, Plant and Equipment

₹ in Million

Particulars	Gross Block						Accumulated Depreciation / Amortization						Net Block	
	As at April 1, 2016	Additions on Acquisiton during the year	Additions during the year	Disposals during the year	Translation exchange difference during the year	As at March 31, 2017	As at April 1, 2016	Additions on Acquisiton during the year	For during the year	On disposal during the year	Translation exchange difference during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
4A. Tangible Assets														
Plant and equipment	912	-	102	69	(12)	933	772	-	100	68	(8)	796	137	140
(Previous year)	833	11	88	24	4	912	659	9	125	24	3	772	140	
Furniture and fixtures	74	-	10	-	(6)	78	52	-	9	-	(2)	59	19	22
(Previous year)	33	32	9	2	2	74	22	27	5	1	(1)	52	22	
Office equipment	51	-	8	-	(2)	57	29	-	8	-	(1)	36	21	22
(Previous year)	37	1	13	0	0	51	22	0	6	0	1	29	22	
Vehicle	0	-	-	-	(0)	0	0	-	0	-	(0)	0	0	0
(Previous year)	-	0	-	-	(0)	0	-	0	0	-	(0)	0	0	
Improvement to leased premises	54	-	-	0	(0)	54	50	-	3	0	0	53	1	4
(Previous year)	46	3	5	-	(0)	54	39	3	8	-	0	50	4	
Total	1,091	-	120	69	(20)	1,122	903	-	120	68	(11)	944	178	188
Previous Year	949	47	115	26	6	1,091	742	39	144	25	3	903	188	
4B. Intangible Assets														
(Other than internally generated)														
Computer software	389	-	59	-	(1)	447	385	-	56	-	(1)	440	7	4
(Previous year)	347	7	35	-	0	389	339	7	39	-	(0)	385	4	
Intellectual property rights	0	-	34	-	0	34	0	-	8	-	0	8	26	0
(Previous year)	-	0	0	-	(0)	0	-	0	-	-	-	0	0	
Intangible Assets-customer rights	131	-	-	-	(10)	121	7	-	43		(3)	47	74	124
(Previous year)	-	27	102	-	2	131	-	-	7	-	0	7	124	
Intangible Assets-Licences	-	9	-	-	(0)	9	-	-	3	-	(0)	3	6	-
(Previous year)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	520	9	93	-	(11)	611	392	-	110	-	(4)	498	113	128
Previous Year	347	34	137	-	2	520	339	7	46	-	(0)	392	128	

Note 5 - Deferred tax assets :

₹ in Million

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Break up of deferred tax assets			
Nature of timing difference			
Provision for Employee benefits	**101**	95	129
Inventory and Trade receivables	**133**	56	51
Carried forward of business losses	**69**	5	-
Property, Plant & Equipment and Intangible assets	**39**	33	28
MAT credit entitlement	**18**	-	-
Provision for expenses allowed on payment basis	**22**	-	-
Others	**7**	-	-
Break up of deferred tax liability			
Cash flow hedging reserve	**(6)**	-	-
	383	189	208

Note 6 - Other Assets :

(i) Other non current assets

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Capital advances			
Considered good	**0**	0	12
Considered doubtful	**0**	1	0
	0	1	12
Provision for doubtful advances	**0**	1	0
	0	0	12
Prepaid expenses	**22**	26	19
Advance Income Taxes (net of provisions)	**1,055**	539	412
Balance with Government authorities	**181**	73	-
	1,258	638	443

(ii) Other current assets

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Advance to suppliers			
Considered good	**14**	40	42
Considered doubtful	**2**	3	2
	16	43	44
Provision for doubtful advances	**2**	3	2
	14	40	42
Loans and advances to employees	**60**	91	90
Advances to related parties (Refer Note 27)	**6**	-	-
Balance with Government authorities	**128**	165	135
Prepaid expenses	**127**	134	85
	335	430	352

Note 7 - Inventories :

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Others - Stock of IT equipments, purchased software (Consumed in IT projects) and others (Valued at lower of cost and net realizable value)	**105**	131	58
	105	131	58

Note 8 - Investments : current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment in mutual funds-Unquoted (carried at fair value through P&L)			
- UTI-Liquid cash plan-Institutional-daily dividend investment Nil (Previous year March 31, 2016 : 107,977.10 units of Rs 1019.4457 and April 1, 2015: Nil)	**-**	110	-
-ICBC-Alpha-Fondos de Inversion Nil (Previous year March 31, 2016 :32,067,220.25 units of ARS 0.17593 and April 1,2015: Nil)	**-**	26	-
	-	136	-

Note 9 - Trade receivables :

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables (Unsecured)			
Over Six Months			
- Considered good*	**447**	390	407
- Considered doubtful	**348**	159	137
	795	549	544
- Others			
- Considered good**	**2,555**	2,521	2,316
- Considered doubtful	**-**		2
	2,555	2,521	2,318
Total	**3,350**	3,070	2,862
Less: Provision for doubtful trade receivables	**348**	159	139
Total	**3,002**	2,911	2,723

* Net of Advances aggregating to Rs. 82 million (Previous Year: Rs. 89 million) pending adjustments with invoices

** Net of Advances aggregating to Rs 28 million (Previous Year: Rs. 27 million) pending adjustments with invoices

Note 10 - Cash and cash equivalents :

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	**0**	1	0
Remittances in transit	**44**	88	86
Balances with banks:			
- In current accounts	**899**	848	529
- In deposit accounts	**-**	-	56
	943	937	671

Note 11 - Other balances with bank :

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked balances with bank			
-Balance held under Escrow account	**23**	-	-
-Balance held as Margin Money towards obtaining bank guarantee	**6**	2	-
	29	2	-

Note - 12 Other Financial assets

(i) Other non current financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	**67**	79	70
Considered doubtful	**1**	-	-
	68	79	70
Provision for doubtful security deposit	**1**	-	-
	67	79	70
Fixed Deposits	**10**	2	-
	77	81	70

(ii) Other current financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled Revenue (net of provision of Rs. 14 million (previous year: Rs. 14 million))	**945**	1,233	806
Fair values of foreign exchange forward contracts	**85**	22	52
Security deposits	**34**	-	-
Interest accrued	**0**	0	0
Total	**1,064**	1,255	858

Note 13 - Equity Share capital :

Particulars	As at March 31, 2017		March 31, 2016		April 1, 2015	
	Number	**₹ in million**	Number	₹ in million	Number	₹ in million
(a) Authorised :						
Equity shares of Rs. 10 each	**25,500,000**	**255**	25,500,000	255	25,500,000	255
Series A 0.001% fully convertible non-cumulative preference shares of Rs. 10 each	**8,000,000**	**80**	8,000,000	80	8,000,000	80
(b) Issued, subscribed and fully paid up :						
Equity shares of Rs. 10 each fully paid up	**21,869,000**	**219**	21,864,850	219	21,864,850	219
Less : Shares issued to ESOP Trust treated as Treasury Stock	**148,636**	**2**	148,636	2	148,636	2
Total	**21,720,364**	**217**	21,716,214	217	21,716,214	217

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	**As at**					
	March 31, 2017		March 31, 2016		April 1, 2015	
	Number	**₹ in million**	Number	₹ in million	Number	₹ in million
Equity Shares						
Opening Balance	**21,864,850**	**219**	21,864,850	219	21,864,850	219
Less : Shares issued to ESOP Trust treated as Treasury Stock	**148,636**	**2**	148,636	2	148,636	2
Shares issued during the year	**4,150**	**0**	-	-	-	-
Closing Balance	**21,720,364**	**217**	21,716,214	217	21,716,214	217

(ii) Terms, rights and restrictions attached to:

Equity Shares:

The Company has equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

Series A 0.001% fully convertible non-cumulative preference shares:

The Company has fully convertible non-cumulative redeemable preference shares having a par value of Rs. 10 per share. Non-cumulative redeemable preference shares carry cumulative dividend @ 0.001 % per annum.

(iii) Details of shares held by the holding company

Particulars	**Number of Shares**		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tech Mahindra Limited	**14,675,088**	14,675,088	14,675,088

(iv) Details of equity shares held by shareholder holding more than 5%:

Name of shareholder	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	No of Shares	**% of Holding#**	No of Shares	% of Holding#	No of Shares	% of Holding#
Tech Mahindra Limited	**14,675,088**	**67.10%**	14,675,088	67.12%	14,675,088	67.12%
equity shares of Rs.10each fully paid up						
West Bridge Ventures II Investment Holdings	**2,170,931**	**9.93%**	2,170,931	9.93%	2,170,931	9.93%
Bharti (SBM) Holdings Private Limited	**1,936,420**	**8.85%**	1,936,420	8.86%	1,936,420	8.86%
Bharti (RM) Holdings Private Limited	**1,210,262**	**5.53%**	1,210,262	5.54%	1,210,262	5.54%
Bharti (RBM) Holdings Private Limited	**1,210,262**	**5.53%**	1,210,262	5.54%	1,210,262	5.54%

 # This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

Note 14 - Other Equity :

₹ in Million

Particulars	As at			
	March 31, 2017		March 31, 2016	
Securities premium account				
Opening balance	**552**		552	
Add: additions on ESOPs exercised	**0**		-	
Closing balance		**552**		552
Hedging Reserve (Refer Note 29)				
Opening balance	**4**		17	
Less: change in fair value of forward contracts (net)	**9**		(13)	
Closing balance		**13**		4
Foreign Currency Translation Reserve				
Opening balance	**(3)**		-	
Add: Foreign Currency Translation for the year	**36**		(3)	
Closing balance		**33**		(3)
Surplus in the statement of profit and loss				
Opening balance	**3,720**		2,962	
Add: profit/(loss) for the year	**(59)**		764	
Add: Other comprehensive income	**(4)**		(6)	
Closing balance		**3,657**		3,720
Statutory Reserve*		**0**		-
Total		**4,255**		4,273

*In accordance with the Memorandum and Articles of Association, the Company, Comviva Technologies FZ LLC, has established a statutory reserve by appropriation of 10% of net profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution, except in the circumstances stipulated by the Memorandum and Articles of Association. No further transfer is required as the reserve is equal to 50% of share capital as at March 31, 2017.

Note 15 -Borrowings :

(i) Long-term borrowings

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured			
- Deferred payments -(Liabilities repayable over period of 2-3 years)	**4**	33	-
Total	**4**	33	-

(ii) Short-term borrowings

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Secured			
From bank (Secured book debt, inventory ,fixed deposits and guarantee)	**732**	265	-
Unsecured			
From Other (Refer Note 27)	**22**	-	-
Total	**754**	265	-

Note 16 - Other Financials liabilities:

(i) Other Financial Liabilities : Non Current

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Contractual Obligation	**-**	138	-
Total	**-**	138	-

(ii) Other Financial Liabilities : Current

₹ in Million

Particulars	**As at March 31, 2017**	March 31, 2016	April 1, 2015
Current maturities of long term borrowings (unsecured)	**21**	37	-
Contractual Obligation	**-**	55	-
Payables on purchase of property,plant and equipment	**54**	35	25
Interest accrued	**4**	11	-
	79	138	25

Note 17 -Provisions :

(i) Long-term provisions

Particulars	**As at March 31, 2017**	March 31, 2016	April 1, 2015
Provision for employee benefits			
-Gratuity (Refer Note 24)	**113**	89	75
-Compensated absences	**44**	36	34
Total	**157**	125	109

(ii) Short-term provisions

Particulars	**As at March 31, 2017**	March 31, 2016	April 1, 2015
Provision for employee benefits			
-Gratuity (Refer Note 24)	**11**	8	4
-Compensated absences	**71**	58	33
	82	66	37
Provision for warranties (Refer Note 31)	**13**	12	12
Provision for contigencies (Refer Note 32)	**20**	-	-
Total	**115**	78	49

Note 18 - Other liabilities :

(i) Non-current liabilities

Particulars	**As at March 31, 2017**	March 31, 2016	April 1, 2015
Unearned revenue	**24**	26	24
Total	**24**	26	24

(ii) Current liabilities

Particulars	**As at March 31, 2017**	March 31, 2016	April 1, 2015
Unearned revenue	**183**	155	102
Statutory remittances	**100**	120	78
Advance from customers	**68**	88	74
Total	**351**	363	254

Note 19 - Trade payables :

₹ in Million

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Trade payables other than Accrued Salaries and Benefits	**1,528**	1,340	1,103
Accrued Salaries and Benefits	**195**	179	249
Total	**1,723**	1,519	1,352

Note 20 - Revenue from operations :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Income from Comviva Product and related managed support		
Licence Fee with Implementation and other services	**3,742**	3,541
Revenue sharing arrangements	**2,403**	2,005
Annual maintenance contract services	**1,658**	990
	7,803	6,536
Income from sale of equipments and software (third party)*	**511**	1,289
Total	**8,314**	7,825

*Includes revenue in respect of certain contracts which involve delivery of hardware equipment / software but are still part of an integrated solution to the customer, the corresponding cost of which is reflected under Cost of hardware equipment and other items sold (Refer Note 23)

Note 21 - Other income (net):

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income	**15**	9
Dividend income on current investments	**0**	0
Exchange gain/loss (net)	**(162)**	125
Profit on sale of current investments	**3**	1
Sundry Balances written back	**8**	17
Miscellaneous Income	**7**	7
Total	**(129)**	159

Note 22. Employee benefits expense :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	**2,798**	2,080
Contribution to provident and other funds (Refer Note 24)	**235**	125
Staff Welfare Expenses	**88**	69
Total	**3,121**	2,274

Note 23. Operating and other expense:

₹ in Million

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Cost of hardware equipment and other items sold		**880**	1,401
Royalty and software charges		**1,415**	601
Travelling and conveyance		**528**	623
Specific project related claims		**27**	14
Freight and forwarding charges		**8**	40
Recruitment Expenses		**13**	28
Power and fuel		**34**	32
Rent		**209**	165
Rates and taxes		**95**	74
Insurance		**43**	25
Repairs and maintenance:			
Machinery and computers	**35**		35
Building	**53**		45
Others	**50**		69
		138	149
Advertising and sales promotion		**289**	119
Communication costs		**110**	92
(Profit)/Loss on Sale of property,plant and equipment		**(0)**	0
Corporate Social Responsibility		**24**	20
Legal and professional fees		**205**	155
Conference expenses		**52**	54
General office expenses		**33**	24
Provision for doubtful debts (net)		**194**	87
Miscellaneous expenses (including warranty) (Refer Note 31)		**32**	24
Total		**4,329**	3,727

24. Employee Benefits

a) Defined Contribution Plan

Amounts recognized as an expense in the Statement of Profit and Loss in respect of defined contribution plan is Rs. 210 million (year ended March 31, 2016 : Rs. 103 million).

Provident Fund

The Company makes Provident fund contributions for eligible employees to the trust administrated by the Board of trustees at a specified percentage of the salary components. In respect of Provident fund contributions, the Company is liable for annual contribution and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952. In addition to such contributions, the Company also recognises potential deficiency in interest, if any, computed as per actuarial valuation of interest as an expense in the year it is determined. As of March 31, 2017, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 761 million and Rs. 426 million respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.80% for the first year and 8.60% thereafter. The actuarial assumptions include discount rate of 6.80% and an average expected future period of 5 years. The Company recognised Rs. 67 million (March 31, 2016: Rs.56 million) for provident fund contributions in the statement of profit and loss.

b) Defined Benefit Plan - Gratuity

i) The Defined Benefit Plan comprises of Gratuity.

ii) Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

iii) The defined benefit plan is funded.

iv) Actuarial gains and losses in respect of defined benefit plans are recognised in other comprehensive income.

I] Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Present Value of Defined Benefit Obligation as at the beginning of the year	**112**	97
Service Cost	**18**	17
Interest cost	**8**	6
Benefits Paid	**(11)**	(14)
Actuarial (gain)/ loss - experience	**6**	5
Actuarial (gain)/ loss - financial assumptions	**(0)**	1
Present Value of Defined Benefit Obligation as at the end of the year	**133**	112

II] Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

Particulars	As at March 31, 2017	As at March 31, 2016
Opening fair value of plan assets	**15**	18
Interest income on plan assets	**1**	1
Contributions by employer	**4**	8
Benefits Paid	**(11)**	(12)
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	0
Closing fair value of plan assets as at end of the year	**9**	15

III] Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet :

Net defined benefit Asset/(Liability)

Particulars	As at March 31, 2017	As at March 31, 2016
Net defined benefit asset/(liability) at end of prior period	**(97)**	(79)
Service Cost	**(18)**	(17)
Net interest on net defined benefit liability/(asset)	**(7)**	(5)
Amount recognised in OCI	**(6)**	(6)
Employer contribution	**4**	8
Benefits Paid (Net)	**0**	2
Net defined benefit Asset/(Liability) recognised in Balance Sheet	**(124)**	(97)

IV] Components of employer expenses recognised in the Statement of Profit and Loss:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Service Cost	**18**	17
Interest cost	**8**	6
Expected return on plan assets	**(1)**	(1)
Total expense recognised in the Statement of Profit & Loss	**25**	22

V] Components of employer expenses recognised in the other comprehensive income:

₹ in Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Actuarial (Gain)/ Loss due to DBO experience	**6**	5
Actuarial (Gain)/ Loss due to DBO assumption changes	**(0)**	1
Remeasurement- Return on plan assets excluding amount included in interest income	**(0)**	(0)
Actuarial (Gain)/ Loss recognised in OCI	**6**	6

VI] Assumptions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount Rate	**6.80%**	7.60%	7.80%
Salary Escalation Rate	**7.00%**	8.00%	8.00%
Employee separation Rate	**17.00%**	17.00%	17.00%

a) Discount rate : It is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the obligation.

b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c) Employee separation Rate: The assumption of Employee separation rate represents the company's expected experience of employee turnover.

VII] Sensitivity analysis

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
A: Discount rate		
1. Effect on DBO due to 0.5% increase in discount rate	**(3)**	(2)
2. Effect on DBO due to 0.5% decrease in discount rate	**3**	3
B: Salary Escalation Rate		
1. Effect on DBO due to 0.5% increase in Salary escalation rate	**3**	2
2. Effect on DBO due to 0.5% decrease in Salary escalation rate	**(2)**	(2)
C: Withdrawal Rate		
1. Effect on DBO due to 5% increase in withdrawal rate	**(1)**	(1)
2. Effect on DBO due to 5% decrease in withdrawal rate	**1**	0

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

VIII] Expected benefit payments for the year ended ₹ in Million

1. March 31, 2018	21
2. March 31, 2019	21
3. March 31, 2020	23
4. March 31, 2021	24
5. March 31, 2022	26
6. March 31, 2023 to March 31, 2027	112

IX] Expected employer contributions for the year ended March 31, 2018 (Rs. in million) 8

X] Weighted average duration of defined benefit obligation 5 years

XI] Accrued benefit obligation as at March 31, 2017 (Rs. in million)	93
XII] Vested benefit obligation as at March 31, 2017 (Rs. in million)	106

XIII] Plan asset information as at March 31, 2017

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Schemes of insurance - conventional products	**100%**	100%	100%

XIV] Description of Plan characteristics and associated risks-

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

1. Interest rate risk
2. Salary Inflation risk
3. Demographic risk

XV] Description of Funding arrangements and policies-

The Gratuity scheme of the company is funded by way of a separate irrevocable Trust and the company is expected to make regular contributions to the Trust. The fund is managed internally by the company and assets are invested in a combination of insurance funded arrangements as well as some assets directly invested in securities.

25. Leases

The Company has taken premises on operating lease for the period of one to five years. The expenses of such lease rentals recognised in the statement of Profit and loss account for the year ended March 31, 2017 is Rs. 209 Million (year ended March 31, 2016: Rs 165 Million). The future lease payments of such operating lease are as follows:-

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Minimum Lease Payments			
- Not later than one year	**110**	120	121
- Later than one year and not later than five years	**51**	85	201
- Later than five years	**-**	-	-

26. Segment Information

Ind AS 108 establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers.

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the Chief Executive Officer and Managing Director.

The group has identified geographic segment as reportable segment.

Geographical information on revenue is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Information on reportable segments for the year ended March 31, 2017 is given below:

Operating Segments:

A) India

B) Rest of World

₹ in Million

Particulars	**For the year ended March 31, 2017**			For the year ended March 31, 2016		
	India	**Rest of the world**	**Total**	India	Rest of the world	Total
Revenue from operations	**1,439**	**6,875**	**8,314**	1,850	5,975	7,825
Total Segmental Revenue	**1,439**	**6,875**	**8,314**	1,850	5,975	7,825
Unallocable Expenses	**-**	**-**	**8,388**	-	-	6,809
Other Income (net)	**-**	**-**	**(129)**	-	-	159
Profit/ (loss) before tax	**-**	**-**	**(203)**	-	-	1,175
Tax expense	**-**	**-**	**(113)**	-	-	419
Profit/ (loss) for the year	**-**	**-**	**(90)**	-	-	756
Depreciation and Amortization Expenses	**-**	**-**	**230**	-	-	190

Statement of Segment Assets and Liabilities	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Segment Assets			
Trade Receivables			
India	**575**	955	884
Rest of the World	**2,427**	1,956	1,839
Total Trade Receivables	**3,002**	2,911	2,723
Unallocated Assets	**4,678**	4,299	2,921
Total Assets	**7,680**	7,210	5,644
Segment Liabilities			
Unallocable Liabilities	**3,248**	2,729	1,896
Total Liabilities	**3,248**	2,729	1,896

Note:

Segregation of assets (except trade receivables), liabilities and other expenses into various geographic segments has not been done as the assets are used interchangeably between segments and Comviva is of the view that it is not practical to reasonably allocate liabilities and expenses to individual segments and an ad-hoc allocation will not be meaningful.

Information about major Customer:

1. Total revenue from rest of the world includes Rs. 2807 million from two customers (year ended March 31, 2016: Rs. 3365 million from two customers).

27. Related Party Disclosure

a) Name of the related party and nature of relationship:

Name of the Related Party	**Nature of Relationship**
Tech Mahindra Limited	Holding company
Related parties with whom transactions during the year:	
PT Tech Mahindra Indonesia	Fellow subsidiary
New VC Services Private Limited	Fellow subsidiary
Tech Mahindra Foundation	Fellow subsidiary
Tech Mahindra Nigeria Limited	Fellow subsidiary
LCC Middle East FZ- LLC	Fellow subsidiary
Bharti Telesoft International Pvt. Ltd. Executive Providend Fund Trust*	Post-employment benefit plan
Bharti Telesoft Ltd. Employee Group Gratuity Trust	Post-employment benefit plan
Key Management Personnel:	
Manoranjan Mohapatra	Managing Director and Chief Executive Officer
Sriram Gopalakrishnan	Chief Financial Officer

*Refer note no. 24 for details of related party transaction.

b) Transactions with Related Parties:

₹ in Million

Particulars	Transactions for the year ended March 31, 2017 Revenue/(Expense)									Balance As at March 31, 2017 Debit/(Credit)									
	Sales	Interest Expense	" Cost of Goods/ service (received)/ provided "	Reimburse-ment of Expenses (Net)	Donation Given	Sale/ (Purchase) of Fixed Assets / Inventory	Loan taken	Loan Repayment	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Trade Payables	Loans	Other current assets	Prepaid Expenses	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Holding Company																			
Tech Mahindra Limited	233	-	-	(22)	-	-	-	-	-	57	67	(5)	-	-	0	-	(4)	-	-
Fellow Subsidiaries																			
PT Tech Mahindra Indonesia	1	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	(0)	-	-
Tech Mahindra Foundation	-	-	-	-	(14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	3	(2)	-	-	-	-	(28)	5	-	25	-	-	(22)	-	-	(2)	-	(24)	-
LCC Middle East FZ- LLC	-	-	-	(0)	-	-	-	-	-	-	-	(0)	-	-	-	-	-	-	-
Key Management Personnel*																			
Manoranjan Mohapatra (Refer Note 33)	-	-	-	-	-	-	-	-	(12)	-	-	-	-	6	-	-	-	-	-
Sriram Gopalakrishnan	-	-	-	-	-	-	-	-	(15)	-	-	-	-	-	-	-	-	-	(2)

₹ in Million

Particulars	Transactions for the year ended March 31, 2016 Revenue/(Expense)						Balance As at March 31, 2016 Debit/(Credit)								
	Sales	Interest Income	Cost of Goods/ service (received)/ provided	Reimburse-ment of Expenses (Net)	Donation Given	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Trade Payables	Loans	Investment	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Holding Company															
Tech Mahindra Limited	165	-	(1)	(26)	-	-	63	22	(12)	-	-	-	(1)	-	-
Fellow Subsidiaries															
PT Tech Mahindra Indonesia	7	-	-	-	-	-	-	0	-	-	-	-	-	-	-
Tech Mahindra Foundation	-	-	-	-	(11)	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	23	-	-	-	-	-	23	-	-	-	-	-	-	-	-
Key Management Personnel*															
Manoranjan Mohapatra	-	-	-	-	-	(36)	-	-	-	-	-	-	-	-	(16)
Sriram Gopalakrishnan	-	-	-	-	-	(16)	-	-	-	-	-	-	-	-	(2)

b) Transactions with Related Parties: (Continued)

₹ in Million

Particulars	Balance As at March 31, 2015 Debit/(Credit)								
	Trade Receivable	Unbilled Revenue	Trade Payables	Investment	Loans	Investment	Interest Accrued	Advance from Customers	Accrued benefit payable
Holding Company									
Tech Mahindra Limited	61	46	(16)	-	-	-	-	-	-
Fellow Subsidiaries									
PT Tech Mahindra Indonesia	3	-	-	-	-	-	-	-	-
New VC Services Private Limited	1	-	-	-	-	-	-	-	-
Tech Mahindra Foundation	-	-	-	-	-	-	-	-	-
Key Management Personnel									
Manoranjan Mohapatra	-	-	-	-	-	-	-	-	(30)
Sriram Gopalakrishnan	-	-	-	-	-	-	-	-	(4)

*The breakup of compensation of Key management personnel is as follows:

₹ in Million

Key Management Personnel	Short-term employee benefits	Post-employment benefits**	Other long-term benefits**	Termination benefits	Share-based payment	Total
Manoranjan Mohapatra	12	-	-	-	-	12
	[36]	[-]	[-]	[-]	[-]	[36]
Sriram Gopalakrishnan	15	-	-	-	-	15
	[16]	[-]	[-]	[-]	[-]	[16]

** Employment benefits comprising gratuity, and compensated absences are not disclosed as these are determined for the company as a whole.

Figures in brackets "[ ]" are for year ended March 31, 2016.

28 Contingent Liabilities and Commitments:

(i) Contingent Liabilities:

₹ in Million

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Bank Guarantees	**115**	84	86
2	Corporate Guarantee*	**1,783**	1,822	-
3	Income tax matters (Refer Note I)	**339**	174	22
4	Service tax matters (Refer Note II)	**407**	407	407
5	Other claims against the company not acknowledged as debts (Refer Note III)	**46**	47	46

* Corporate Guarantee of USD 28 million (Rs.1,783 million) given to the bank for availing credit facility by Comviva Technologies B.V.(100% subsidiary of the company).

Note:

I Income Tax Matter:

a) Demand from Income Tax Authorities for Assessment year 2005-06 (from Assistant Commissioner of Income Tax) Rs. 3 million (March 31, 2016 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2016 - Rs. 2 million) under protest.

b) Demand from Income Tax Authorities for Assessment year 2006-07 (from Assistant Commissioner of Income Tax) Rs. 2 million (March 31, 2016 Rs. 2 million)

c) Demand from Income Tax Authorities for Assessment year 2007-08 u/s 154 (from Assistant Commissioner of Income tax) Rs. 3 million (March 31, 2016 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2016 Rs. 2 million) under protest.

d) Demand from Income tax Authorities for the Assessment year 2007-08 for payment of additional tax u/s 143(3) from Deputy Commissioner of Income Tax for Rs. 58 Million (March 31, 2016 Rs. 58 Million). The Company has filed Form 35 with CIT(A) and subsequent appeal before income tax appellant tribunal against this Assessment Order. The company has got favourable order from CIT(A) and ITAT. However on the ground relating to disallowance under section 14A, ITAT has referred back the matter to Assessing Officer for statistical verification. The Assessing Officer has issued an order dated March 28, 2017 demanding Rs. 2 million on the grounds of disallowance under section 14A. The company has filed a rectification application under section 154 before the assessing officer and has filed appeal before CIT (Appeals).

e) The company has paid CDF 190 million (Rs. 9 million) against the tax demand along with filling of objection letter with the respective tax department against this said demand. The matter is not up for hearing and the management is confident of recovering the same.

f) The Company has received an order u/s 143(3) from the Assessing Officer for Assessment year 2012-13 with no adjustments in the returned income. However, there is a short adjustment of TDS credit, MAT credit and Foreign tax credit of Rs. 196 million resulting in a demand of Rs.134 million(March 31, 2016 Rs. 134 Million). The Company has filed a rectification application u/s 154 before the assessing officer on April 4, 2016 and appeal before CIT(Appeals) on April 14, 2016.

g) Demand from Income tax Authorities (Federal Inland Revenue Service) for the Assessment year 2011-12 and 2012-13 for payment of additional income tax for NGN 50 million (Rs 11 million).The Company has filed an objection letter with the respective tax department and appeal before Income Tax Appellant Tribunal against the said demand on March 29, 2016.

h) Demand of XAF 67 Million (Rs 7 Million) from Chad Income tax authorities for the year 2014, against which the Company is in the process of filing an objection letter.

i) Demand of XAF 49 Million (Rs 5 Million) from Chad Income tax authorities for the year 2015, against which the Company is in the process of filing an objection letter.

j) Demand of GHS 2 Million (Rs 32 Million) from Ghana Income tax authorities for the year April 2012 to March 2014 which has been subsequently revised to GHS 0.9 Million (Rs. 15 Million), against which the Company is in the process of filing a written response to object to the assessment.

k) The Company has received an order u/s 143(3) from the Assessing Officer for Assessment year 2013-14 with adjustments in the returned income and short grant of prepaid taxes . Consequently there is reduction in refund of Rs 29 Million. The Company has filled appeal before CIT (Appeals) on January 27, 2017 and is pending for hearing.

l) The Company has received an order u/s 143(3) from the Assessing Officer for Assessment year 2014-15 with adjustments in the returned income and short grant of prepaid taxes. Consequently there is reduction in refund of Rs 119 Million. The Company has filled appeal before CIT (Appeals) on January 27, 2017 and is pending for hearing.

II Service Tax Matter:

The company has received an order from Commissioner of service tax confirming demand (including penalty of Rs. 204 million) for the financial years 2004-05 to 2007-08 amounting to Rs. 407 million (March 31, 2016 - Rs. 407 million). An amount of Rs. 15 million has been adjusted against the cenvat credit as a protest payment. The company has filed an appeal before the Honorable Customs, Excise & Service Tax Appellate(CESTAT) and is pending hearing.

III Other Claims:

a) It includes demand from BSES, New Delhi amounting to Rs. 15 million and from BESCOM, Bangalore amounting to Rs. 7 million.

b) Includes a claim of USD-0.6 million (Rs. 39 million) by a leading telecom customer in Africa. The company has issued a credit note of Rs. 19 million (50% of the claim amount) as an interim settlement and provided for an amount of Rs. 10 million based on it's estimate of the liability and the balance amount is shown under contingent liabilities.

c) Includes a claim of KES-22 million (Rs. 14 million) by a leading telecom customer in Africa.The company has issued a credit note of Rs 4 Million (30% of the claim amount) as an interim settlement and the balance amount is shown under contingent liabilities.

d) Includes a claim of KES- 7 Million (Rs. 4 million) by a leading telecom customer in Africa. The Company believes that it is not liable for this claim and accordingly responded to the customer on November 19, 2015 to which the company has not received any reply as of March 31, 2017.

(ii) Commitments :

₹ in Million

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**119**	25	45

29 Financial Instruments

I] Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2017 were as follows:

₹ in Million

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Total carrying value
Assets:				
Cash and cash equivalents (Refer Note 10)	943	-	-	943
Other balances with banks (Refer Note 11)	29	-	-	29
Investment in mutual fund (Refer Note 8)	-	-	-	-
Trade receivables (Refer Note 9)	3,002	-	-	3,002
Other financial assets (Refer Note 12(i) and 12(ii))	1,056	66	19	1,141
Total	**5,030**	**66**	**19**	**5,115**
Liabilities:				
Trade payables (Refer note 19)	1,723	-	-	1,723
Borrowings (Refer Note 15(i) & 15(ii))	758	-	-	758
Other financial liabilities (Refer Note 16(i) & 16(ii))	79	-	-	79
Total	2,560	-	-	2,560

The carrying value of financial instruments by categories as at March 31, 2016 were as follows:

₹ in Million

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Total carrying value
Assets:				
Cash and cash equivalents (Refer Note 10)	937	-	-	937
Other balances with banks (Refer Note 11)	2	-	-	2
Investment in mutual fund (Refer Note 8)	-	136	-	136
Trade receivables (Refer Note 9)	2,911	-	-	2,911
Other financial assets (Refer Note 12(i) and 12(ii))	1,314	18	4	1,336
Total	**5,164**	**154**	**4**	**5,322**
Liabilities:				
Trade payables (Refer note 19)	1,519	-	-	1,519
Borrowings (Refer Note 15(i) & 15(ii))	298	-	-	298
Other financial liabilities (Refer Note 16(i) & 16(ii))	276	-	-	276
Total	**2,093**	**-**	**-**	**2,093**

The carrying value of financial instruments by categories as at April 1, 2015 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Total carrying value
Assets:				
Cash and cash equivalents (Refer Note 10)	671	-	-	671
Other balances with banks (Refer Note 11)	-	-	-	-
Investment in mutual fund (Refer Note 8)	-	-	-	-
Trade receivables (Refer Note 9)	2,723	-	-	2,723
Other financial assets (Refer Note 12(i) and 12(ii))	876	35	17	928
Total	**4,270**	**35**	**17**	**4,322**
Liabilities:				
Trade payables (Refer note 19)	1,352	-	-	1,352
Borrowings (Refer Note 15(i) & 15(ii))	-	-	-	-
Other financial liabilities (Refer Note 16(i) & 16(ii))	25	-	-	25
Total	**1,377**	**-**	**-**	**1,377**

II] Fair Value Hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2017:

₹ in Million

Particulars	As at March 31, 2017	Fair value measurement As at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund	-	-	-	-
Derivative financial instruments - foreign currency forward contracts	85	-	85	-
Liabilities	-		-	-
Derivative financial instruments - foreign currency forward contracts	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2016:

₹ in Million

Particulars	**As at March 31, 2016**	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Investments in mutual fund	136	136	-	-
Derivative financial instruments - foreign currency forward contracts	22	-	22	-
Liabilities	-		-	-
Derivative financial instruments - foreign currency forward contracts	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at April 1, 2015:

₹ in Million

Particulars	**As at April 1, 2015**	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Investments in mutual fund	-	-	-	-
Derivative financial instruments - foreign currency forward contracts	52	-	52	-
Liabilities	-		-	-
Derivative financial instruments - foreign currency forward contracts	-	-	-	-

III] Financial Risk Management

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures.

(i) Market Risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk

The company revenue is denominated majorly in USD and EUR. The majority of the costs are in Indian rupee. This exposes the company to currency fluctuation risk. The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. These forward contracts period lies between 1 day to 1 year.

The following are the outstanding USD/EUR : INR currency exchange contracts entered into by the company which have been designated as cash flow hedges:

Currency	**Amount outstanding as at March 31, 2017 in foreign currency**	**Fair value Gain/ (loss) in Rs.**	**Amount outstanding as at March 31, 2017 in Rs.**	**No. of Contracts**
In USD	15 million	71 million	952 million	9 Contracts
	(March 31, 2016: 23 mn)	(March 31, 2016: 24 mn)	(March 31, 2016: 1534 mn)	(March 31, 2016: 15 Contracts)
	(March 31, 2015: 29 mn)	(March 31, 2015: 22 mn)	(March 31, 2015: 1779 mn)	(March 31, 2015: 33 Contracts)
In Euro	2 million	14 million	118 million	8 Contracts
	(March 31, 2016: 3 mn)	(March 31, 2016: (2) mn)	(March 31, 2016: 226 mn)	(March 31, 2016: 14 Contracts)
	(March 31, 2015: 3 mn)	(March 31, 2015: 30 mn)	(March 31, 2015: 188 mn)	(March 31, 2015: 14 Contracts)

(ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit Risk Exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 4,058 million, Rs. 4,225 million and Rs. 3,599 Million As at March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total of the carrying amount of trade receivables, unbilled revenue and other financial assets. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantee is called on. Refer Note 28(i).

Trade receivable

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

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Movement in the Expected credit loss allowance:

Rs. in Million

Particulars	**As at March 31, 2017**	As at March 31, 2016
Balance at the beginning of the year	**159**	139
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**189**	83
Bad debts written off	**-**	(63)
Balance at the end of the year	**348**	159

(iii) Liquidity Risk

Liquidity risk refers to the risk that the company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 15 (i) and 15 (ii) offset by cash and bank balances) and total equity of the Group.

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure of the Group on an ongoing basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The table below provides details regarding the contractual maturities of significant financial liabilities As at March 31, 2017:

Rs. in million

Particulars	**Less Than 1 Year**	**More than 1 year**	**Total**
Trade Payables	1,723	-	1,723
Other financial liabilities	79	-	79

The table below provides details regarding the contractual maturities of significant financial liabilities As at March 31, 2016:

			Rs. in million
Particulars	Less Than 1 Year	More than 1 year	Total
Trade Payables	1,519	-	1,519
Other financial liabilities	138	138	276

The table below provides details regarding the contractual maturities of significant financial liabilities As at April 1, 2015:

			Rs. in million
Particulars	Less Than 1 Year	More than 1 year	Total
Trade Payables	1,352	-	1,352
Other financial liabilities	25	-	25

(IV) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:-

₹ in Million

Particulars	**Currency**	**As at March 31, 2017**		**As at March 31, 2016**		**As at April 1, 2015**	
		Amount in Foreign Currency	**Amount in INR Currency**	**Amount in Foreign Currency**	**Amount in INR Currency**	**Amount in Foreign Currency**	**Amount in INR Currency**
Trade Receivables	AED	-	-	7	134	-	-
	ARS	-	-	-	-	-	-
	BDT	58	47	50	42	52	42
	BRL	-	-	-	-	-	-
	CDF	169	8	822	60	504	35
	EUR	6	429	3	246	4	294
	GBP	0	9	0	7	0	2
	GHS	1	13	1	15	0	5
	KES	15	9	15	10	21	15
	MGA	1,300	26	497	10	1,189	25
	MWK	78	7	147	14	284	41
	NGN	-	-	134	45	166	52
	RWF	59	5	15	1	33	3
Trade Receivables	SCR	0	0	0	1	-	-
	SLL	471	4	856	14	661	10
	TZS	592	17	1,999	61	1,092	37
	UGX	272	5	213	4	-	-
	USD	15	987	6	391	-	-
	XAF	135	14	189	22	226	23
	XOF	264	28	528	61	246	25
	ZMW	0	2	1	3	2	16

₹ in Million

Particulars	Currency	As at March 31, 2017 Amount in Foreign Currency	As at March 31, 2017 Amount in INR Currency	As at March 31, 2016 Amount in Foreign Currency	As at March 31, 2016 Amount in INR Currency	As at April 1, 2015 Amount in Foreign Currency	As at April 1, 2015 Amount in INR Currency
Other financial assets	AED	0	0	-	-	-	-
	BDT	1	1	75	63	72	58
	CDF	12	1	743	54	526	36
	EUR	0	2	3	191	2	122
	GBP	0	1	0	5	0	4
	GHS	0	0	1	10	0	7
	KES	12	7	39	25	40	27
	LKR	-	-	1	0	1	0
	MGA	0	0	1,108	23	443	9
	MWK	0	0	330	32	106	15
	NGN	-	-	150	50	88	28
	RWF	4	0	2	0	6	1
	SCR	-	-	1	6	1	4
	SGD	0	0	-	-	0	3
	SLL	5	0	880	15	744	11
	TZS	0	0	2,778	84	1,776	60
	UGX	4	0	742	15	694	15
	USD	1	34	16	1,042	12	743
	XAF	5	1	260	30	145	15
	XOF	1	0	361	41	364	38
	ZAR	0	1	0	0	0	0
	ZMK	14	0	-	-	-	-
	ZMW	0	1	2	10	1	5
Trade Payables	AED	(0)	(0)	11	197	1	10
	BDT	3	2	2	2	1	1
	CDF	31	1	10	1	133	9
	EUR	1	37	-	-	-	-
	GBP	0	5	0	6	0	6
	GHS	0	5	0	5	0	5
	KES	9	6	-	-	8	5
	KWD	0	7	-	-	-	-
	LKR	0	0	-	-	4	2
	MGA	47	1	107	2	91	2
	MWK	5	0	3	0	5	1
	MYR	0	1	-	-	-	-
	NGN	-	-	96	32	34	11
	RWF	8	1	5	0	2	0
	SCR	0	0	0	0	0	1
	SGD	0	1	0	2	0	6
	SLL	144	1	97	2	95	1
	TZS	44	1	35	1	74	3
	UGX	88	2	2	0	42	1
	USD	13	836	9	579	5	333
	XAF	223	23	136	16	131	14
	XOF	108	11	85	10	143	15
	ZAR	0	0	0	1	0	1
	ZMK	71	0	-	-	-	-
	ZMW	0	1	0	1	0	1

Forex sensitivity analysis:

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group would result in increase/decrease in the Group's profit before tax by approximately Rs. 161 million as at March 31, 2017 (Rs. 114 million as at March 31, 2016, Rs. 62 million as at April 1, 2015) for trade receivables and Rs. 5 million as at March 31, 2017 (Rs. 170 million as at March 31, 2016, Rs. 120 million as at April 1, 2015) for other financial assets.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group would result in decrease/increase in the Group's profit before tax by approximately Rs. 94 million as at March 31, 2017 (Rs. 86 million as at March 31, 2016, Rs. 43 million as at April 1, 2015) for trade payables.

30 Basic and Diluted Earning per share

₹ in million except earning per share

Particulars	As at March 31, 2017	As at March 31, 2016
Nominal value per equity share	**10**	10
Profit/(loss) for the year	**(59)**	765
Profit/(loss) attributable to equity shareholders	**(59)**	765
	No. of Shares	No. of Shares
Weighted average number of equity shares	**21,717,999**	21,716,214
Weighted average number of diluted equity shares	**21,717,999**	21,717,279
Earning Per Share- Basic	**(2.70)**	35.14
Earning Per Share- Diluted	**(2.70)**	35.14

31 Provision for warranty:

The movement in the said provision is summarized below:

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening Balance	**12**	12	6
Add: Additional provision made during the year	**13**	12	12
Less: Provision reversed during the year	**(12)**	(12)	(6)
Closing balance	**13**	12	12

Note: Provision for warranty is estimated and made based on technical estimates of the management and is expected to be settled over the period of next year

32 Provision for contingencies

The movement in the said provision is summarized below:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening Balance	**-**	-	-
Add: Provision made during the year	**20**	-	-
Less: Provision reversed during the year	**-**	-	-
Closing balance	**20**	-	-

Note : Management estimates to settle the above within one year

33 In view of inadequacy of profits during the year, remuneration to the Managing Director has been restricted to the limits prescribed in schedule V of the Companies Act, 2013 ("the Act") while the actual remuneration approved by the shareholders of the company is higher than the said limits. The differential remuneration between the approved amount and the amount prescribed in schedule V of the Act is subject to approval from the Central Government and considering the likelihood of such payment after obtaining the approval from Central Government, has been accrued as provision toward contingencies (Refer Note 32). The amount paid in excess of the said limits/ remuneration during the year is confirmed to be held in trust by the Managing Director

34 The company has accounted as an expense of Rs. 19 million (year ended March 31, 2016: Rs. 26 million) pertaining to amortised cost of stock options granted to certain employees of the company granted by Tech Mahindra Limited, its holding company. This cost is being accounted as an employee benefits expense.

35 On July 4, 2016, Terra Payment Services (Netherlands) B.V.(a wholly owned subsidiary of the Company) has incorporated a 100% subsidiary in Congo B namely Terra Payment Services S.A.R.L. However the company is yet to start its operations as at March 31, 2017.

36 The Company, through its 100% subsidiary Terra Payment Services (Netherlands) B.V. in June 2016, has incorporated a 100% subsidiary in Senegal namely Terra Payment Services S.A.R.L. However the company is yet to start its operations as at March 31, 2017.

37 The Company, through its 100% subsidiary Comviva Technologies B.V in June 2016, has incorporated a 100% subsidiary in Colombia namely Comviva Technologies Colombia S.A.S. which has commenced its operations since November, 2016

38 The Company, through its 100% subsidiary Terra Payment Services (Netherlands) B.V. in June 2016, has incorporated a 100% subsidiary in DR Congo namely Terra Payment Services S.A.R.L. However the company is yet to start its operations as at March 31, 2017.

39 There are no non-wholly owned subsidiaries that have material non-controlling interests.

40 The Company has incorporated a 100% Subsidiary in Madagascar namely Comviva Technologies Madagascar Sarlu in December 2016. However the company is yet to start its operations as on March 31, 2017

41 The Company, through its 100% subsidiary Terra Payment Services (Netherlands) B.V. in January 2017, has incorporated a 100% subsidiary in Terra Payment Services Mauritius.

42 Business Combinations:

A. On January 31,2016, Comviva Technologies (Netherlands) B.V. , has acquired 100% stake of ATS-Advanced Technology Solutions S.A. -Argentina and ATS-Advanced Technology Solutions do Brasil industria,comercio importacao ltda- Brazil, as per share purchase agreement entered dated January 22, 2016, for a consideration of USD 3,986,929 (Rs. 270 Million). Purchase price allocated to the fair values of assets acquired and liabilities assumed includes value of customer contract as an intangible asset, which has been valued at USD 1,474,099 (Rs. 100 Million), to be amortised over the period of 3 years. The difference between purchase consideration and net assets and the identified intangible asset has been recognised as Goodwill.

Purchase consideration paid for this acquisition has been allocated as follows:

Particular	**USD in million**	**₹ in Million**
Property, plant and equipment	0.06	4
Investments	0.44	30
Trade receivables	2.00	136
Inventory	0.31	21
Cash and Bank	1.01	69
Other Assets	0.63	43
Non-Current liabilities	(1.30)	(89)
Current liabilities	(2.80)	(191)
Net Assets Acquired	**0.35**	**23**
Customer relationship	1.47	100
Goodwill	2.17	147
Purchase consideration	**3.99**	**270**

B. On April 29, 2016, Terra Payment Services (Netherlands) B.V.(a wholly owned subsidiary of the Company) entered into an agreement to acquire 100% equity control in Pay2Global Limited for an upfront consideration of GBP 0.26 million (Rs. 23 million) subject to certain terms and conditions. On such fulfilment, Pay2Global Limited became a wholly owned subsidiary of Terra Payment Services (Netherlands) B.V. w.e.f. August 5, 2016. Subsequently, on August 9, 2016 name of Pay2Global Limited was changed to Terra Payment Services (UK) Limited.

Purchase consideration paid for this acquisition has been allocated as follows:

Particular	**GBP in million**	**₹ in Million**
Trade receivables	0.03	3
Cash and Bank	0.11	10
Current Liabilities	(0.02)	(3)
Net Assets Acquired	**0.12**	**10**
License	0.10	9
Goodwill	0.04	4
Purchase Consideration	0.26	23

C. Terra Payment Services (Netherlands) B.V.(a wholly owned subsidiary of the Company) has acquired 100% stake in Terra Payment Services Botswana (Pty) Limited (formerly known as Orpsket (Proprietary) Limited) w.e.f July 13, 2016 for a total consideration of BWP 120 (Rs. 0 million). Net assets acquired is Rs. Nil as this was a shelf company that had no activity.

43 Auditors Remuneration (net of service tax)

₹ in Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Audit Fees (including quarterly audits)	**3**	3
For other services	**1**	0
For taxation matter	**1**	1
Total	**5**	4

44 Corporate Social Responsibility:

a) Gross amount required to be spent by the Company Rs. 24 million during the year.

b) Amount spent during the year Rs. 24 million.

45 Research & Development Expenditure

The Company has incurred Research & Development Expenditure during the year. Details are as follows:

- Revenue Expenditure – Rs. 515 million
- Capital Expenditure – Rs. 85 million

46 Based on the information available with the company, no creditors have been identified as "Supplier" within the meaning of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

47 Current Tax and Deferred Tax

Income Tax Expense

Income tax expense in the statement of profit and loss comprises:

₹ in Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax	**96**	400
Deferred tax	**(209)**	19
Income tax expense recognized in profit or loss	**(113)**	419
Deferred tax in other comprehensive income	**4**	-
Total income tax expense recognized in total comprehensive income	**(109)**	419

The income tax expense for the year can be reconciled to the accounting profit as follows:

₹ in Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before Tax	**(203)**	1,175
Enacted tax rate	**34.608%**	34.608%
Income tax expense calculated at 34.608%	**(70)**	407
Effect of expenses/ income that are not admissible in determining taxable profit	**21**	7
Effect of differential overseas tax rates	**(20)**	(33)
Tax effect of losses in subsidiaries	**110**	28
Additional deduction on Research & Development expenditure	**(145)**	-
Others	**(9)**	10
Income tax expense recognised in profit or loss	**(113)**	419

Note:

Current tax expense for the year ended March 31, 2017 is net of reversal of provision of Rs. 17 Million (year ended March 31, 2016: NIL) pertaining to earlier periods written back, no longer required.

The tax rate used for the above reconciliations are the rates as applicable for the respective periods payable by corporate entities in India on taxable profits under the Indian tax laws.

Deferred Tax:

The following is the analysis of Deferred Tax Assets presented in the Balance Sheet:

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets	**389**	189	208
Deferred tax liabilities	**(6)**	-	-
Deferred tax assets (net)	**383**	189	208

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

₹ in Million

Particulars	For the year ended March 31, 2017				
	Opening balance	Recognised in Profit and loss	Recognised in OCI	Exchange rate difference	Closing balance
Provision for Employee benefits	95	3	2	-	101
Inventory and Trade receivables	56	78	-	-	133
Carried forward of business losses	5	75	-	(11)	69
Property, Plant & Equipment and Intangible assets	33	6	-	-	39
MAT credit entitlement	-	18	-	-	18
Provision for expenses allowed on payment basis	-	22	-	-	22
Others	-	7	-	-	7
Cash flow hedging reserve	-	-	(6)	-	(6)
Net Deferred Tax Assets	**189**	**209**	**(4)**	**(11)**	**383**

₹ in Million

Particulars	For the year ended March 31, 2016			
	Opening balance	Recognised in Profit and loss	Recognised in OCI	Closing balance
Provision for Employee benefits	129	(34)	-	95
Inventory and Trade receivables	51	5	-	56
Carried forward of business losses	-	5		5
Property, Plant & Equipment and Intangible assets	28	5	-	33
Net Deferred Tax Assets	**208**	**(19)**	**-**	**189**

48 Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016:

₹ in Million

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	17,000	584	17,584
Add: Permitted receipts	-	16,000	16,000
Less: Permitted payments	-	4,478	4,478
Less: Amount deposited in Banks	**17,000**	**-**	**17,000**
Closing cash in hand as on December 30, 2016	**-**	**12,106**	**12,106**

49 Additional Information as per Section 129 of the Companies Act 2013 – **Refer Annexure - I**

50 Statement containing the salient feature of the financial statement of a company's subsidiaries under the first proviso to sub-section (3) of section 129 (Form AOC-1) - **Refer Annexure - II**

51 Previous year's figures have been re-classified to conform this year's classification.

For and on behalf of Board of Directors

Vineet Nayyar
Chairman

Manoranjan Mohapatra
Managing Director and CEO

C. P. Gurnani
Director

Devendra Khanna
Director

Rajat Mukherjee
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Sunita Umesh
Director

Harjeet Singh Kohli
Director

Sriram Gopalakrishnan
CFO & Company Secretary

Place: New Delhi
Date: May 23, 2017

ADDITIONAL INFORMATION AS REQUIRED BY SCHEDULE III OF THE ACT

Annexure I

Name of the entity	Net Assets, i.e., total assets minus total liabilities				Share in profit or loss			
	F.Y. 2016-2017		F.Y. 2015-2016		F.Y. 2016-2017		F.Y. 2015-2016	
	As % of consolidated Net Assets	INR Amount (In Million)	As % of consolidated Net Assets	INR Amount (In Million)	As % of consolidated Profit or Loss	INR Amount (In Million)	As % of consolidated Profit or Loss	INR Amount (In Million)
Parent Company								
Comviva Technologies Limited	**107%**	**4,765**	99%	4,462	**-332%**	**298**	94%	708
Subsidiaries								
Foreign								
Comviva Technologies Inc.	**0%**	**19**	0%	16	**-4%**	**3**	1%	9
Comviva Technologies Nigeria Limited	**2%**	**79**	0%	(8)	**76%**	**(68)**	**-3%**	(22)
Comviva Technologies Singapore PTE. Limited	**0%**	**19**	0%	1	**4%**	**(4)**	0%	(2)
Comviva Technologies FZ-LLC	**2%**	**101**	1%	47	**-63%**	**57**	11%	86
Hedonmark {Management Services} Limited	**-3%**	**(131)**	**-1%**	(35)	**139%**	**(125)**	-5%	(34)
Comviva Technologies Netherland BV	**-1%**	**(27)**	0%	16	**49%**	**(44)**	2%	14
Terra Payment Services (Netherlands) B.V.	**1%**	**64**	0%	6	**107%**	**(96)**	-3%	(23)
ATS Advanced Technology Solution (S.A.)	**0%**	**(2)**	1%	26	**31%**	**(28)**	1%	8
ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E Exportacao Ltda	**0%**	**19**	1%	28	**13%**	**(12)**	3%	23
Terra Payment Services (UK) Limited	**0%**	**9**	0%	-	**0%**	**(0)**	-	-
Terra Payment Services (Uganda) Limited	**0%**	**1**	0%	-	**0%**	**0**	-	-
Terra Payment Services Botswana (Pty) Limited	**0%**	**(0)**	**0%**	-	**0%**	**(0)**	**-**	-
Terra Payment Services South Africa (PTY) Ltd	**1%**	**24**	**0%**	**-**	**0%**	**(0)**	**-**	**-**
Terra Payment Services S.A.R.L. -(DRC)	**0%**	**-**	**0%**	**-**	**1%**	**(1)**	**-**	**-**
Terra Payment Services S.A.R.L. -(Congo B)	**0%**	**(0)**	**0%**	**-**	**0%**	**(0)**	**-**	**-**
Terra Payment Services (Tanzania) Limited	**0%**	**(0)**	**0%**	**-**	**0%**	**(0)**	**-**	**-**
Terra Payment Services (Mauritius)	**0%**	**(0)**	**0%**	**-**	**1%**	**(0)**	**-**	**-**
Mobex Money Transfer Services Limited	**0%**	**(0)**	**0%**	**-**	**0%**	**(0)**	**-**	**-**
Terra Payment Services S.A.R.L. -(Senegal)	**0%**	**0**	**0%**	**-**	**0%**	**(0)**	**-**	**-**
Comviva Technologies Colombia S.A.S	**0%**	**2**	**0%**	**-**	**2%**	**(2)**	**-**	**-**
Comviva Technologies Madagascar Sarlu.	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Terrapay Services (UK) Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments on consolidation	**-11%**	**(470)**	**-2%**	**(69)**	**76%**	**(68)**	**-1%**	**(11)**
Total	**100%**	**4,472**	**100%**	**4,490**	**100%**	**(90)**	**100%**	**756**
Minority interest in all subsidiaries	**-1%**	**(40)**	**0%**	**(9)**	**35%**	**(31)**	**-1%**	**(9)**

ADDITIONAL INFORMATION AS REQUIRED BY SCHEDULE III OF THE ACT (CONTD.)

Annexure I

Name of the entity	Share in other comprehensive income				Share in total comprehensive income			
	F.Y. 2016-2017		F.Y. 2015-2016		**F.Y. 2016-2017**		F.Y. 2015-2016	
	As % of consolidated other comprehensive income	**INR Amount (In Million)**	As % of consolidated other comprehensive income	INR Amount (In Million)	**As % of consolidated Total comprehensive income**	**INR Amount (In Million)**	As % of consolidated total comprehensive income	INR Amount (In Million)
Parent Company								
Comviva Technologies Limited	**11%**	**5**	86%	(19)	**-612%**	**303**	94%	689
Subsidiaries								
Foreign								
Comviva Technologies Inc.	-	-	-	-	**-7%**	**3**	1%	9
Comviva Technologies Nigeria Limited	-	-	-	-	**137%**	**(68)**	**-3%**	(22)
Comviva Technologies Singapore PTE. Limited	-	-	-	-	**7%**	**(4)**	0%	(2)
Comviva Technologies FZ-LLC	-	-	-	-	**-114%**	**57**	12%	86
Hedonmark {Management Services} Limited	-	-	-	-	**252%**	**(125)**	-5%	(34)
Comviva Technologies Netherland BV	-	-	-	-	**89%**	**(44)**	2%	14
Terra Payment Services (Netherlands) B.V.	-	-	-	-	**194%**	**(96)**	-3%	(23)
ATS Advanced Technology Solution (S.A.)	-	-	-	-	**57%**	**(28)**	1%	8
ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E Exportacao Ltda	-	-	-	-	**24%**	**(12)**	3%	23
Terra Payment Services (UK) Limited	-	-	-	-	**1%**	**(0)**	0%	-
Terra Payment Services (Uganda) Limited	-	-	-	-	**0%**	**0**	0%	-
Terra Payment Services Botswana (Pty) Limited	-	-	-	-	**0%**	**(0)**	**0%**	-
Terra Payment Services South Africa (PTY) Ltd	-	-	-	-	**0%**	**(0)**	**0%**	-
Terra Payment Services S.A.R.L. -(DRC)	-	-	-	-	**2%**	**(1)**	**0%**	-
Terra Payment Services S.A.R.L. -(Congo B)	-	-	-	-	**0%**	**(0)**	**0%**	-
Terra Payment Services (Tanzania) Limited	-	-	-	-	**0%**	**(0)**	**0%**	-
Terra Payment Services (Mauritius)	-	-	-	-	**1%**	**(0)**	**0%**	-
Mobex Money Transfer Services Limited	-	-	-	-	**0%**	**(0)**	**0%**	-
Terra Payment Services S.A.R.L. -(Senegal)	-	-	-	-	**0%**	**(0)**	**0%**	-
Comviva Technologies Colombia S.A.S	-	-	-	-	**4%**	**(2)**	**0%**	-
Comviva Technologies Madagascar Sarlu.	-	-	-	-	-	-	-	-
Terrapay Services (UK) Limited	-	-	-	-	-	-	-	-
Adjustments on consolidation	**5%**	**36**	**0%**	**(3)**	**64%**	**(32)**	**-2%**	**(14)**
Total	**100%**	**41**	**100%**	**(22)**	**100%**	**(49)**	**100%**	**734**
Minority interest in all subsidiaries	**0%**	**-**	**0%**	**-**	**63%**	**(31)**	**-1%**	**(9)**

Comviva Technologies Limited

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 salient features of the financial statement of subsidiaries

Annexure II
(FY 2016-2017)
(Amount in Rs.Million)

Sr. No	Name of the subsidiary	The date since when subsidiary was acquired**	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	Invest-ments	Turnover*	Profit/ (loss) before taxation*	Provision for taxation*	Profit/ (loss) after taxation*	Proposed dividend	% of share-holding
1	Comviva Technologies Inc.	February 05, 2001	December 31	USD/67.92	7	12	30	11	-	99	2	(1)	3	-	100%
2	Comviva Technologies Nigeria Limited	March 23, 2011	-	NGN/0.21	2	77	319	240	12	110	(71)	(3)	(68)	-	100%
3	Comviva Technologies Singapore Pte. Ltd.	September 8, 2011	-	SGD/46.41	26	(7)	62	43	-	8	(5)	(1)	(4)	-	100%
4	Comviva Technologies FZ-LLC	February 19, 2012	-	AED/17.66	1	100	934	833	-	1,695	57	-	57	-	100%
5	Hedonmark {Management Services} Limited	November 20, 2014	-	NGN/0.21	1	(132)	88	219	-	9	(191)	(66)	(125)	-	75%
6	Comviva Technologies B.V.	April 30, 2015	-	EUR/69.26	1	(28)	755	782	286	252	(55)	(11)	(44)	-	100%
7	Terra Payment Services (Netherlands) B.V.	July 3, 2015	-	EUR/69.26	28	36	82	18	49	-	(96)	-	(96)	-	100%
8	Mobex Money Transfer Services Limited -refer note (I)(c) below	December 16, 2015	-	KES/0.63	-	(0)	0	0	-	-	(0)	-	(0)	-	100%
9	Terra Payment Services (Tanzania) Limited- refer note (I)(e) below	March 10, 2016	-	TZS/0.03	-	(0)	0	0	-	-	(0)	-	(0)	-	100%
10	Terra Payment Services (Uganda) Limited - refer note (I)(f) below	March 11, 2016	-	UGX/0.02	-	1	1	-	-	-	0	-	0	-	100%
11	Terra Payment Services South Africa (PTY) Ltd.- refer note (I)(a) below	October 30, 2014	-	ZAR/4.86	-	24	24	0	-	-	(0)	-	(0)	-	100%
12	Terra Payment Services (Mauritius)	January 19, 2017	-	MUR/1.85	-	(0)	2	2	-	0	(0)	-	(0)	-	100%
13	Terra Payment Services (UK) Limited -refer note (I)(j) below	August 5, 2016	-	GBP/80.84	9	0	11	2	-	-	(0)	-	(0)	-	100%
14	Terra Payment Services Botswana (PTY) Limited -refer note (I)(k) below	July 13, 2016	-	BWP/6.17	-	(0)	0	0	-	-	(0)	-	(0)	-	100%
15	Terra Payment Services S.A.R.L. -(Congo B) -refer note (I)(h) below	June 29, 2016	-	XAF/0.11	-	(0)	-	0	-	-	(0)	-	(0)	-	100%
16	Terra Payment Services S.A.R.L. -(DRC) -refer note (I)(i) below	July 5, 2016	-	CDF/0.05	-	-	-	-	-	-	(1)	-	(1)	-	100%
17	Terra Payment Services S.A.R.L. -(Senegal) -refer note (I)(g) below	June 20, 2016	-	XOF/0.11	0	(0)	0	-	-	-	(0)	-	(0)	-	100%
18	ATS Advanced Technology Solution (S.A.)	January 31, 2016	June 30	ARS/4.53	0	35	189	154	-	476	(104)	3	(107)	-	100%
19	ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E exportacao LTDA	January 31, 2016	December 31	BRL/20.88	2	10	200	188	-	214	(68)	-	(68)	-	100%
20	Comviva Technologies Colombia S.A.S	June 17, 2016	December 31	COP/0.02	0	(1)	1	2	-	-	(1)	-	(1)	-	100%
21	Comviva Technologies Madagascar Sarlu.- refer note (I)(b) below	December 12, 2016	-	MGA/0.02	-	-	-	-	-	-	-	-	-	-	100%
22	Terrapay Services (UK) Limited- refer note (I)(d) below	February 24, 2016	-	GBP/80.84	-	-	-	-	-	-	-	-	-	-	100%

*Converted at the average exchange rate.

** It includes the date of incorporation in case of subsidiary which is incorporated.

Notes

I) Following subsidiaries are yet to commence operations as at March 31, 2017:

a) Terra Payment Services South Africa (PTY) Ltd.
b) Comviva Technologies Madagascar Sarlu.
c) Mobex Money Transfer Services Limited
d) Terrapay Services (UK) Limited
e) Terra Payment Services (Tanzania) Limited
f) Terra Payment Services (Uganda) Limited
g) Terra Payment Services S.A.R.L. -(Senegal)
h) Terra Payment Services S.A.R.L.-(Congo B)
i) Terra Payment Services S.A.R.L. -(DRC)
j) Terra Payment Services (UK) Limited
k) Terra Payment Services Botswana (Pty) Limited

Comviva Technologies Limited

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 salient features of the financial statement of subsidiaries

Annexure II
(FY 2015-2016)
(Amount in Rs.Million)

Sr. No	Name of the subsidiary	The date since when subsidiary was acquired**	Reporting period for the subsidiary concerned if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Invest-ments	Turnover*	Profit/ (loss) before taxation*	Provision for taxation*	Profit/ (loss) after taxation*	Proposed Dividend	% of share-holding
1	Comviva Technologies Inc.	February 05, 2001	December 31	USD/66.15	7	9	29	13	-	123	4	1	3	-	100%
2	Comviva Technologies Nigeria Limited	March 23, 2011	-	NGN/0.33	3	(11)	212	220	19	190	(26)	(4)	(22)	-	100%
3	Comviva Technologies Singapore PTE. Ltd.	September 8, 2011	-	SGD/49.25	3	(2)	41	40	-	9	(2)	-	(2)	-	100%
4	Comviva Technologies FZ-LLC	February 19, 2012	-	AED/18.04	1	46	918	871	-	1,335	86	-	86	-	100%
5	Hedonmark {Management Services} Limited	November 20, 2014	-	NGN/0.33	1	(36)	11	46	-	0	(34)	0	(34)	-	75%
6	Comviva Technologies B.V.	April 30, 2015	-	EUR/75.41	1	15	538	522	323	21	18	4	14	-	100%
7	Terra Payment Services (Netherlands) B.V.	July 3, 2015	-	EUR/75.41	30	(24)	10	4	-	-	(23)	-	(23)	-	100%
8	Mobex Money Transfer Services Limited (Refer note I(a) below)	December 16, 2015	-	KES	-	-	-	-	-	-	-	-	-	-	100%
9	Terra Payment Services (Tanzania) Limited (Refer note I(b) below)	March 10, 2016	-	TZS	-	-	-	-	-	-	-	-	-	-	100%
10	Terrapay Services (UK) Limited- refer note (I)(c) below	February 24, 2016	-	GBP	-	-	-	-	-	-	-	-	-	-	100%
11	Terra Payment Services (Uganda) Limited (Refer note I(d) below)	March 11, 2016	-	UGX	-	-	-	-	-	-	-	-	-	-	100%
12	Terra Payment Services South Africa (PTY) Ltd (Refer note I(e) below)	October 30, 2014	-	ZAR	-	-	-	-	-	-	-	-	-	-	100%

*Converted at the average exchange rate.

** It includes the date of incorporation in case of subsidiary which is incorporated.

Notes

I) Following subsidiaries are yet to commence operations and no share capital has been infused as at March 31, 2016:
a) Mobex Money Transfer Services Limited
b) Terra Payment Services (Tanzania) Limited
c) Terrapay Services (UK) Limited
d) Terra Payment Services (Uganda) Limited
e) Terra Payment Services South Africa (PTY) Ltd.

II) ATS Advanced Technologies Solutions S.A. (ATS-AR) has been acquired by Comviva Technologies B.V. with effect from February 01, 2016, which is not included in the above statement as ATS-AR has June 30, 2015 as statutory year end.

III) ATS Advanced Technologies Solutions do Brasil Industria, Comercio, importacao y Exportacao LTDA (ATS-BR) has been acquired by Comviva Technologies B.V. with effect from February 01, 2016, which is not included in the above statement as ATS-BR has December 31, 2015 as statutory year end.

COMVIVA TECHNOLOGIES INC.

Board of Directors

Mr. Arvind Malhotra
Mr. Ashish Tikhe

Registered Office

1411,Sawgrass Corporate Parkway,
Suite # B, Sunrise,
Fort Lauderdale, 33323-2888,
USA

Bankers

Bank of America

Auditors
Rajeev Kaul, CPA, PC

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2016

The Directors submit their report together with the audited financial statements of Comviva Technologies Inc. ('the Company'), for the year ended 31 December 2016.

FINANCIAL HIGHLIGHTS

In USD

Particulars	**Current Year**	Previous Year
Revenue	**1,471,000**	1,896,500
Other	**3,549**	1,685
Gross Profit	**1,474,549**	1,898,185
Profit/(Loss) Before Tax	**26,377**	66,950
Profit/(Loss) After Tax	**35,262**	48,450

BUSINESS REVIEW

Total Income for the calendar year is USD 1,471,000 as against USD 1,896,500 in previous year.

Events after the reporting period

There have been no significant events after the reporting period.

Shareholder and its interests

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

Directors

The directors who served during the year were as follows:

Mr. Vikram Shanbhag (resigned)

Mr. Fernando Salas (resigned)

Mr. Arvind Malhotra

Mr. Ashish Tikhe

Auditors

The financial statements have been audited by Rajeev Kaul, CPA, PC who retire and, being eligible, offer themselves for reappointment.

Signed on behalf of the board of directors:

Arvind Malhotra **Ashish Tikhe**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Comviva Technologies Inc
Florida, USA

Report on the Financial Statements

We have audited the accompanying Balance Sheets of **Comviva Technologies Inc** as of December 31st, 2016 & December 31st, 2015 the related statements of income, retained earnings and cash flows for the years then ended.

Management responsibility for the financial statements

These financial statements are the responsibility of the management of **Comviva Technologies Incs's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

Auditor's responsibility

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial condition of **Comviva Technologies Inc** as of December 31, 2016 & December 31, 2015 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Rajeev Kaul, CPA PC

April 27, 2017

BALANCE SHEETS AS OF DECEMBER 31ST 2016 & DECEMBER 31ST 2015

	December 31, 2016 $	December 31, 2015 $
ASSETS		
Current Assets		
Cash & Cash Equivalents	**58,282**	54,937
Accounts Receivables	**292,500**	350,500
Deposits and Loans and Advances	**93,016**	38,095
	443,798	443,532
Fixed Assets		
Gross Assets	**30,246**	29,509
Less : Accumlated Depreciation	**(25,352)**	(22,809)
Net Fixed Assets	**4,894**	6,700
TOTAL ASSETS	**448,692**	450,232
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payables	**166,225**	203,027
Total Current Liabilities	**166,225**	203,027
Shareholders' Equity		
(a) Authorized Share Capital Common Stock 25,000 at NPV		
(b) Issued and Subscribed Common Stock 10,450 at NPV	**104,500**	104,500
Retained Earnings	**177,967**	142,705
Total Shareholder's Equity	**282,467**	247,205
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**448,692**	450,232

Accompanying notes are an integral part of these financial statements

STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31ST 2016 & DECEMBER 31ST 2015

		December 31, 2016 $	December 31, 2015 $
Software Service		**1,471,000**	1,896,500
Other income/(loss) : Exchange rate difference		**3,549**	1,685
Less : Cost of sales			
Software Services		**-**	-
GROSS PROFIT		**1,474,549**	1,898,185
Less : Expenses			
Payroll and employee related Exps	(See Schedule)	**616,379**	649,605
General Admininstration Exps	(See Schedule)	**561,622**	754,403
Selling & Distribution Exps	(See Schedule)	**267,628**	424,902
Depreciation & Amortization	(See Schedule)	**2,543**	2,325
Total Expenses		**1,448,172**	1,831,235
OPERATING PROFIT/ (LOSS)		**26,377**	66,950
Profit/(Loss) Before Interest and Tax		**26,377**	66,950
Less : Provision for Federal Taxes		**(8,885)**	18,500
Profit/(Loss) After Interest		**35,262**	48,450
Opening Balance of Retained Earnings		**142,705**	94,255
Closing Retained Earnings		**177,967**	142,705

Accompanying notes are an integral part of these financial statements

SCHEDULES TO BALANCE SHEETS AS OF DECEMBER 31ST 2016 & DECEMBER 31ST 2015

		December 31, 2016 $	December 31, 2015 $
Accounts Receivables			
Comviva Technologies Ltd.		**292,500**	350,500
		292,500	350,500
Less: Provision for Bad Debts		**-**	-
Accounts Receivable- Net	**Total**	**292,500**	350,500
Loans and Advances & Deposits			
Rent Deposits		**2,472**	2,472
Tour Advances		**53,769**	22,666
Advance to Suppliers		**23,818**	-
Recoverable in Cash/ Kind		**12,957**	12,957
	Total	**93,016**	38,095
Fixed Assets			
Computer		**9,760**	9,023
Furniture		**9,761**	9,761
Office Equipments		**10,725**	10,725
	Total	**30,246**	29,509
Accounts Payables			
Expenses Payable		**166,225**	203,027
	Total	**166,225**	203,027

Accompanying notes are an integral part of these financial statements

SCHEDULE TO STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31ST 2016 & DECEMBER 31ST 2015

		December 31, 2016 $	December 31, 2015 $
Payroll and employee related Expenses			
Payroll Expenses		**452,980**	559,520
Payroll Taxes		**32,421**	30,459
Payroll Fees		**5,311**	4,944
Staff Welfare Expenses		**125,667**	54,682
	Total	**616,379**	649,605
General and Administration Expenses			
Bank Charges		**3,616**	4,745
Misc Expenses		**1,595**	4,084
Insurance Expenses		**1,355**	678
Internet Charges		**3,058**	4,001
Legal & Professional Fee		**4,184**	130,242
Outsourced Expenses		**526,000**	582,745
Office Expenses.		**840**	3,076
Postage & Delivery		**2,089**	4,183
Rent		**17,808**	15,264
State Taxes		**-**	2,500
Stationery Expenses		**1,077**	2,885
	Total	**561,622**	754,403
Selling & Distribution Expenses			
Business Conference & Promotion Expenses		**21,510**	55,237
Telephone Expenses		**24,143**	50,017
Travel Expenses		**221,975**	319,648
	Total	**267,628**	424,902
Depreciation & Amortization			
Computer		**1,146**	912
Office Equipments		**1,397**	1,413
	Total	**2,543**	2,325

Accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31ST 2016 & DECEMBER 31ST 2015

	December 31, 2016 **$**	December 31, 2015 $
Operating activities		
Net income as per Income statement after tax	**35,262**	48,450
Adjustment to income:		
Depreciation & amortization	**2,543**	2,325
Changes in Working Capital		
(Increase) / Decrease in Other Current Assets	**3,079**	111,963
Increase / (Decrease) in Other Liabilties	**(36,802)**	(123,796)
Cash provided by (used in) Operating Activities	**4,082**	38,942
Investing Activities		
(Increase)/Decrease in Fixed Assets	**(737)**	(4,314)
Cash provided by (used in) Investing Activities	**(737)**	(4,314)
Financing Activities		
Increase / (Decrease) in Additional Paid in Capital	**-**	-
Increase / (Decrease) in Dues from Affiliates	**-**	-
Cash provided by (used in) Financing Activities	**-**	-
Net Cash Flow Changes during the year	**3,345**	34,628
Cash & equivalents - beginning balance	**54,937**	47,120
Cash & equivalents - ending balance	**58,282**	81,748

Accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31st, 2016 & December 31st, 2015

Company Overview

Comviva Technologies Inc (the "company") was incorporated in the State of Virginia on February 5, 2001. The Company is a wholly owned subsidiary of Comviva Technologies Ltd., a Company incorporated under the laws of India.

Business Activity

The company plans to devote substantially all of its efforts to the development of software, manufacture, buy, sell, repair, distribute, job to be a franchise dealer licensee, import, export, and otherwise deal in electronic products and technology, an on-line/internet interactive service or services, internet consulting and web advertising hardware, equipment and at retail, and accessories of every kind and description, and other related and unrelated products at wholesale and at retail, and as principal and/or agent.

Business Outlook

Comviva Technologies Ltd., India, the parent company of Comviva Technologies Inc., USA, is in the business of developing software. The current focus is mobility solutions for operators and financial institutions.

The areas of expertise include mobile finance, content, infotainment, and messaging, mobile data and managed VAS services. The most mature market in this segment is the Europe and Japan and largest market is USA. The Mobile Financial solutions in USA are slow progress but the outlook is on the increase. The US companies also dominate the research and building of new mobile financial solutions.

Currently Vikram Shanbhag and his team are based out of Miami to cover the Latin American Region which is an emerging market for mobility solutions.

Significant Accounting Policies

Basis of Preparation of Financial Statements

The financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States.

Estimates and Assumptions

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Examples include provisions for returns, concessions and bad debts; and the length of product life cycles and buildings lives. Actual results may differ from these estimates.

Depreciation

Depreciation is provided on a straight-line basis using the estimated useful lives of the assets. The following are the rate of depreciation:

Type of Asset	**Rate**
Plant and Equipment (Computers)	**33.33%**
Plant and Equipment (Electrical Equipment)	**20%**
Office Equipment	**20%**
Furniture and Fixtures	**20%**

Financial Instruments

"Disclosure about Fair Value of Financial Instruments" requires disclosure of fair value information about financial instruments for which it is practicable to estimate the value, whether or not recognized on the statement of financial condition. The Fair values of all other financial assets and liabilities are considered to approximate the recorded value due to short term nature of the financial instrument and reporting policies followed by the company.

Provision for Liabilities

All the known and ascertained liabilities have been provided.

Provision for Taxes

Provisions for taxes have been made based on estimated tax liabilities.

Revenue Recognition

Revenue from sale of equipment and third party software is recognized upon delivery, which is when the title passes to the customer.

Revenue from contracts priced on a time and material basis is recognized when services are rendered.

Revenue from fixed price contracts is recognized as per the proportionate completion method and where there is no uncertainty as to the measurement or collectability of the consideration.

Revenue from annual maintenance and annual technical services contracts is recognised on pro-rata basis over the period of the contract.

Related Party Transactions

During the year the company had following inter-company transactions with related entities.

		2015	2016
Comviva Technologies Ltd	Revenue	**1,896,500**	1,471,000
Comviva Technologies Ltd	Reimbursement of Expenses	**6,000**	6,000
Comviva Technologies Ltd	Accounts Receivables	**350,500**	292,500
Comviva Technologies Ltd	Accounts payable	**50,898**	50,898

(Accountant's Audited Report and Accompanying Notes are an integral part of the Financial Statements)

COMVIVA TECHNOLOGIES FZ-LLC

Board of Directors
Mr. Manoranjan Mohapatra
Mr. Kaustubh Kashyap
Mr. Phanish Bhardwaj

Registered Office
Premises: 1401 & 1408-1409
Floor: 14, PO Box 500583
Building: Al Shatha Tower
Dubai, United Arab Emirates

Bankers
Abu Dhabi Commercial Bank

Auditors
Deloitte and Touche (M.E)

INDEPENDENT AUDITOR'S REPORT

The Shareholder
Comviva Technologies FZ LLC
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Comviva Technologies FZ LLC,** (the "Company"), **Dubai, United Arab Emirates**, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- 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 disclosure 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 represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte & Touche (M.E.)

Mutasem M Dajani
Reg. No. 726
May 23, 2017

Dubai
United Arab Emirates

STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2017

	Notes	**31 March 2017 AED**	31 March 2016 AED
ASSETS			
Non-current assets			
Property and equipment	5	**559,565**	1,164,671
Loan to a related party	8 (a)	**1,896,507**	1,796,311
		2,456,072	2,960,982
Current assets			
Inventories	6	**322,082**	2,730,919
Trade and other receivables	7	**38,974,044**	37,442,146
Due from related parties	8 (a)	**1,225,530**	786,952
Cash and cash equivalents	9	**9,874,439**	6,996,832
Total current assets		**50,396,095**	47,956,849
Total assets		**52,852,167**	50,917,831
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**55,000**	55,000
Statutory reserve	11	**27,500**	27,500
Retained earnings		**5,624,408**	2,521,508
Total shareholder's funds		**5,706,908**	2,604,008
Non-current liabilities			
Provision for employees' end-of-service indemnity	12	**533,247**	313,757
Total non-current liabilities		**533,247**	313,757
Current liabilities			
Due to related parties	8 (b)	**2,191,659**	2,738,848
Trade and other payables	13	**44,420,353**	45,261,218
Total current liabilities		**46,612,012**	48,000,066
Total liabilities		**47,145,259**	48,313,823
Total equity and liabilities		**52,852,167**	50,917,831

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**31 March 2017 AED**	31 March 2016 AED
Revenue	14	**92,823,312**	74,932,869
Cost of sales	15	**(79,103,660)**	(60,167,302)
Gross profit		**13,719,652**	14,765,567
General and administrative expenses	16	**(10,751,984)**	(9,969,200)
Selling and distribution expenses		**(62,424)**	(155,339)
Finance costs		**-**	(33,440)
Other income	17	**197,656**	237,124
Profit for the year		**3,102,900**	4,844,712
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,102,900**	4,844,712

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital AED	Statutory Reserve AED	earnings AED	Total AED
Balance as at 1 April 2015	**55,000**	**27,500**	**(2,323,204)**	**(2,240,704)**
Total comprehensive loss for the year	-	-	4,844,712	4,844,712
Balance as at 31 March 2016	**55,000**	**27,500**	**2,521,508**	**2,604,008**
Total comprehensive income for the year	-	-	3,102,900	3,102,900
Balance as at 31 March 2017	**55,000**	**27,500**	**5,624,408**	**5,706,908**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	31 March 2017 AED	31 March 2016 AED
Cash flows from operating activities		
Profit for the year	**3,102,900**	4,844,712
Adjustments for:		
Depreciation of property and equipment	**967,996**	1,451,718
Provision for employees' end of service indemnity	**219,490**	168,973
Allowance for slow-moving inventories	**36,360**	
Finance costs		33,440
Interest income from loan provided to a related party	**(90,616)**	(88,276)
Reversal of accrued expenses no longer payable	**(107,040)**	
Allowance for bad and doubtful debts	**7,784**	690,056
Loss on sale of fixed assets	**-**	57,410
Operating changes before changes in operating assets and liabilities	**4,136,874**	7,158,033
(Increase)/decrease in inventories	**2,372,477**	(2,491,424)
Increase in trade and other receivables	**(1,539,682)**	(15,759,283)
Increase in due from related parties	**(438,578)**	(143,497)
(Decrease)/increase in trade and other payables	**(733,825)**	13,932,727
(Decrease)/increase in due to related parties	**(547,189)**	497,518
Net cash generated from operating activities	**3,250,077**	3,194,074
Cash flow used in investing activities		
Purchase of property and equipment	**(362,890)**	(551,768)
Disposal of property and equipment	**-**	20,391
Net cash used in investing activities	**(362,890)**	(531,377)
Cash flow used in financing activities		
Increase in loan to a related party	**(9,580)**	(94,703)
Net cash used in financing activities	**(9,580)**	(94,703)
Net increase in cash and cash equivalents	**2,877,607**	2,567,994
Cash and cash equivalents at the beginning of the year	**6,996,832**	4,428,838
Cash and cash equivalents at the end of the year (Note 9)	**9,874,439**	6,996,832

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Legal status and business activity

Comviva Technologies FZ LLC. is a Free Zone Company with limited liability established pursuant to Dubai Technology and Media Free Zone Law No. (1) of 2000. The Company is registered with Dubai Technology and Media Free Zone Authority under license No. 20773, and located at Premises: 1401 & 1408-1409, Floor No. 14, Al Shatha Tower, PO Box: 500583, Dubai, United Arab Emirates.

The principal activity of the Company is to provide solutions for telecommunication and network.

The Ultimate Parent Company of Comviva Technologies FZ LLC is Tech Mahindra Limited.

2. Application of new and revised International Financial Reporting Standards ("IFRS")

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle - Amendments to IFRS 12 Disclosure of Interests in Other Entities.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

The Company has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRS	**Effective for annual periods beginning on or after**
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures (2015).	1 January 2018
Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 Financial Instruments and the forthcoming new insurance contracts standard.	1 January 2018
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: • **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.	1 January 2018

New and revised IFRS	Effective for annual periods beginning on or after
• **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	1 January 2018
IFRS 15 Revenue from Contracts with Customers: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2018
Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	1 January 2019
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the annual period beginning on or after 1 January 2017 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Company in the year of initial application.

Management anticipates that IFRS 9 and IFRS 15 will be adopted in the Company's financial statements for the annual year beginning 1 January 2018 and IFRS 16 will be adopted for the annual year beginning 1 January 2019. The application of IFRS 9, IFRS 15 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers, the Company's financial assets and financial liabilities and leases. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

3. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time of transaction. The principal accounting policies are set out below.

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

Revenue from fixed price contracts are recognized as per the proportionate completion method or completed contract method, as applicable provided that no further vendor obligations remain and collection is probable.

Revenue in respect of time and material contracts is recognized as and when the related services are rendered.

Annual technical services revenue and revenue from fixed price maintenance contracts are recognized proportionately over the period in which the services are rendered.

Revenue in excess of billings is recognised as unbilled revenue in the balance sheet.

Foreign currency transactions

The financial statements are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss when incurred.

Depreciation is charged so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method, as follows:

	Years
Computers	3
Furniture and fixtures	5
Network system	3
Office equipment	5

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

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

Capital expenditure on assets which are not completed is reflected as a distinct item in capital work in progress till the period of completion and thereafter shown as an item of property and equipment. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are capitalized.

Impairment of tangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise of direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Borrowings

Borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, these are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period during which they are incurred.

Employee benefits

Accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision for end-of-service benefits is made in accordance with U.A.E. Labour Law and is based on current remuneration rates and cumulative service at the reporting date. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end-of-service benefits is disclosed as a non-current liability.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as 'loans and receivables.' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including loan to a related party, trade and other receivables, amounts due from related parties, and bank and cash balances are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including due to related parties and trade and other payables are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised, and the consideration paid/payable is recognised in profit or loss.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

4. Critical accounting judgments and key source of estimation uncertainty

Critical accounting judgment in applying the Company’s accounting policies

In the process of applying the Company’s accounting policies, which are described in Note 3 to the financial statements, management has made the following judgment that has the most significant effect on the amounts recognized in the financial statements.

Revenue recognition

Management has considered the detailed criteria for the recognition of revenue from the sale of goods and rendering of services set out in IAS 18: Revenue and in particular for the sale of goods, whether the Company had transferred to the buyer the significant risks and rewards of the goods. Based on the acceptance by the customer of the liability for the goods sold, the management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful lives of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors such as the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combination of factors to ensure that trade receivables and amounts due from related parties are not overstated due to uncollectibility. The allowance for doubtful debts for all customers and related parties is based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customers and related party's financial conditions and collateral from customers in certain circumstances. Also specific provisions for individual accounts are recorded when the Company becomes aware of the customer or related party's inability to meet its financial obligations, such as in the case of deterioration in the customer's operating results or financial position.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realizable value. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made at the product level for estimated excess, obsolescence or damages. Factors influencing these adjustments include changes in demand, physical deterioration and quality issues.

5. Property and equipment

	Computers **AED**	Furniture and fixtures **AED**	Network System **AED**	Office Equipment **AED**	Capital work in progress **AED**	Total **AED**
Cost						
At 1 April 2015	2,845,617	86,325	36,275	40,949	84,847	3,094,013
Additions	470,254	60,160	20,825	529		551,768
Transfers	65,156				(65,156)	
Disposals	-	(146,485)	-	(2,379)	-	(148,864)
At 31 March 2016	3,381,027		57,100	39,099	19,691	3,496,917
Additions	350,792	7,794		4,190	114	362,890
At 31 March 2017	**3,731,819**	**7,794**	**57,100**	**43,289**	**19,805**	**3,859,807**
Accumulated depreciation						
At 1 April 2015	859,003	52,302	31,365	8,921		951,591
Charge for the year	1,412,544	18,359	12,686	8,129		1,451,718
Eliminated on disposal	-	(70,661)	-	(402)	-	(71,063)
At 31 March 2016	2,271,547		44,051	16,648		2,332,246
Charge for the year	952,013	909	6,766	8,308		967,996
At 31 March 2017	**3,223,560**	**909**	**50,817**	**24,956**	**-**	**3,300,242**
Carrying amount						
At 31 March 2017	**508,259**	**6,885**	**6,283**	**18,333**	**19,805**	**559,565**
At 31 March 2016	1,109,480		13,049	22,451	19,691	1,164,671

6. Inventories

	31 March 2017 AED	31 March 2016 AED
Goods held for sale	**358,442**	2,730,919
Less: Provision for slow moving inventories	**(36,360)**	-
	322,082	2,730,919

Movement in allowance for slow-moving inventories:

	31 March, 2017 AED	31 March, 2016 AED
Balance at the beginning of the year		
Allowance made during the year	**36,360**	-
		-
Balance at the end of the year	**36,360**	-

7. Trade and other receivables:

	31 March, 2017 AED	31 March, 2016 AED
Trade receivables	**28,790,668**	23,514,734
Less : Allowance for bad and doubtful debts	**(729,376)**	(721,592)
	28,061,292	22,793,142
Prepayments	**3,580,774**	3,674,678
Advances to suppliers	**40,304**	657,367
Other receivables	**285,491**	19,204
Unbilled revenue	**7,006,183**	10,297,755
	38,974,044	37,442,146

The average credit period on sale of goods and rendering services is 60 days.

The ageing analysis of the trade receivables is as follows:

	31 March, 2017 AED	31 March, 2016 AED
Less than 60 days	**16,660,023**	17,621,620
Past due 61 to 180 days	**8,148,211**	1,792,660
Past due 181 - 365 days	**1,124,453**	1,126,019
Past due Above 365 Days	**2,857,981**	2,974,435
	28,790,668	23,514,734

No interest is charged on overdue receivables from customers. These amounts are provided for impairment based on a collective assessment on the following basis:

- Management considers that invoices outstanding up to 60 days are considered within the acceptable credit period.
- Amounts receivable from external customers and outstanding beyond one year are fully provided for except few cases where management believes the amount is recoverable.

Trade receivables which are neither past due nor impaired amounted to AED 16,660,023 (2016:AED 17,621,620).

Trade receivables includes AED 3,004,677 (2016: AED 2,283,289) receivable from related parties.

The net carrying value of receivables is considered a reasonable approximation of fair value at the financial position date.

Movement in allowance for impairment of receivables:

	31 March, 2017	31 March, 2016
	AED	AED
At beginning of year	**721,592**	31,536
Allowance for the year	**7,784**	690,056
At end of year	**729,376**	721,592

8. Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise majority shareholders, companies and entities under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

a) At the reporting date, the following amounts were due from related parties:

	31 March, 2017	31 March, 2016
	AED	**AED**
Loan to a related party		
Entity under common ownership and control		
Comviva Technologies Nigeria Limited (non-current assets)	**1,896,507**	1,796,311
Due from related parties		
Shareholder		
Comviva Technologies Limited	**226,903**	226,903
Entities under common ownership and control		
Comviva Technologies B.V.	**3,433**	-
Terra Payment Services (Netherlands) B.V.	**435,145**	-
Comviva Technologies Nigeria Limited (current assets)	**560,049**	560,049
	1,225,530	786,952

b) Due to related parties:

	31 March, 2017	31 March, 2016
	AED	AED
Shareholder		
Comviva Technologies Limited, India	**2,191,659**	2,738,848

The amounts due from related parties and due to related parties are unsecured, non-interest bearing and are receivable/repayable on demand, except non-current loan to a related party of AED 1,896,507 [2016 : AED 1,796,311] which is unsecured, interest bearing at an interest rate of LIBOR rate + 0.055 basis points and is repayable as per the agreement.

c) The nature of significant related party transactions during the year and the amounts involved were as follows:

	31 March, 2017 AED	31 March, 2016 **AED**
Shareholder		
Comviva Technologies Limited:		
Revenue	**813,414**	178,970
Cost of Goods sold	**(3,468,882)**	(13,215,985)
Interest Expense	**-**	(33,440)
Funds transfer to the company	**8,391**	592,993
Funds transfer from the company	**1,015,490**	102,893
Loan taken during the year [Note 8(d)]	**-**	1,470,424
Consultancy fee	**-**	190,639
Loan repaid during the year [Note 8(d)]	**-**	1,503,864
Entities under common ownership and control		
Comviva Technologies Nigeria Limited:	**90,616**	88,275
Interest Income		
Tech Mahindra Limited:	**208,143**	257,169
Revenue	**(86,981)**	-
Rent		

d) During the previous year, the Company received an amount of USD 400,000 towards working capital. The Loan was from Comviva Technologies Limited at the interest rate of LIBOR rate + 0.055 basis points. The company has repaid the loan in the month of February 2016 including interest.

9. Cash and cash equivalents

	31 March, 2017 AED	31 March, 2016 AED
Cash at banks - current accounts	**9,874,439**	6,996,832
	9,874,439	6,996,832

10. Share capital

The authorized, issued and paid-up share capital of the Company is 55 shares of AED 1,000 each. At the reporting date, the shareholder and its holding was as follows:

Name of shareholder	**No. of shares**	**%**	**Amount AED**
Comviva Technologies Limited	**55**	**100**	**55,000**

11. Statutory reserve

In accordance with the Memorandum and Articles of Association, the Company has established a statutory reserve by appropriation of 10% of net profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution, except in the circumstances stipulated by the Memorandum and Articles of Association. No further transfer is required as the reserve is equal to 50% of share capital as at 31 March 2017.

12. Provision for employees' end-of-service indemnity

	31 March, 2017 AED	31 March, 2016 AED
As at 1 April	**313,757**	144,784
Charge for the year	**219,490**	168,973
Balance at the end of the year	**533,247**	313,757

Provision for employees' end-of-service indemnity is made in accordance with the U.A.E. Labour Law, and is based on current remuneration and cumulative years of service at the reporting date.

13. Trade and other payables

	31 March, 2017	31 March, 2016
	AED	AED
Trade payables	**11,228,664**	24,877,678
Advances from customers	**3,680**	3,659
Employee benefits payable	**554,832**	320,403
Deferred revenue	**2,602,121**	1,554,186
Accrued expenses	**30,031,056**	18,505,292
	44,420,353	45,261,218

14. Revenue

	31 March, 2017	31 March, 2016
	AED	AED
Revenue from:		
Sales of goods	**5,785,444**	38,226,405
Rendering of services	**87,037,868**	36,706,464
	92,823,312	74,932,869

15. Cost of sales

	31 March, 2017	31 March, 2016
	AED	AED
Opening inventories	**2,730,919**	239,495
Purchases	**2,844,319**	36,015,417
Allowance for slow moving inventories	**36,360**	
Reversal of allowance for slow moving inventories		
Less: Closing inventories	**(358,442)**	(2,730,919)
Direct expenses [Note 15 (a)]	**73,850,504**	26,643,309
	79,103,660	60,167,302

a) Direct expenses break up

	31 March, 2017	31 March, 2016
	AED	AED
Royalty	**71,766,547**	24,978,954
Other	**2,083,957**	1,664,355
	73,850,504	26,643,309

16. General and administrative expenses

	31 March, 2017	31 March, 2016
	AED	AED
Testing consultancy fees		190,639
Employees' salaries and benefits	**5,524,072**	2,299,598
Rent	**278,983**	252,338
Legal and professional fees	**491,573**	206,221
Rates & Taxes	**2,076,490**	2,492,629
Travelling expenses	**325,079**	259,784
Allowance for bad and doubtful debts	**7,784**	690,056
Repair and maintenance	**208,872**	17,306
Depreciation of property and equipment (apportioned)	**967,996**	1,451,718
Recruitment and visa expenses	**387,385**	196,002
Freight and forwarding expenses	**44,653**	1,251,380
Communication expenses	**107,329**	90,565
Bank charges	**32,701**	58,477
Insurance expense	**46,328**	9,672
Miscellaneous expenses	**42,762**	359,493
Exchange loss	**209,977**	143,322
	10,751,984	9,969,200

17. Other income

	31 March, 2017	31 March, 2016
	AED	AED
Interest income from loan provided to a related party	**90,616**	88,276
Reversal of accrued expenses no longer payable	**107,040**	-
Miscellaneous income	**-**	148,848
	197,656	237,124

18. Financial instruments

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

b) *Categories of financial instruments*

	31 March, 2017	31 March, 2016
	AED	AED
Financial assets at amortised cost		
Loans and receivables (including cash & cash equivalents)	**41,343,259**	32,392,441
Financial liabilities		
Financial liabilities at amortized cost:	**43,750,686**	46,381,895

c) *Fair value of financial instruments*

The fair values of financial assets and financial liabilities at the reporting date approximate their carrying amounts in the statement of financial position.

19. Financial risk management

The Company has financial risk management policies. These policies set out the Company's overall business strategies and its risk management philosophy. The Company's overall financial risk management program seeks to minimize potential adverse effects of financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Company does not hold or issue derivative financial instruments for speculative purpose.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

a) Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, when revenue or expense are denominated in a different currency from the Company's functional currency which is United Arab Emirates Dirham (AED). The company manages the risks through regular monitoring of the currency markets to determine appropriate action to minimise the exposure to the foreign currency risk.

At 31 March 2017 and 2016, there are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or United States Dollars to which the Dirham is fixed, except for the following financial assets and financial liabilities:

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2017 AED	2016 AED	**2017 AED**	2016 AED
Euro	**1,182,588**	3,582,197	**2,388,998**	2,672,897
Great Britain Pound	**-**	-	**-**	31,776
Kuwaiti dinar	**394,511**	-	**-**	-

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase or decrease in the United Arab Emirates Dirham against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the United Arab Emirates Dirham strengthens 10% against the relevant currency. For a 10% weakening of the United Arab Emirates Dirham against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be reversed.

	Profit/(loss)	
	2017 AED	2016 AED
Euro	**(120,641)**	90,930
Great Britain Pound	**-**	(3,178)
Kuwaiti Dinar	**39,451**	-
	(81,190)	87,752

b) *Interest rate risk management*

The Company is exposed to interest rate risk as the Company has advanced a loan to a related party [Note 8(a)].

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for the loan given to a related party at the reporting date. The analysis is prepared assuming the amount of asset outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 March 2017 would increase/decrease by AED 9,482 (2016: increase/decrease by AED 8,981). This is wholly attributable to the Company's exposure to interest rates on its variable rate loan given to a related party.

c) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure, except as disclosed in Note 7. The Company defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks which are registered in the U.A.E.

d) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Liquidity risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to collect or pay.

Financial liabilities	Less than 1 year AED'000	2 - 5 years AED'000	Total AED'000
2017			
Non-interest bearing instruments	**43,750,686**	**-**	**43,750,686**
2016			
Non-interest bearing instruments	46,381,895	-	46,381,895

The following table details the Company's remaining contractual maturity for its non-derivative financial assets. The table has been drawn up based on the discounted cash flows of financial assets based on the earliest date on which the Company can be required to receive.

Financial assets	Less than 1 year AED'000	2 - 5 years AED'000	Total AED'000
2017			
Interest bearing instruments	-	**1,896,507**	**1,896,507**
Non-interest bearing instruments	**39,446,752**	**-**	**39,446,752**
2016			
Interest bearing instruments	-	1,796,311	1,796,311
Non-interest bearing instruments	30,596,130	-	30,596,130

20. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of share capital, statutory reserve and retained earnings.

21. Comparative information

Certain comparative information have been re-classified with no impact on profit or equity.

22. Approval of the financial statements

The financial statements for the year ended 31 March 2017 were approved and signed by two Directors of the Company on 23 May 2017.

Kaustubh Kashyap

Manoranjan Mohapatra

COMVIVA TECHNOLOGIES NIGERIA LIMITED

Board of Directors

Manoranjan Mohapatra	(Indian)
Vipul Sharma	(Indian)
Willie Kanyeki	(Kenyan) Appointed wef 23/5/2016
Rajendra Thakur	(Indian) Resigned wef 23/5/2016

Registered Office

Plot 52, Ahmadu Bello Way,
Victoria Island,
Lagos.

Banker

Standard Chartered Bank Limited

Auditors

Baker Tilly Nigeria
(Chartered Accountants)

REPORT OF THE DIRECTORS

The directors hereby submit their report and the financial statements of the company for the year ended 31 March, 2017.

1. Results for the year	**₦'000**
Loss before taxation	**(289,483)**
Taxation	**10,273**
Retained loss for the year	**(279,210)**

2. Legal form

The company was incorporated on 23 March, 2011 and commenced business operations in November, 2011. It is a private limited liability company substantially owned by Comviva Technologies Limited, India. The company was registered with the Nigerian Investment Promotion Commission on 7 October, 2011.

3. Principal activities

The principal object of the company is to produce and develop computer softwares and programmes of all kinds.

4. Business review and future development

The company continued to record loss from operation as in the previous year. Management is however unrelenting in its resolve to continue improving on its performance in the ensuing years.

5. Directors' composition

The composition of the directors is as contained on page 1 of these financial statements.

6. Directors' interests

The directors' interests in the company's shares were as follows:

	No of ordinary shares of ₦1 each as at 31 March	
	2017	2016
Comviva Technologies Limited (Represented by Manoranjan Mohapatra)	**683,916,186**	**9,999,999**
Ambar Sur	**1**	1

As at 31 March, 2017 Comviva Technologies Limited, India had 683,916,186 (2016 -9,999,999) ordinary shares of ₦1 each. The company has 99.99% foreign equity participation as at 31 March, 2017.

7. Personnel

(a) **Employment of disabled persons:** The Company offers employment opportunities to disabled persons as part of its social responsibility.

(b) **Health, safety and welfare of employees:** The Company maintains medical insurance in addition to payments for the welfare of staff. Also, to motivate staff towards achieving set targets the company pays performance incentive to deserving staff. All essential safety regulations are being observed to guarantee adequate protection of personnel and security of the company's assets.

(c) **Employee involvement and training:** The Company attaches importance to training of its staff. Regular consultative meetings are held at management and departmental levels where staff are kept abreast of the company's plans as well as its achievements and problems.

8. Auditors

Messrs Baker Tilly Nigeria (Chartered Accountants) have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

By Order of the Board
ADEOYE, Joshua Oludayo
FRC/2014/ICSAN/00000008037
For: ALPHA GENASEC LIMITED
Company Secretary
LAGOS, Nigeria

19 May, 2017

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF COMVIVA TECHNOLOGIES NIGERIA LIMITED

Report on the Audit of the Financial Statements

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 March, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Comviva Technologies Nigeria Limited as at 31 March, 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both Financial Reporting Council of Nigeria Act, No. 6 of 2011 and the Companies and Allied Matters Act. Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) In our opinion, proper books of account have been kept by the Company; and

iii) The Company's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

SOETAN, Titus Alao
FRC/2013/ICAN/00000000091
For: BAKER TILLY NIGERIA
(Chartered Accountants)
LAGOS, Nigeria

19 May, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2017

		31 March- 17	31 March -16
Assets	**Note**	**₦**	₦
Non- current assets			
Property, plant and equipment	4	**42,269,574**	64,441,563
Assets in transit/progress	5	**-**	1,093,244
Investment	6	**57,116,039**	57,116,039
Deferred tax asset	21.1	**22,829,338**	15,776,743
Total non-current assets		**122,214,951**	138,427,589
Current assets			
Trade and other receivables	7	**412,910,522**	377,227,984
Due from related parties	13.1	**846,902,728**	116,936,925
Prepayments	8	**9,653,651**	21,931,495
Cash and cash equivalents	9	**109,690,987**	19,923,294
Total current assets		**1,379,157,888**	536,019,698
Total assets		**1,501,372,839**	674,447,287
Liabilities			
Current liabilities			
Trade and other payables	10	**191,109,212**	202,964,244
Borrowing	11	**105,000,000**	-
Employee benefits	12	**13,787,395**	18,369,458
Current tax liabilities	20.2	**117,038,583**	117,038,583
Total current liabilities		**426,935,190**	338,372,285
Non-current liabilities			
Due to related parties	13.2	**700,174,429**	353,297,978
Deferred tax liabilities	21.2	**2,126,681**	5,346,752
Total non-current liabilities		**702,301,110**	358,644,730
Total liabilities		**1,129,236,300**	697,017,015
Net assets/(liabilities)		**372,136,539**	(22,569,728)
Equity			
Share capital	14.2	**683,916,187**	10,000,000
Revenue reserve	15	**(311,779,648)**	(32,569,728)
Total equity		**372,136,539**	(22,569,728)

Director : Vipul Sharma

Director : Manoranjan Mohapatra

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2017

	Note	**31-March-17**	31-March-16
		₦	₦
Revenue	16	**449,831,123**	576,144,290
Less: Cost of sales	17	**116,378,111**	195,610,884
Gross profit		**333,453,012**	380,533,406
Other operating expenses	18	**(395,657,827)**	(465,360,274)
Operating loss		**(62,204,815)**	(84,826,868)
Foreign exchange loss		**(240,291,091)**	(2,270,707)
Other income	19	**13,013,320**	6,996,971
Loss before tax		**(289,482,586)**	(80,100,604)
Income tax expense	20.1	**-**	-
Deferred tax	21.3	**10,272,666**	10,749,643
Loss after tax		**(279,209,920)**	(69,350,961)
Loss per share of ₦ 1		**(0.40)**	(6.94)

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 31 MARCH, 2017

	Share capital	Revenue reserve	Total
	₦	₦	₦
31 March, 2016	10,000,000	(32,569,728)	(22,569,728)
Total comprehensive			
income for the year			
Loss for the year	-	(279,209,920)	(279,209,920)
Share capital	673,916,187	-	673,916,187
31 March, 2017	683,916,187	(311,779,648)	372,136,539

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

	Note	31-March-17	31-March-16
Cash flow from operating activities:		₦	₦
Operating loss before working capital changes	22	**(280,214,105)**	(67,264,046)
Working capital changes	23	**(422,931,140)**	(20,690,508)
Income tax paid	20.2	**-**	(18,359,904)
Net cash outflow from on operating activities		**(703,145,245)**	(106,314,459)
Cash flow from investing activities:			
Acquisition of property, plant and equipment		**(62,295)**	(71,835,180)
Assets in progress		**1,093,244**	(1,093,244)
Interest income		**12,965,803**	6,996,390
Net cash inflow/(outflow) from investing activities		**13,996,752**	(65,932,034)
Cash flow from financing activities:			
Borrowing		**105,000,000**	-
Increase in share capital		**673,916,186**	-
Net cash inflow from financing activities		**778,916,186**	-
Net increase in cash and cash equivalent		**89,767,693**	(172,246,492)
Cash and cash equivalent at 1 April		**19,923,294**	192,169,786
Cash and cash equivalent at 31 March		**109,690,987**	19,923,294

The accounting policies and notes on pages herein form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

1. General information

(a) Reporting entity

Comviva Technologies Nigeria Limited ('the Company') was incorporated in Nigeria on 23rd day of March, 2011 as a limited liability company by shares.

The principal object of the company is to produce and develop computer softwares and programmes of all kinds.

The address of its registered office is Plot 52, Ahmadu Bello Way, Victoria Island, Lagos.

(b) Statement of compliance

The financial statements have been prepared explicitly in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) adopted by the Federal Republic of Nigeria.

The Company's functional and presentation currency is the Nigerian naira.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the financial instrument that are measured at fair value as explained in the accounting policies applied in the preparation of the financial statements as set below.

These polices have been applied consistently to all years presented, unless otherwise stated

Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

- ***Standards and interpretations issued but not yet effective***

The following new standards, amendments to existing standards and interpretations have been issued and are mandatory for the Company's accounting periods beginning on or after 1 January 2017 & 2017 or later periods:

Standard/Interpretation	Title	Applicable for financial years beginning on/after
IFRS 14	Regulatory Deferral Accounts	Issued in January 2016. Applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018
IFRS 15	Revenue from Contracts with Customers	Issued in May 2016. Applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are as set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

a. Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

For Comviva Technologies Nigeria Limited, no geographical segment information is reported as the Company's primary geographical segment is Nigeria.

b. Foreign currency

Transactions in foreign currencies are translated to the functional currency, the Naira at the spot exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

c. Revenue recognition

Revenue is recognised in profit or loss when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably.

(i) Sale of goods and services

Revenue from the sale of products and rendering of services in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of VAT, excise duties, returns, customer discounts and other sales-related discounts.

Revenue from contracts priced on a time and material basis is recognised when services are rendered.

Revenue from fixed price contracts is recognized as per the proportionate completion method and where there is no uncertainty as to the measurement or collectability of the consideration.

Revenue from annual maintenance and annual technical services contracts is recognised on pro-rata basis over the period of the contract.

(ii) Other income

Other income constitutes gains from the sale of assets, net of taxes; proceeds from interest on deposits, leased income and others. These various sources of other income are recognised in other comprehensive income when ownership has been transferred to the buyer.

d. Employee benefit

(i) Wages and salaries:

Wages and salaries for current employees are recognised in the income statement as the employees' services are rendered.

(ii) Pension obligations:

The Company operates a defined contribution retirement benefit scheme. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or two factors such as age, years of service and compensation. For defined contribution plans, the Company makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reforms Act of 2004. Once the contributions have been paid, the Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of the pension scheme are held in separate trustee administered funds, which are funded by contributions from both the company and employees.

The Company's contributions to the defined contribution scheme are recognised as employee benefit expense in the income statement when they are due.

The defined contribution pension liability recognised in the balance sheet represents unremitted balance outstanding from contributions made by employer and employees for the current period.

e. Taxation

Income tax expense comprises current and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the accounting profit as reported in the statement of comprehensive income because of items of income or expense that are either taxable or deductible in future years and items that are not taxable or deductible in the Nigeria tax laws. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

(ii) Deferred tax

Deferred tax is recognised on temporary timing differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary timing differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary timing differences can be deducted. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

f. Property, plant and equipment.

(i) Recognition and measurement

Items of property, plant and equipment are recognised only when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes cost of purchases including import duties and non-refundable taxes after deducting trade discounts and rebates. It also includes directly attributable cost of bringing the asset to the location and working condition for its intended use.

Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight -line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Leasehold land is depreciated over the lease term. Freehold land is not depreciated.

Furniture and fittings are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated using the straight -line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives.

The estimated useful lives for the current and comparative year are as follows:

Furniture and fittings	5 years
Office equipment	5 years
Computers	3 years
Plant and equipment (electrical Equipment)	5 years
Leased building	2 years
Networking	3 years

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate.

An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Recoverable amount is the higher of the assets' fair value less costs to sell and the value in use calculated on individual asset bases.

(iii) Derecognition

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected to be derived from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

g. Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

(iii) Impairment of tangible and intangible assets excluding goodwill and financial assets.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h. Borrowing cost

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings' interest cost. Where a range of debt instruments is used to borrow funds, or where the financing activities are coordinated centrally, a weighted average capitalisation rate is applied.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Company defines a qualifying asset as an asset that takes more than a year to prepare for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i. Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories is determined using weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make sales. The cost of inventories consists of purchase costs, conversion costs and all other costs incurred in bringing them to their present location and condition.

(i) Goods in Transit

Goods ordered, shipped and awaiting delivery are recognised as goods in transit and are stated at the purchase price plus other incidental costs incurred to date.

(ii) Spare parts

The cost of spare parts is based on weighted average. Spare parts are valued at lower of cost and net realizable value. Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the company expects to use them during more than one period but only at the point of issue. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

j. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs where applicable). For those financial instruments that are not subsequently held at fair value, the company assesses whether there is any objective evidence of impairment at each balance sheet date. Financial assets are recognised when the Company has rights or other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

There are four categories of financial assets and financial liabilities but two are relevant to the company for the year under review.

These are described as follows:

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates – trade, amounts owed by staff, accrued income and cash and cash equivalents.

ii) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for impairment.

An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the terms of the receivables. The amount of the allowance is the difference between the assets carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate.

iii) Amounts owed by staff

These represent short term interest free salary advances to members of staff.

iv) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

k. Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables, accruals, amounts owed to associates – trade, other payables and borrowings.

i) Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method where applicable. Trade payables are recognised as current liabilities irrespective of the period the obligation to settle will be realised.

ii) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued and prepaid interest. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date. Bank overdrafts are shown within borrowings in current liabilities and are included within cash and cash equivalents in the statement of cash flow as they form an integral part of the company's cash management.

Fair value measurements

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions.

Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

Calculation of effective interest rate

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Interest income and expense on all trading assets and liabilities are considered to be incidental to the company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income. Interest income and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

I. Impairment of Financial assets

(i) Financial assets carried at amortised cost

The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

Significant financial difficulty of the issuer or debtor; A breach of contract, such as a default or delinquency in payments; It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:– adverse changes in the payment status of issuers or debtors in the Company; or national or local economic conditions that correlate with defaults on the assets in the Company.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuers ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the assets but only to the extent of the amount previously recognised as impairment loss. The amount of the reversal is recognised in the income statement.

(ii) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised previously in other comprehensive income and accumulated in equity is recognised in profit or loss.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iv) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

m. Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

(i) Contingent liability

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by the Company is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

(ii) Contingent assets

Contingent assets arising from unplanned or other unexpected events giving rise to the possibility of an inflow of economic benefits are disclosed in the financial statements. Contingent assets are assessed periodically to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

n. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

o. Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction.

p. Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

q. Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

r. Events after the reporting year

The values of assets and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting events warrant a modification of these values. These adjustments are made up to the date of approval of the Financial Statements by the Board of Directors. Other non-adjusting events are disclosed in the notes to the accounts.

4. Property, plant and equipment`

	Leased building	Computers	Networking	equipment	Furniture	Total
Deemed cost:	₦	₦	₦	₦	₦	₦
At 1 April, 2016	4,116,686	86,499,306	9,317,128	15,163,576	27,851,400	2,948,096
Additions	-	-	-	62,295	-	62,295
Disposal	-	(186,538)	-	-	-	(186,538)
At 31 March, 2017	**4,116,686**	**86,312,768**	**9,317,128**	**15,225,871**	**27,851,400**	**142,823,853**
Depreciation:						
At 1 April, 2016	1,470,245	71,137,279	1,268,394	1,320,132	3,310,483	78,506,533
Adjustment	-	(186,538)	-	-	-	(186,538)
For the year	2,646,441	7,558,259	3,105,709	3,044,136	5,879,740	22,234,284
At 31 March, 2017	**4,116,686**	**78,509,000**	**4,374,103**	**4,364,268**	**9,190,223**	**100,554,279**
Carrying amounts:						
At 31 March, 2017	**-**	**7,803,768**	**4,943,025**	**10,861,603**	**18,661,177**	**42,269,574**
At 31 March, 2016	2,646,441	15,362,027	8,048,734	13,843,444	24,540,917	64,441,563

4.1 Impairment of property, plant and equipment

There are no indicators of impairment at the end of the reporting year. Thus, the directors are of the opinion that allowance for impairment is not required.

4.2 Capital commitment

As at 31 March, 2017, the company's total capital commitment amount is N1,060,350 (2016:N 3.2 million) in respect of company's IT equipment.

	31-March-17	31-March-16
5. Assets in transit /progress	₦	₦
Building leasehold	**82**	82
Furniture and fittings	**(6,804)**	(6,804)
Office equipment	**(71,250)**	880,289
Computers	**77,972**	219,677
Total	**-**	1,093,244
6. Investment		
Investment	**57,116,039**	57,116,039

1,875,000 ordinary shares of ₦1 each at the cost of ₦ 30.4 per share representing 75% stake in Hedonmark Management Services Limited (HMSL).

7. Trade and other receivables

Trade receivables	**92,966,087**	74,147,709
Less: Provision for impairment	**-**	-
	92,966,087	74,147,709
Other receivables		
Sundry receivables (7.1)	**319,944,435**	303,065,742
Employee receivables	**-**	14,533
	412,910,522	377,227,984

Trade receivables disclosed above are carried at cost less allowance for doubtful debts.

The average credit period taken on services rendered is 30 days. No interest is charged on outstanding trade receivables. It is the company's policy to recognise a 100% allowance on receivables that are due for above 365 days based on management's judgement that those receivables are unlikely to be recovered. Allowances for doubtful debts are recognised against trade receivables between 365 days and above based on estimated irrecoverable amount determined by reference to past default experience of the counter party and analysis of their current position.

The Company does not hold any collateral for these balances.

Age analysis of trade receivables

The aging of the current trade receivables are as follows.

Trade receivables		
	31-March-17	31-March-16
Average credit period	**30 days**	30 days
Interest on receivable	**N/A**	N/A
Allowance for doubtful debt	**≥ 365 days**	≥ 365 days
Age of receivables	**₦**	₦
< 30 days	**-**	40,130,944
31-90 days	**92,966,087**	34,267,032
91-180 days	**-**	(2,488)
181-365 days	**-**	9,818,350
> 365 days	**-**	(10,066,129)
	92,966,087	74,147,709

		31-March-17	31-March-16
7.1	**Sundry receivables**	**₦**	₦
	WHT receivables	**247,029,449**	196,216,838
	Unbilled domestic debtors	**40,281,956**	60,089,767
	Self-assessment tax deposit	**23,288,462**	39,444,964
	Advances for travel	**7,071,719**	2,400,781
	VAT receivable	**996,316**	415,994
	Imprest account	**790,258**	1,094,961
	Advances to suppliers	**254,205**	3,174,821
	Advance for capital Goods	**100,000**	100,000
	Interest receivables	**127,616**	127,616
	Fnf Clearance account	**4,454**	-
		319,944,435	303,065,742
8.	**Prepayments**		
	Rent	**4,359,646**	19,136,402
	Insurance	**14,982**	9,593
	Other Prepayment	**5,279,023**	2,785,500
		9,653,651	21,931,495

9. Cash and cash equivalents

Cash comprises cash on hand and in banks and investments in short term liquid instruments. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

This comprises

	31-March-17	31-March-16
Balance held with banks in Nigeria:	₦	₦
Cash at bank	**109,690,987**	19,923,294

10. Financial liabilities measured at amortised cost

10.1 Trade and other payables – current

Sundry vendors	**120,660,361**	127,066,184
Deferred income	**3,105,154**	-
Accruals (10.2)	**67,343,697**	75,898,060
	191,109,212	202,964,244

(i) The average credit period for the purchases of major items is 30-45 days. However, with certain arrangement with our major suppliers, payment terms can be renegotiated for longer periods.

(ii) Sundry payables are non-interest bearing and hence approximate their fair values. The company does not have any derivative financial instrument.

(iii) The directors consider that the carrying amount of payables approximates to the fair value.

	31-March-17	31-March-16
10.2 Accrued expenses	₦	₦
Interest accrued	**7,910,140**	-
PAYE	**1,521,464**	2,450,000
VAT	**4,591,615**	846,776
Travelling	**3,496,005**	7,190,942
Other expenses	**49,824,473**	65,410,342
	67,343,697	75,898,060

Statutory liabilities such as VAT, PAYE, are expected to be settled in line with the relevant laws/regulations setting them up.

11. Borrowing

Unsecured Loan	**105,000,000**	-

This represents unsecured loan facility granted by Tech Mahindra Limited to the Company during the year .Out of outstanding amount of ₦105 million on 31 March 2017. ₦ 25 Million issued in May 2016 at a lending rate of 8% Per annum. While additional ₦ 80 Million issued in September 2016 at a lending rate of 14 % Per annum. It is repayable during half year from April and September 2017.

12. Employee benefits

Defined contribution Pension Plan	**1,595,825**	2,188,348
Employees payables	**516,222**	842,664
Foreign Employee payables	**-**	3,258,534
Salary payables	**319,065**	180,612
Staff and consultative incentive	**11,356,283**	11,899,300
	13,787,395	18,369,458

13. Related party transactions

Related party transaction arose from intercompany sales and payments between the company and its holding company, Comviva Technologies Limited India .The Company is related to Comviva Technologies Nigeria Limited through common shareholdings or common directorships.

The following balances were due at end of the reporting year:

		31-March-17	31-March-16
13.1	Amount from related parties (current)	₦	₦
	Intercompany/subsidiary transfer	**26,802,728**	13,836,925
	Loan to HSML	**820,100,000**	103,100,000
		846,902,728	116,936,925

		31-March-17	31-March-16
13.2	**Amount due to related parties (noncurrent)**	₦	₦
	Comviva Technologies Limited India	**518,772,989**	233,640,324
	Comviva Technologies Limited Dubai	**181,401,440**	119,657,654
		700,174,429	353,297,978

14. Share capital

14.1 **Authorised:**

	31-March-17	31-March-16
1,000,000,000 (2016 - 10,000,000) ordinary shares of ₦1 each	**1,000,000,000**	**10,000,000**

The authorised ordinary share capital of the company was increased from ₦10,000,000 to ₦1,000,000,000 ordinary shares of ₦1 each by shareholders resolution dated 21 July, 2016

14.2 Issued and paid up:

	31-March-17	31-March-16
683,916,187 (2016 – 10,000,000) ordinary Shares of ₦1 each	**683,916,187**	10,000,000

The issued and paid up ordinary share of the company was increased to ₦ 683,916,187 from ₦10,000,000 in four tranches concluded on 3 February, 2017. 1st tranche on 21 July, 2016 (88,093,500 units), 2nd tranche on 29 September, 2016 (156,430,000 units), 3rd tranche on 7 December, 2016 (157,540,000 units) and 4th tranche on 3 February, 2017 (271,852,687 units).

15. Revenue reserve

	31-March-17	31-March-16
1 April	**(32,569,728)**	36,781,998
Opening balance adjustment	**-**	(765)
Add: Transferred from income statement	**(279,209,920)**	(69,350,961)
31 March	**(311,779,648)**	(32,569,728)

16. Revenue

a) **Analysis by product:**

	31-March-17	31-March-16
Sales revenue share	**276,100,034**	471,435,220
IT software service	**97,425,430**	95,832,607
Customization and Implementation	**64,837,695**	-
AMC Services	**19,665,070**	7,425,933
POC Revenue –Software Services	**(8,197,106)**	1,450,530
	449,831,123	576,144,290

Revenue is derived in Nigeria from sale and development of computer soft wares and programmes.

b) Analysis by geographical area

	31-March-17	31-March-16
Wholly derived from Nigeria	**449,831,123**	576,144,290

		31-March-17	31-March-16
17.	**Cost of sales**	**₦**	₦
	COGS account	**833,966**	1,375,272
	Royalty -domestic	**112,020,814**	192,816,941
	Royalty –exports	**700,596**	820,575
	Purchase software services	**313,600**	537,587
	Specific project related claims	**829**	2,488
	Commission on sales	**2,508,306**	58,021
		116,378,111	195,610,884
18.	**Other operating expenses**		
	Staff cost	**207,615,937**	218,175,405
	Advertisement and business promotion	**16,586,555**	79,571,107
	Legal and professional fees	**21,226,681**	30,058,264
	Travelling	**12,764,393**	14,577,045
	Office rent	**13,130,895**	17,915,998
	Employers' contributions to staff pension	**11,506,043**	12,887,667
	Repairs and maintenance	**19,083,265**	5,965,305
	Interest charges	**15,110,631**	4,778,963
	Potages and communication	**9,949,058**	10,120,612
	ITF and operating levy	**1,287,727**	7,580,622
	Accommodation expenses	**3,699,687**	7,620,106
	Contract software development outsource	**2,584,084**	9,945,866
	Audit fee	**8,563,881**	3,800,000
	House-keeping	**4,530,458**	2,784,480
	Insurance	**5,263,424**	2,969,566
	Professional fee on Share capital increase	**1,150,000**	-
	Share capital increase	**13,630,000**	-
	Bank charges	**1,401,094**	906,999
	Security	**1,977,238**	859,767
	Marketing and consultancy	**-**	6,518,895
	Excess Provision written back	**-**	1,057,738
	Staff welfare	**890,275**	560,468
	Electricity and water	**110,600**	571,000
	Printing and stationery	**385,803**	220,066
	Seminar, Conferences and workshop	**682,500**	-
	Loss on sale of asset	**-**	101,360
	Bad and doubtful debt	**114,174**	-
	Membership subscription	**56,867**	2,469,696
	Conference expenses	**10,955**	3,325,220
	Late returns penalty	**55,000**	-
	Others admin expenses	**56,318**	93,657
	Depreciation	**22,234,284**	19,924,402
		395,657,827	465,360,274
19.	**Other income**		
	This comprised:		
	Interest received	**12,965,803**	6,996,391
	Profit/proceeds on asset disposed	**18,654**	-
	Miscellaneous income	**28,863**	580
		13,013,320	6,996,971

		31-March-17	31-March-16
		₦	₦
20.	**Taxation**		
20.1	**Income tax expense**		
	Company income tax	**-**	-
	Education tax (2% of assessable profit)	**-**	-
	Deferred tax (21.3)	**(10,272,666)**	(10,749,643)
		(10,272,666)	(10,749,643)

Company income tax payable

The provision for the company income tax has been based on the existing tax rate of 30% and relief in respect of capital allowances. The provision also includes 2% education tax.

Note: The Company is exempted from minimum tax due to its foreign equity participation of over 25%.

		31-March-17	31-March-16
20.2	**Taxation under the statement of financial position:**		
	Income taxes payable	₦	₦
	At 1 April	**117,038,583**	135,398,487
	Provision for the year	**-**	-
		117,038,583	135,398,487
	Payment in the year	**-**	(18,359,904)
	At as 31 March	**117,038,583**	117,038,583

		Effective tax	rate
20.3	**The income tax expense for the year can be reconciled to**		
	the accounting loss as follows:-	₦	₦
	Loss before tax from continuing operation	**-**	**-**
	Expected tax based on statutory rate 32%		
	Effect of expenses that are not deductible in		
	determining taxable profit	**-**	**-**
	Effect on utilised capital allowance	**-**	**-**
	Income tax expense recognized in income statement	**-**	-

21. Deferred taxation

The following are the deferred tax liabilities and asset recognised by the company and movements thereon during the current and prior year reporting year.

		31-March-17	31-March-16
		₦	₦
21.1	**Deferred tax assets**		
	Balance at 1 April	**15,776,743**	-
	Charge for the year	**7,052,595**	15,776,743
	At end of the year	**22,829,338**	15,776,743
21.2	**Deferred tax liability**		
	Balance at 1 April	**5,346,752**	319,652
	Charge/realised for the year	**(3,220,071)**	5,027,100
	At end of the year	**2,126,681**	5,346,752

		31-March-17	31-March-16
		₦	₦
21.3	**Deferred tax**		
	Asset	**7,052,595**	15,776,743
	Liability	**3,220,071**	(5,027,100)
	Charge for the year	**10,272,666**	10,749,643
22.	**Operating loss before working capital changes:**		
	Loss after tax	**(279,209,920)**	(69,350,961)
	Add back:		
	Taxation expense	**(10,272,666)**	(10,749,643)
	Interest Income	**(12,965,803)**	(6,996,390)
		(302,448,389)	(87,096,994)
	Adjustment for items not involving movement of cash:		
	Prior year adjustment	**-**	(765)
	Adjustments on depreciation	**-**	(90,689)
	Depreciation	**22,234,284**	19,924,402
		(280,214,105)	(67,264,046)
23.	**Working capital changes**		
	Increase in receivables	**(751,923,077)**	(78,236,089)
	Increase in payables	**328,991,937**	57,545,581
		(422,931,140)	(20,690,508)

		31-March -17	31-March -16
24.	**Information regarding employees**		
	Emoluments of Directors and employees		
	(i) Directors' emoluments:		
	(a) The aggregate emoluments of the Directors were -		
	Fees	**-**	**-**
	Executive Directors' remuneration	**-**	**-**
	(b) The emoluments (excluding pension contribution)of the Chairman's amounted to		
		Number	Number
	(d) Other Directors earned remuneration in the following bands:		
	Below ₦ 200,000	**-**	-
	₦200,001 - ₦210,000	**-**	-
	₦220,001 - ₦230,000	**-**	-
	₦240,001 - ₦250,000	**-**	-
	₦340,001 – ₦350,000	**-**	-
	₦440,001 – ₦450,000	**-**	-
	₦1,190,001 and above	**-**	-

	31-March-17	31-March-16
	₦	**₦**
(ii) Staff number and costs		
The average number of persons employed (excluding Directors) in the company during the year was as follows:		
Administrative Department	**5**	5
Sales Department	**18**	23
Others (specified	**-**	1
	23	29
	₦	**₦**
The aggregate payroll costs of these persons were as follows: Staff cost, including staff bonus	**196,149,633**	206,281,102
Employees Benefit (Pension and Gratuity contribution)	**11,466,304**	11,894,303
	207,615,937	218,175,405

	31-March -17	31-March -16
(iii) Employees remunerated at higher rates		
The number of employees, excluding the Directors who received emoluments in the following ranges were:		
	Number	**Number**
₦20,001 ₦200,000	**12**	**17**
₦200,001 ₦300,000	**7**	**7**
₦300,001 ₦400,000	**1**	**1**
₦400,001 ₦500,000	**1**	**1**
₦500,001 and above	**2**	**3**
	23	29

25. Contingent liability

There may be a contingent liability of N50.2 million (2016: N Nil) arising from pending tax audit at the Tax Appeal Tribunal at the year end. The directors are of the opinion that it is not probable that there will be outflow of resources in settlement of liabilities. Therefore, no provision was made for contingent liability in the company financial statements as at 31 March, 2017.

26. Events subsequent to reporting period

There are no events after the reporting period that require disclosure and adjustment to the financial statements as at the year ended 31 March, 2017.

27. Reclassification

Certain prior year balances have been reclassified to enhance comparability with the current year presentation.

28. Responsibilities of directors on the financial statements

In accordance with the Sections 334 and 335 of the Companies and Allied Matters Act, Cap. C.20 LFN 2004, the company's Directors are responsible for the preparation of the annual financial statements which give a true and fair view of the state of affairs of the company as at 31 March, 2017 and of its Loss for the year ended on that date, and comply with the requirements of the Companies and Allied Matters Act, CAP C.20 LFN 2004. These responsibilities include ensuring that:

(i) adequate internal control procedures are instituted to safeguard assets and prevent and detect fraud and other irregularities;
(ii) proper accounting records are maintained;
(iii) applicable accounting standards are followed;
(iv) suitable accounting policies are used and consistently applied.

29. Approval of financial statements

The Board of Directors approved these financial statements on 19 May, 2017.

OTHER NATIONAL DISCLOSURES
COMVIVA TECHNOLOGIES NIGERIA LIMITED
STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH, 2017

	2017		2016	
	₦000	**%**	₦000	%
Earnings	**462,844**		583,141	
Bought-in materials and services	**(522,478)**		(425,143)	
Value (eroded)/added	**(59,634)**	**(100)**	157,998	100
Applied as follows:				
In payment of employees -				
Salaries, wages, bonus and				
Other benefits	**207,615**	**348**	218,175	138
In payment to Government -				
Taxation	**-**	**-**	-	-
Retained for future maintenance				
Of assets -				
Depreciation charge for the year	**22,234**	**37**	19,924	13
Retained for expansion of business -				
Deferred tax credit	**(10,273)**	**(17)**	(10,750)	(7)
Loss absorb in the business	**(279,210)**	**(468)**	(69,351)	(44)
	(59,634)	**(100)**	157,998	100

FIVE-YEAR FINANCIAL SUMMARY

Years ended 31 March	2017	2016	2015	2014	2013
	₦000	₦000	₦000	₦000	₦000
Assets employed					
Property plant and equipment	**42,269**	64,441	12,440	29,044	50,269
Investment	**57,116**	57,116	57,116	-	-
Assets in transit/progress	**-**	1,093	-	-	3,753
Deferred tax asset	**22,829**	15,777	-	-	-
Non-current assets	**122,214**	138,427	69,556	29,044	54,022
Current assets	**1,379,158**	536,019	592,032	636,956	532,047
Creditors due within one year	**(426,935)**	(338,372)	(275,229)	(297,385)	(369,342)
Total assets less current liabilities	**1,074,437**	336,074	386,359	368,615	216,727
Less: Creditors due after one year	**(702,301)**	(358,644)	(339,577)	(266,822)	(193,098)
Net assets/ (liabilities)	**372,136**	(22,570)	46,782	101,793	23,629
Financed by					
Share capital	**683,916**	10,000	10,000	10,000	10,000
Revenue reserve	**(311,780)**	(32,570)	36,782	91,793	13,629
	372,136	(22,570)	46,782	101,793	23,629
Profit or loss account					
Revenue	**449,831**	576,144	449,194	452,535	451,911
(Loss)/profit before taxation	**(289,483)**	(80,101)	(43,235)	122,149	82,760
Taxation	**10,273**	10,750	(11,776)	(43,986)	(61,596)
(Loss)/profit after taxation	**(279,210)**	(69,351)	(55,011)	78,163	21,164
Per share data:					
(Loss)/earnings per share	**(₦0.40)**	(₦6.94)	(₦5.50)	₦7.82	₦2.12
Net assets/(liabilities) per share	**₦0.54**	(₦2.26)	₦4.68	₦10.18	₦2.36

HEDONMARK (MANAGEMENT SERVICES) LIMITED

Board of Directors

Emmanuel Ikazoboh
Vipul Sharma
Sriram Gopalakrishnan
Srinivas Nidugondi

Registered Office

Plot 52, Ahmadu Bello Way,
Victoria Island,
Lagos.

Bankers

Stanbic IBTC Bank Plc

Auditors

Baker Tilly Nigeria

REPORT OF THE DIRECTORS

The directors hereby submit their report and the financial statements of the company for the year ended 31 March, 2017.

1. Results for the year

	₦'000
Loss before taxation	**(782,619)**
Taxation	**271,292**
Loss for the year	**(511,327)**

2. Legal form

The company, Hedonmark Nigeria Limited was incorporated as a private limited liability company on 4 August, 2004 but changed its name to Hedonmark (Management Services) Limited by special resolution of the shareholders on 9 February, 2006 approved by the Corporate Affairs Commission on 21 April, 2006. The company commenced business operations on 6 October, 2010.

3. Principal activities

The principal activities of the company is provision of innovative financial and information technology products.

4. Business review and future development

The company recorded increased loss of ₦ 782 million from ₦102 million in the preceding year representing 664% increase. Management is however unrelenting in its resolve to continue improving on its performance for a better result in the ensuing years.

5. Directors' composition

The composition of the directors is as contained on page herein of these financial statements.

6. Directors' interests

The directors' interests in the company's shares were as follows:

	No of ordinary shares of ₦1 each **as at 31 March**	
	2017	2016
Comviva Technologies Nigeria Limited	**1,875,000**	1,875,000
Emmanuel Ikazoboh	**500,000**	500,000
Caroline Ikazoboh (Mrs)	**75,000**	75,000
Oshone Ikazoboh	**25,000**	25,000
Esieza Ikazoboh	**25,000**	25,000
	2,500,000	2,500,000

As at 31 March, 2017 Hedonmark (Management Services) Limited had 2,500,000 paid up ordinary shares of ₦1 each as at 31 March, 2017.

7. Personnel

(a) Employment of disabled persons: The Company offers employment opportunities to disabled persons as part of its social responsibility.

(b) Health, safety and welfare of employees: The Company maintains medical insurance in addition to payments for the welfare of staff. In addition, to motivate staff towards achieving set targets the company pays performance incentive to deserving staff. All essential safety regulations are being observed to guarantee adequate protection of personnel and security of the company's assets.

(c) Employee involvement and training: The Company attaches importance to training of its staff. Regular consultative meetings are held at management and departmental levels where staff are kept abreast of the company's plans as well as its achievements and challenges.

8. Auditors

Messrs Baker Tilly Nigeria (Chartered Accountants) who were appointed during the year, have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

By Order of the Board

Okwuedoe Azu Kingsley
FRC/2016/NBA/00000014316
For: CITYSIDE SOLICITORS
Company Secretary,
Legal, Corporate, Property & Immigration Consultant,
LAGOS, Nigeria

19 May, 2017

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

HEDONMARK (MANAGEMENT SERVICES) LIMIITED

Report on the Audit of the Financial Statements

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 March. 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Hedonmark (Management Services) limited as at 31 March, 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both Financial Reporting Council of Nigeria Act, No. 6 of 2011 and the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company; and

iii) the Company's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

SOETAN, Titus Alao
FRC/2013/ICAN/00000000091
For: BAKER TILLY NIGERIA
(Chartered Accountants)
LAGOS, Nigeria
19 May, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2017

	Note	31 March-17	31 March -16
Assets		₦	₦
Non- current assets			
Property, plant and equipment	4	**427,039**	651,599
Deferred tax asset	21.1	**271,426,441**	-
Total non-current assets		**271,853,480**	**651,599**
Current assets			
Inventories	5	**32,630,401**	8,910,453
Trade and other receivables	6	**912,773**	2,284,765
Prepayments	7	**493,044**	890,780
Cash and cash equivalents	8	**107,627,627**	20,729,898
Total current assets		**141,663,845**	32,815,896
Total assets		**413,517,325**	33,467,495
Liabilities			
Current liabilities			
Trade and other payables	9	**180,853,629**	20,903,232
Employee Benefit	10	**2,021,218**	689,149
Current tax liabilities	20.2	**6,279**	6,279
Total current liabilities		**182,881,126**	21,598,660
Non-current liabilities			
Borrowing	11	**820,100,000**	103,100,000
Related parties	13	**26,796,649**	13,836,925
Deferred tax liabilities	21.2	**134,463**	-
Total noncurrent liabilities		**847,031,112**	116,936,925
Total liabilities		**1,029,912,238**	138,535,585
Net liabilities		**(616,394,913)**	(105,068,090)
Equity			
Share capital	14	**2,500,000**	2,500,000
Revenue reserve	15	**(618,894,913)**	(107,568,090)
Total equity		**(616,394,913)**	(105,068,090)

Director : Emmanuel Ikazoboh

Director : Vipul Sharma

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2017

	Note	31-March-17	31-March-16
		₦	₦
Revenue	16	**38,135,434**	521,780
Other income	17	**520**	1,390
		38,135,954	523,170
Directs costs	18	**(16,215,194)**	(15,416,590)
Gross profit/(loss)		**21,920,760**	(14,893,420)
Administrative expenses	19	**(804,537,691)**	(87,581,165)
		(782,616,931)	(102,474,585)
Loss on foreign exchange		**(1,870)**	(1,850)
Loss before tax		**(782,618,801)**	(102,476,435)
Income tax expense	20.1	**-**	(6,279)
Deferred tax	20.1	271,291,978	-
Loss after tax		**(511,326,823)**	(102,482,714)
Loss per share of ₦ 1		**(204.53)**	(40.99)

The accounting policies and notes on pages herein form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2017

	Share capital	Revenue reserve ₦	Total ₦
31 March, 2016	2,500,000	(107,568,090)	(105,068,090)
Total comprehensive income for the year			
Loss for the year	**-**	**(511,326,823)**	**(511,326,823)**
31 March, 2017	**2,500,000**	**(618,894,913)**	**(616,394,913)**

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

	Note	31-March-17	31-March-16
Cash flow from operating activities:		₦	₦
Operating loss before working capital changes	22	**(782,394,761)**	(101,654,581)
Working capital changes	23	**152,291,970**	19,958,159
Income tax paid	20.2	**-**	-
Net cash outflows from on operating activities		**(630,102,791)**	(81,696,422)
Cash flow from investing activities:			
Acquisition of property plant and equipment		**-**	(673,680)
Interest Received		**520**	-
Net cash inflow/ (outflow) from investing activities		**520**	(673,680)
Cash flow from financing activities:			
Borrowing		**717,000,000**	103,100,000
Net cash inflow from financing activities		**717,000,000**	103,100,000
Net increase in cash and cash equivalent		**86,897,729**	20,729,898
Cash and cash equivalent at 1 April		**20,729,898**	-
Cash and cash equivalent at 31 March	9	**107,627,627**	20,729,898

The accounting policies and notes on pages herein form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

1. General information

(a) Reporting entity

Hedonmark (Management Services) Limited, the Company was incorporated as Hedonmark Nigeria Limited a private limited liability company on 4 August, 2004 to provide financial and information technology products and human resource management solutions. The company commenced business on 6 October 2010.

(b) Statement of compliance

The financial statements have been prepared explicitly in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) adopted by the Federal Republic of Nigeria.

The Company's functional and presentation currency is the Nigerian Naira.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the financial instrument that are measured at fair value as explained in the accounting policies applied in the preparation of the financial statements as set below.

These polices have been applied consistently to all years presented, unless otherwise stated

Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

- **Standards and interpretations issued but not yet effective**

  The following new standards, amendments to existing standards and interpretations have been issued and are mandatory for the Company's accounting periods beginning on or after 1 January 2017 & 2017 or later periods:

Standard/Interpretation	Title	Applicable for financial years beginning on/after
IFRS 14	Regulatory Deferral Accounts	Issued in January 2016. Applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018
IFRS 15	Revenue from Contracts with Customers	Issued in May 2016. Applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are as set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

a. Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

For Hedonmark (Management Services) Limited, no geographical segment information is reported as the Company's primary geographical segment is Nigeria.

b. Foreign currency

Transactions in foreign currencies are translated to the functional currency, the Naira at the spot exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year.

Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

c. Revenue recognition

Revenue is recognised in profit or loss when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably.

(i) Sale of goods

Revenue from the sale of goods in the ordinary course of business is measured at the fair value of consideration received or receivables net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence persists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recover consideration is probable, the associated cost and possible return of goods can be estimated reliably. There is no continuing involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably. then the discount is recognized as a reduction of revenue as the sales are recognized.

(ii) Investment return

Investment return costs of dividend, interest and rent receivable, movement in amortized cost on debt securities and other loan receivables, realized gains and losses, and unrealized gains and losses on fair value assets.

(iii) Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets car amount.

(iv) Realised gains and losses

The realised gains or losses on the disposal of an asset is the difference between proceeds received net of transaction costs original or amortised costs as appropriate

d. Employee benefit

(i) Wages and salaries:

Wages and salaries for current employees are recognised in the income statement as the employees' services are rendered.

(ii) Defined contribution Pension plan:

The company runs a defined contribution plan in accordance with the Pension Reform Act 2004. The contribution of the employee is 8% while that of the employer is 10% of the employee's basic salary. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and under the defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(iii) Defined benefit pension plan:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the group's obligation and that are denominated in the currency in which the benefit are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected credit unit method.

The company recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

(iv) Termination benefit:

Termination benefit are recognized as an expense when the company is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(v) Short term employee benefit:

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

e. Taxation

Income tax expense comprises current and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the accounting profit as reported in the statement of comprehensive income because of items of income or expense that are either taxable or deductible in future years and items that are not taxable or deductible in the Nigeria tax laws. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

(ii) Deferred tax

Deferred tax is recognised on temporary timing differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary timing differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary timing differences can be deducted. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

f. Property, plant and equipment.

(i) Recognition and measurement

Items of property, plant and equipment are recognised only when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes cost of purchases including import duties and non-refundable taxes after deducting trade discounts and rebates. It also includes directly attributable cost of bringing the asset to the location and working condition for its intended use.

Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

The estimated useful lives for the current and comparative year are as follows:

Computers equipment	33.33%
Plant and Machinery	33.33%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate.

An asset carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Recoverable amount is the higher of the assets' fair value less costs to sell and the value in use calculated on individual asset bases.

(iii) Derecognition

Gains and losses on disposals are 'determined by comparing the proceeds with the carrying amount, these are included in the income statement under operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

g. Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

(iii) Impairment of tangible and intangible assets excluding goodwill and financial assets.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h. Borrowing cost

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings' interest cost. Where a range of debt instruments is used to borrow funds, or where the financing activities are coordinated centrally, a weighted average capitalisation rate is applied.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Company defines a qualifying asset as an asset that takes more than a year to prepare for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i. Inventories

Inventories are valued at the lower of cost and net realisable value on a first in first out basis. The cost of inventories includes expenditures incurred in acquiring the inventories production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress. Cost includes an appropriate share of production overheads based on normal activity levels.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling.

j. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs where applicable). For those financial instruments that are not subsequently held at fair value, the company assesses whether there is any objective evidence of impairment at each balance sheet date. Financial assets are recognised when the Company has rights or other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

There are four categories of financial assets and financial liabilities but two are relevant to the company for the year under review.

These are described as follows:

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates – trade, amounts owed by staff, accrued income and cash and cash equivalents.

ii) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for impairment.

An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the terms of the receivables. The amount of the allowance is the difference between the assets carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate.

iii) Amounts owed by staff

These represent short-term interest free salary advances to members of staff.

iv) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short-term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

k. Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables, accruals, amounts owed to associates – trade, other payables and borrowings.

i) Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method where applicable. Trade payables are recognised as current liabilities irrespective of the period the obligation to settle will be realised.

ii) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued and prepaid interest. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date. Bank overdrafts are shown within borrowings in current liabilities and are included within cash and cash equivalents in the statement of cash flow as they form an integral part of the company's cash management.

Fair value measurements

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions.

Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

Calculation of effective interest rate

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Interest income and expense on all trading assets and liabilities are considered to be incidental to the company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income. Interest income and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

I. Impairment of Financial assets

(i) Financial assets carried at amortised cost

The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

Significant financial difficulty of the issuer or debtor; A breach of contract, such as a default or delinquency in payments; It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:– adverse changes in the payment status of issuers or debtors in the Company; or national or local economic conditions that correlate with defaults on the assets in the Company.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the assets but only to the extent of the amount previously recognised as impairment loss. The amount of the reversal is recognised in the income statement.

(ii) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised previously in other comprehensive income and accumulated in equity is recognised in profit or loss.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(iii) Offse2tting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iv) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

m. Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

(i) Contingent liability

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by the Company is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

(ii) Contingent assets

Contingent assets arising from unplanned or other unexpected events giving rise to the possibility of an inflow of economic benefits are disclosed in the financial statements. Contingent assets are assessed periodically to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

n. Classification as debt or equity

Debt and equity instruments issued by the Company are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

o. Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction.

p. Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

q. Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

r. Events after the reporting year

The values of assets and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting events warrant a modification of these values. These adjustments are made up to the date of approval of the Financial Statements by the Board of Directors. Other non-adjusting events are disclosed in the notes to the accounts.

4. Property, plant and equipment

	Plant & Machinery	Computer equipment	Total
Deemed cost	₦	₦	₦
At 1 April, 2016	**4,956,324**	**673,680**	**5,630,004**
Additions	-	-	-
At 31 March, 2017	**4,956,324**	**673,680**	**5,630,004**
Depreciation:			
At 1 April, 2016	**4,809,985**	**168,420**	**4,978,405**
For the year	**146,329**	**78,231**	**224,560**
At 31 March, 2017	**4,956,314**	**246,651**	**5,202,965**
Carrying amounts:			
At 31 March, 2017	**10**	**427,029**	**427,039**
At 31 March, 2016	146,339	505,260	651,599

4.1 Impairment of property, plant and equipment

There are no indicators of impairment at the end of the reporting year. Thus, the directors are of the opinion that allowance for impairment is not required.

4.2 Capital commitment

As at 31 March, 2017, the company's total capital commitment amount is ₦ Nil (2016: ₦ Nil).

	31-March-17	31-March-16
5. Inventories	₦	₦
Talk time (Airtime)	**32,630,401**	8,910,453

6. Trade and other receivables

Other receivables

	31-March-17	31-March-16
Sundry receivables (6.1)	**395,599**	2,237,588
Employee receivables	**517,174**	47,177
	912,773	2,284,765

The Company does not hold any collateral for these balances.

6.1 Sundry receivables

	31-March-17	31-March-16
Advance to suppliers	**123,571**	1,089,600
Deposit-Rent	**100,000**	100,000
Impress account	**120,090**	540,000
Advance for travelling	**-**	160,000
Self-Assessment tax	**51,938**	51,938
Other receivables	**-**	296,050
	395,599	2,237,588

7. Prepayments

	31-March-17	31-March-16
Rent	**368,853**	-
Internet access and colocation	**124,191**	890,780
	493,044	890,780

8. Cash and cash equivalents

Cash comprises cash on hand and in banks and investments in short term liquid instruments.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to

the related items in the balance sheet as follows:

	31-March-17	31-March-16
This comprises:		
Balance held with banks in Nigeria:		
Cash at bank	**107,627,627**	20,729,898

Cash and cash equivalent includes ₦ 45,473,095 held in Escrow accounts at the end of the year.

		31-March-17	31-March-16
9.	**Financial liabilities measured at amortised cost**	**₦**	₦
9.1	**Trade and other payables – current**		
	Sundry payables	**180,355,011**	20,901,740
	Accruals (9.2)	**498,618**	1,492
		180,853,629	20,903,232

The directors consider that the carrying amount of payables approximates to the fair value.

9.2	**Accruals**		
	PAYE	**498,618**	1,492
10.	**Employee benefits**		
	Defined contribution Pension Plan	**476,480**	15,136
	Leave Encashment	**1,083,320**	425,444
	Sick/Casual leave	**461,418**	248,569
		2,021,218	689,149
11.	**Borrowing**		
	Loan from Comviva Nigeria Limited	**820,100,000**	103,100,000

This represent unsecured revolving credit facility in the sum of ₦1,500,000,000 granted by Comviva Technologies Nigeria Limited to the Company to by addendum signed agreement dated 10 January 2017 to enable the company fund its business plans. The credit facility is repayable in full or in part, subject to prior written notice of at least two (2) Business Days to the Lender.

Lender (Comviva Technologies Nigeria Limited) shall reset the rate of interest on March 31 and September 30 of every year and as on the date of drawdown shall be LIBOR+400. (London Interbank Offer Rate Interest) is paid half yearly on the Interest Payment dates of each year in cash.

13. Related party transactions

Related party transaction arose from intercompany transactions between the company and its holding company Comviva Technologies Limited Nigeria. The Company is related to Hedonmark (Management Services) Limited through common shareholdings or common directorships.

The following balances were due at end of the reporting year:

		31-March-17	31-March-16
		₦	₦
13.1	**Amount due to related parties (non-current)**		
	Inter Subsidiary Nigeria/HMSL	**13,083,371**	13,083,371
	Inter Company Nigeria-HMSL-Interest Payable	**13,713,278**	753,554
		26,796,649	13,836,925
14.	**Share capital**		
14.1	**Authorised:**	**10,000,000**	10,000,000
	10,000,000 ordinary shares of ₦1 each		
14.2	**Issued and fully paid up:**	**2,500,000**	2,500,000
	2,500,000 ordinary shares of ₦1 each		
15.	**Revenue reserve**		
	1 April	**(107,568,090)**	(5,085,376)
	Add: Transferred from income statement	**(511,326,823)**	(102,482,714)
	31 March	**(618,894,913)**	(107,568,090)

		31-March-17	31-March-16
		₦	₦
16.	**Revenue**		
	a) Analysis by product		
	Sales revenue share- Domestic	**38,135,434**	521,780
	The revenue is derived in Nigeria from recharge card vending.		
	b) Analysis by geographical area		
	Wholly derived from Nigeria	**38,135,434**	521,780
17.	**Other income**		
	This comprised:		
	Miscellaneous income	**520**	1,390
18.	**Direct cost**		
	Marketing Consultancy	**16,215,194**	15,416,590
19.	**Administrative expenses**		
	Staff cost	**51,523,608**	24,756,777
	Advert and sales promotion	**682,215,346**	47,228,738
	Office rent	**2,427,801**	4,599,666
	Membership and subscription	**16,809,091**	-
	Retainership expenses	**17,250,000**	-
	Interest expenses	**12,959,724**	753,554
	Bank charges	**15,503,446**	2,642,461
	Audit fee	**3,150,000**	3,000,000
	Legal and professional fees	**484,949**	1,266,250
	Travelling	**368,646**	502,882
	Potages and communication	**370,597**	1,958,333
	Printing and stationery	**113,923**	52,500
	Repairs and Maintenance	**789,600**	-
	Conference expenses	**40,400**	-
	Rate and taxes	**6,000**	-
	Contract software development outsource	**300,000**	-
	Depreciation	**224,560**	820,004
		804,537,691	87,581,165
20.	**Taxation**		
20.1	**Income tax expense**		
	Company income tax	**-**	-
	Education tax (2% of assessable profit)	**-**	-
		-	-
	Deferred tax (21)	**(271,291,978)**	-
		(271,291,978)	-

Company income tax payable

The provision for the company income tax has been based on the existing tax rate of 30% and relief in respect of capital allowances. The provision also includes 2% education tax.

		31-March-17	31-March-16
		₦	₦
20.2	**Taxation under the statement of financial position:**		
	Income taxes payable		
	At 1 April	**6,279**	-
	Provision for the year	**-**	6,279
		6,279	6,279
	Paid during the year	**-**	-
	At as 31 March	**6,279**	6,279
		Effective tax	rate
20.3	The income tax expense for the year can be reconciled to the accounting loss as follows: -	**₦**	%
	Loss before tax from continuing operation	**-**	-
	Expected tax based on statutory rate 32%		
	Effect of expenses that are not deductible in determining taxable profit	**-**	-
	Effect on utilised capital allowance	**-**	-
	Income tax expense recognized in income statement	**-**	-

21. Deferred taxation

The following are the deferred tax liabilities and asset recognised by the company and movements thereon during the current and prior year reporting year.

		31-March-17	31-March-16
21.1	**Deferred tax assets**		
	Balance at 1 April	**-**	-
	Charge for the year	**271,426,441**	-
	At end of the year	**271,426,441**	
21.2	**Deferred tax liability**		
	Balance at 1 April	**-**	-
	Charge/realised for the year	**134,463**	-
	At end of the year	**134,463**	-
21.3	**Deferred tax**		
	Asset	**271,426,441**	-
	Liability	**(134,463)**	-
	Charge for the year	**271,291,978**	-
22.	**Operating loss before working capital changes:**		
	Loss after tax	**(511,326,823)**	(102,482,714)
	Add back/deduct:		
	Taxation expense	**(271,291,978)**	6,279
	Interest Income	**(520)**	-
		(782,619,321)	(102,476,435)
	Adjustment for items not involving movement of cash:		
	Depreciation	**224,560**	821,854
		(782,394,761)	(101,654,581)
23.	**Working capital changes**		
	(Increase) in inventory	**(23,719,948)**	(8,910,453)
	Decrease/ (Increase) in receivables	**1,769,728**	(2,879,495)
	Increase in payables	**174,242,190**	31,748,107
		152,291,970	19,958,159

	31-March-17	31-March-16
	₦	₦
24. Information regarding employees		
Emoluments of Directors and employees		
(i) Directors' emoluments:		
(a) The aggregate emoluments of the Directors were:		
Fees	-	-
Executive Directors' remuneration	-	-
	-	-
(b) The emoluments (excluding pension contribution) of the Chairman's amounted to	-	-
	Number	**Number**
(c) Other Directors earned remuneration in the following bands:		
Below ₦200,000	-	-
₦200,001 - ₦210,000	-	-
₦220,001 - ₦230,000	-	-
₦240,001 - ₦250,000	-	-
₦340,001 – ₦350,000	-	-
₦440,001 – ₦450,000	-	-
₦1,190,001 and above	-	-

	Number	Number
(ii) Staff number and costs		
The average number of persons employed (excluding Directors) in the company during the year was as follows:		
Administrative Department	**3**	3
Sales Department	**7**	7
Others (specified)	-	-
	10	10
The aggregate payroll costs of these persons were	₦	₦
as follows: Staff cost, including staff bonus	**48,625,636**	23,619,725
Employees Benefit (Pension and Gratuity contribution)	**2,897,972**	1,137,052
	51,523,608	24,756,777

(iii) Employees remunerated at higher rates
The number of employees, excluding the Directors who received emoluments in the following ranges were:

	Number	Number
₦50,001 - ₦200,000	**5**	5
₦200,001 - ₦300,000	**4**	4
₦300,001- ₦400,000	-	-
₦400,001 - ₦500,000	-	-
₦500,001 - and above	**1**	1
	10	10

25. Contingent liability

There are no pending litigations and as such, no contingent liabilities at the year-end (2016: N nil. million).The directors are of the opinion that it is not probable that there will be outflow of resources in settlement of liabilities. Thus, no provision was made for contingent liability in the company's financial statements as at 31 March, 2017.

26. Events subsequent to reporting period

There are no events after the reporting period that require disclosure and adjustment to the financial statements as at the year ended 31 March, 2017.

27. Reclassification

Certain prior year balances have been reclassified to enhance comparability with the current year presentation.

28. Responsibilities of Directors on the financial statements

In accordance with the Sections 334 and 335 of the Companies and Allied Matters Act, Cap. C.20 LFN 2004, the company's Directors are responsible for the preparation of the annual financial statements which give a true and fair view of the state of affairs of the company as at 31 March, 2017 and of its Loss for the year ended on that date, and comply with the requirements of the Companies and Allied Matters Act, CAP C.20 LFN 2004. These responsibilities include ensuring that:

(i) adequate internal control procedures are instituted to safeguard assets and prevent and detect fraud and other irregularities;

(ii) proper accounting records are maintained;

(iii) applicable accounting standards are followed;

(iv) suitable accounting policies are used and consistently applied.

29. Approval of financial statements

The Board of Directors approved these financial statements on 19 May, 2017.

OTHER NATIONAL DISCLOSURES
HEDONMARK (MANAGEMENT SERVICES) LIMITED
STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH, 2017

	2017		2016	
	₦000	**%**	₦000	%
Turnover	**38,136**		523	
Bought-in materials and services	**(769,007)**		(77,422)	
Value added	**(730,871)**	**100**	(76,899)	100
Applied as follows:				
In payment of employees -				
Salaries, wages, bonus and				
Other benefits	**51,524**	**7**	24,757	32
In payment to Government -				
Taxation	**-**	**-**	6	-
Retained for future maintenance				
Of assets -				
Depreciation Charge for the year	**224**	**-**	821	1
Retained for expansion of business -				
Deferred tax credit	**(271,292)**	**(37)**	-	-
Loss absorb in the business	**(511,327)**	**(70)**	(102,483)	(133)
	(730,871)	**100**	(76,899)	100

COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD.

Board of Directors
Mr. Manoranjan Mohapatra
Mr. Manish Goenka
Mr. Suresh Bhat Hosdrug

Registered Office
180B, Bencoolen Street, #12-05,
The Bencoolen, Singapore 189648

Bankers
Standard Chartered Bank

Auditors
Deloitte and Touche LLP

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the company for the financial year ended March 31, 2017.

In the opinion of the directors, the financial statements of the company as set out on pages herein are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the company in office at the date of this statement are:

Manish Goenka

Manoranjan Mohapatra

Suresh Bhat Hosdrug (Appointed on May 30, 2016)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act.

4 SHARE OPTIONS

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the company was granted.

(b) Option exercised

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company under option.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Manish Goenka	**Suresh Bhat Hosdrug**
Director	Director

Date: May 22, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Comviva Technologies Singapore Pte. Ltd. (the "company") which comprise the statement of financial position of the company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), so as to give a true and fair view of the financial position of the company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the company for the year then ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages herein.

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) 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.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Public Accountants and
Chartered Accountants
Singapore

May 22, 2017

STATEMENT OF FINANCIAL POSITION MARCH 31, 2017

	Note	**2017**	2016
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	7	**338,202**	179,446
Trade receivables	8	**644,565**	641,680
Other receivables	9	**43,096**	13,392
Total current assets		**1,025,863**	834,518
Non-current assets			
Plant and equipment	10	**303,224**	-
Intangible assets	11	**18,456**	-
Deferred tax assets	12	**23,847**	-
Total non-current assets		**345,527**	-
Total assets		**1,371,390**	834,518
LIABILITIES AND EQUITY			
Current liabilities			
Trade Payables		**4,460**	-
Accrued expenses		**67,786**	101,301
Amount due to immediate holding company	13	**856,301**	715,466
Total current liabilities		**928,547**	816,767
Capital and accumulated losses			
Share capital	14	**561,000**	61,000
Accumulated losses		**(118,157)**	(43,249)
Total equity		**442,843**	17,751
Total liabilities and equity		**1,371,390**	834,518

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED MARCH 31, 2017

	Note	2017	2016
		$	$
Revenue	15	**157,330**	187,350
Other income		**1,395**	-
Depreciation and amortisation expense	10,11	**(62,350)**	-
Other operating expenses	16	**(160,741)**	(107,689)
Finance costs		**(34,389)**	(32,904)
(Loss) Profit before taxation	17	**(98,755)**	46,757
Income Tax	18	**(23,847)**	-
Loss for the year, representing total comprehensive loss for the financial year		**(74,908)**	46,757

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2017

	Share capital	Accumulated Losses	Total
	$	$	$
Balance at April 1, 2015	**1,000**	**(90,006)**	**(89,006)**
Profit for the year, representing total comprehensive income for the financial year	-	46,757	46,757
Issue of shares representing transaction with owners recognised directly in equity	60,000	-	60,000
Balance at March 31, 2016	**61,000**	**(43,249)**	**17,751**
Loss for the year, representing total comprehensive income for the financial year	-	(98,755)	(98,755)
Issue of shares representing transaction with owners recognised directly in equity	500,000	-	500,000
Balance at March 31, 2017	**561,000**	**(118,157)**	**442,843**

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2017

	Note	2017	2016
		$	$
Cash flows from operating activities			
(Loss)/profit before income tax		**(98,755)**	46,757
Adjustment for:			
Finance costs		**34,389**	32,904
Depreciation expense	10	**59,455**	-
Amortisation expense	11	**2,895**	-
Operating cash flows before movements in working capital		**(2,016)**	79,661
Other receivables		**(29,704)**	(7,837)
Trade receivables		**(2,885)**	(91,320)
Trade payables		**4,460**	-
Amount due to immediate holding company	12	**26,221**	(970)
Accruals		**(33,515)**	95,172
Net cash used in operating activities		**(37,439)**	74,706
Investing activities			
Purchase of plant and equipment	10	**(362,679)**	-
Purchase of intangible assets	11	**(21,351)**	-
Net cash used in investing activities		**(384,030)**	-
Financing activities			
Finance costs		**(34,389)**	(32,904)
Proceeds of issue of ordinary shares		**500,000**	60,000
Amount due to immediate holding company	12	**114,614**	21,553
Net cash from financing activities		**580,225**	48,649
Net increase in cash and cash equivalents		**158,756**	123,355
Cash and cash equivalents at beginning of the financial year		**179,446**	56,091
Cash and cash equivalents at end of the financial year		**338,202**	179,446

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017

1 GENERAL

The company (Registration No. 201127764Z) is incorporated in Republic of Singapore with its registered office and principal place of business at 180B Bencoolen Street, #12-05 The Bencoolen, Singapore 189648. The company's functional currency is in United States dollars. The financial statements are expressed in Singapore dollars. The translation reserve arising on translation is not material and hence not presented separetly in these financial statements.

The principal activities of the company are those of wholesale of computer software and telecommunications equipment.

The financial statements of the company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on May 22, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provision of Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2016, the company adopted all the new and revised FRSs that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRS that are relevant to the company were issued but not effective:

- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*: *Disclosure Initiative*[1]
- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]

1 Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

2 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

3 Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS115 is adopted.

The management anticipates that the adoption of the above FRSs and amendments to FRSs will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following :

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the recognition and measurement of loans and receivables. Additional disclosures will also be made, including any significant judgement and estimation made. Management is in the process of performing an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the company's financial statement in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may result in changes to the accounting policies relating to revenue. Additional disclosures will also be made with respect to revenue, including any significant judgement and estimation made. Management is in the process of performing an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the company's financial statement in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

<u>Loans and receivables</u>

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification of debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables (including accruals and amount due to immediate holding company) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legal enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

PLANT AND EQUIPMENT – Plant and equipment are stated at cost, less accumulated depreciation.

Depreciation is charged so as to write off the cost of the plant and equipment over the estimated useful lives, using the straightline method, on the following basis:

Computer hardware acquired for specific projects are depreciated over the initial contract life of the project.

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of the plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets - Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer software acquired for specific projects are amortized over the initial contract life of the project.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash- generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income

Revenue from contracts priced on a time and material basis is recognised when services are rendered. Revenue from fixed price contracts is recognised as per the proportionate completion method and where there is no uncertainty as to the measurement or collectability of the consideration. Revenue from annual maintenance and annual technical services contracts is recognised on pro-rata basis over the period of the contract.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is reduced from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rate (and tax law) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or equity, respectively), in which case the tax is also recognised.

FOREIGN CURRENCY TRANSACTIONS - The currency of the primary economic environment in which the company operates (its functional currency) is United States dollars ("USD"). However, the financial statements of the company are presented in Singapore dollars ("$") which based on the group's reporting policy to align all the financial statements are expressed in Singapore dollars.

Transactions in currencies other than the USD (foreign currencies) are recorded in the company's functional currency at the rates of exchange prevailing on the dates of the transaction. At end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are recognised in profit or loss for the year in which they arise.

For the purpose of presenting company's financial statements, the assets and liabilities of the company are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank which are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

Management is of the opinion that there are no critical judgements in applying the company's accounting policies that are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The company does not have any key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except for those affecting the recovery prospects of aged trade receivables.

<u>Assessment of recoverability of trade receivables</u>

The company makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amount of the trade receivables are disclosed in Note 8 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2017	2016
	$	$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,019,672**	829,089
Financial liabilities		
At amortised cost	**928,547**	816,767

The company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements.

(b) Financial risk management policies and objectives

The company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. The company does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company's credit risk is primarily attributable to its cash and bank balance, trade and other receivables, which represents the company's maximum exposure to credit risk.

At the end of the reporting period, 88% (2016 : 84%) of the trade receivables are due from immediate holding company (2016 : immediate holding company). The risk management process includes assessing customers' credit standing and monitoring of collections.

The company places its cash with reputable financial institutions.

(ii) Interest rate risk management

The company has no significant interest rate risk as the company has no significant interest-bearing financial assets or liabilities. Accordingly, no sensitivity analysis has been prepared and disclosed.

(iii) Foreign exchange risk management

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company has very minimal exposure to foreign exchange risk as most transactions are done in the functional currency which is in United States dollars.

(iv) Liquidity risk management

Liquidity risk is managed by matching the payment and receipt cycle. The company's operations are financed mainly through equity.

All financial liabilities in 2017 and 2016 are either repayable on demand or due within 1 year from the end of the reporting period.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments.

(c) Capital risk management policies and objectives

The company reviews its capital structure at least annually to ensure that it will be able to continue as a going concern. The capital structure of the company comprises only of share capital. The company's overall strategy remains unchanged from prior years.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of Comviva Technologies Limited, incorporated in India. The company's ultimate holding company is Tech Mahindra Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Many of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

During the year, the company entered into the following trading transactions with related companies:

	2017	2016
	$	$
Purchase of software	**24,568**	-

6 RELATED PARTY TRANSACTIONS

Some of the company's transactions and arrangements are with related parties and the effect on these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

The company does not have any employee and accordingly, there is no employee benefit expenses (including directors' remuneration) as the administrative support is provided by immediate holding company.

7 CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash at bank	**338,202**	179,446

8 TRADE RECEIVABLES

	2017	2016
	$	$
Outside parties	**79,570**	101,154
Immediate holding company (Note 5)	**564,995**	540,526
	644,565	641,680

The average credit period on sales of goods and services rendered is 30 days. (2016 : 30 days). No interest is charged on the outstanding balance.

The trade receivables that are neither past due nor impaired are with good credit ratings.

The amount due from immediate holding company is unsecured, non-interest bearing and receivable on demand.

The table below is an analysis of trade receivables as at the end of the reporting period:

	2017	2016
	$	$
Not past due and not impaired	**79,570**	101,154
Past due but not impaired (i)	**564,995**	540,526
Total trade receivables, net	**644,565**	641,680

(i) Aging of receivables that are past due but not impaired:

	2017	2016
	$	$
More than 1 year	**564,995**	540,526

In determining the recoverability of a trade receivables, the company considers any changes in the credit quality of the receivables from the date credit was initially granted up to the end of the reporting period.

Included in the company's trade receivables balance are debtors with a carrying amount of $ 564,995 (2016 : $540,526) which are past due at the end of the reporting period for which the company has not provided an allowance for impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, the management believes that no allowance is required.

9 OTHER RECEIVABLES

	2017	2016
	$	$
Prepayment	**6,191**	5,429
Other receivables	**36,905**	7,963
	43,096	13,392

10 PLANT AND EQUIPMENT

	Computer Hardware $
Cost:	
At April 1, 2015 and March 31, 2016	**-**
Additions	**362,679**
At March 31, 2017	**362,679**
Accumulated depreciation:	
At April 1, 2015 and March 31, 2016	**-**
Depreciation	**59,455**
At March 31, 2017	**59,455**
Carrying Amount:	
At March 31, 2017	**303,224**
At March 31, 2016	**-**

11 INTANGIBLE ASSETS

	Software S$
Cost:	
At April 1, 2015 and March 31, 2016	**-**
Additions	**21,351**
At March 31, 2017	**21,351**
Accumulated depreciation:	
At April 1, 2015 and March 31, 2016	**-**
Depreciation	**2,895**
At March 31, 2017	**2,895**
Carrying Amount:	
At March 31, 2017	**18,456**
At March 31, 2016	**-**

12 DEFERRED TAX ASSETS

	2017 $	2016 $
Deferred tax assets	**23,847**	-

13 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	2017 $	2016 $
Trade	**80,020**	53,799
Non-trade	**776,281**	661,667
	856,301	715,466

The amount due to immediate holding company is unsecured, bears interest at LIBOR plus 5.55% (2016 : LIBOR plus 5.55%) per annum and is payable on demand.

14 SHARE CAPITAL

	2017	2016	**2017**	2016
	Number of ordinary shares		**$**	$
Issued and paid up:				
At the beginning of year	**61,000**	1,000	**61,000**	1,000
Issue of shares	**500,000**	60,000	**500,000**	60,000
At the end of the year	**561,000**	61,000	**561,000**	61,000

The ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company. On November 3, 2016, the company issued 500,000 ordinary shares of one dollar each to its immediate holding company.

15 REVENUE

	2017	2016
	$	$
Service income	**157,330**	187,350

Revenue represents net invoiced value of goods sold and services rendered during the financial year.

16 OTHER OPERATING EXPENSES

	2017	2016
	$	$
Bank charges	**2,182**	258
Net foreign exchange loss	**8,360**	3,052
Legal and professional fees	**17,963**	10,584
Royalty expenses	**78,618**	93,675
Others	**53,618**	120
	160,741	107,689

17 (LOSS) PROFIT BEFORE TAXATION

This has been arrived at after charging:

	2017	2016
	$	$
Legal and professional fees	**17,963**	10,584
Net foreign exchange losses	**8,360**	3,052

18 INCOME TAX

	2017	2016
	$	$
Deferred tax benerfit	**(23,847)**	-

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit (loss) as follows:

	2017	2016
	$	$
(Loss)/ profit before income tax	**(98,755)**	46,757
Tax at the domestic income tax rate at 17%	**(16,788)**	7,949
Utilisation of deferred tax assets previously not recognised	**-**	(7,949)
Deferred tax benefits previously not recognised	**(7,059)**	-
Tax benefit for the year	**(23,847)**	-

The realisation of the future income tax benefits from tax loss carryforwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Deferred tax benefit has been recognised during the year as the management foresee availability of future taxable profits .

COMVIVA TECHNOLOGIES B.V.

Board of Directors

Ms. Jantina Catharina Van De Vreede

Mr. Sandeep Phadke

Mr. Syed Tanvir Hussain

Registered Office

Overschiestraat 65,

1062 XD Amsterdam,

The Netherlands

Bankers

BNP PARIBAS S.A. - THE NETHERLANDS

Auditors

U adviseurs en accountants

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE FINANCIAL INFORMATION

Prepared for Consolidation Purposes

To: Deloitte Haskins and Sells LLP, Maharastra, India

In accordance with the instructions in your letter, we have audited, for purposes of your audit of the consolidated financial statements of Comviva Technologies Limited, the accompanying reporting package of Comviva Technologies B.V. as of and for the period ended 31 March 2017.

Management's Responsibility for the Special Purpose Financial Information

Management is responsible for the preparation and presentation of this special purpose financial information in accordance with the group's accounting policies including the Indian Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This special purpose financial information has been prepared solely to enable Comviva Technologies Limited to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

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

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

Report on Other Requirements

We also report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards, as applicable.

(e) whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;

(f) With respect to the other matters, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position

   ii. or the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Opinion

In our opinion, the accompanying special purpose financial information for Comviva Technologies B.V. as of 31 March 2017 and for the period then ended has been prepared, in all material respects, in accordance with the group's accounting policies including the Indian

Accounting Standards, contained in the instructions issued by Comviva Technologies Limited's management.

Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to Comviva Technologies Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Comviva Technologies B.V. in accordance with the group's accounting policies including the Indian Accounting Standards and is not intended to give a true and fair view of, in all material respects, the financial position of Comviva Technologies B.V. as of 31 March 2017, and of its financial performance, and its cash flows for the period then ended in accordance with the group's accounting policies including the Indian Accounting Standards. The financial information may, therefore, not be suitable for another purpose.

Place: Amsterdam

Date: May 11, 2017

A. J. M. Michiels CPA
U advisors and accountants

BALANCE SHEET AS AT MARCH 31, 2017

(before appropriation of results)

					EUR
		31st Mar, 2017		31st Mar, 2016	
ASSETS					
Fixed Assets					
Intangible fixed assets	(1)	**227,901**		352,216	
Tangible fixed assets	(2)	**1,667**		-	
Financial fixed assets	(3)	**6,966,154**		5,544,237	
			7,195,722		5,896,453
Current Assets					
Receivables, prepayment and accrued income	(4)				
Trade receivables		**790,327**		47,309	
Receivables from other related parties		**169,648**		-	
Corporate income tax		**86,551**		-	
Taxes and social securities		**9,385**		1,231	
Other receivables, deferred assets		**1,533,552**		257,767	
			2,589,463		306,307
Cash and cash equivalents	(5)		**1,108,272**		933,842
			10,893,457		7,136,602
EQUITY AND LIABILITIES					
Equity	(6)				
Issued share capital		**10,001**		10,001	
Other reserves		**195,282**		-	
Unappropriated results		**-599,104**		195,282	
			-393,821		205,283
Non-current liabilities	(7)				
Other debenture loans and privately placed loans			**-**		2,372,149
	(8)				
Current liabilities					
Finance Company debt		**9,362,412**		3,514,295	
Repayment obligation long-term debt		**-**		790,716	
Trade creditors		**1,297,007**		7,468	
Payable ot other related parties		**895**		-	
Corporate income tax		**-**		58,666	
Other liabilities and Accruals and deferred income		**626,964**		188,025	
			11,287,278		4,559,170
			10,893,457		7,136,602

PROFIT AND LOSS ACCOUNT 2016/2017

			EUR
		2016/2017	2015/2016
Net turnover	(9,10)	**3,423,929**	290,314
Other operating income		**60,854**	-
		3,484,783	290,314
Expenses			
Cost of subcontracted work and other external charges	(11)	**3,407,638**	38,946
Employee expenses	(12)	**215,188**	3,024
Amortisation and depreciation	(13)	**124,483**	20,176
Office expenses	(14)	**3,234**	809
Selling and distribution expenses	(15)	**27,132**	4,080
General expenses	(16)	**74,881**	185,343
		3,852,556	252,918
Operating result		**-367,773**	37,396
Financial income and expenses	(17)	**-376,548**	216,552
Result before tax		**-744,321**	253,948
Taxation on result from normal operations	(18)	**145,217**	-58,666
Result after tax		**-599,104**	195,282

3 GENERAL

3.1 Company

The activities of the Company mainly consist of writing, producing, publishing of software and providing business support services.

3.2 Board

On March 31, 2017 the board of directors was formed by Jantina Catharina Uneken - van de Vreede, Sandeep Phadke and Syed Tanvir Hussain.

3.2 Appropriation of the nett result 2016/2017

The loss for the year 2016/2017 amounts to € 599, l 04 compared with a profit for the year 2015/2016 of € 195,282.

The analysis of the result is disclosed on page herein.

The proposed appropriation of result is disclosed under other disclosure.

4 RESULTS

4.1 Development of income and expenses

The result after taxation for 2016/2017 amounts to negative € 599, 104 compared to € 195,282 for 2015/20 l 6. The results for both years can be su mmarized as fellows:

	2016/2017		2015/2016		Difference
	€	**%**	€	%	€
Net turnover	**3,423,929**	**100.0**	290,314	100.0	3,133,615
Project revenues	**3,423,929**	**100.0**	290,314	100.0	3,133,615
Other operating income	**60,854**	**1.8**			60,854
Gross margin	**3,484,783**	**101.8**	290,314	100.0	3,194,469
Expenses					
Cost of subcontracted work and other external charges	**3,407,638**	**99.5**	38,946	13.4	3,368,692
Employee expenses	**215,188**	**6.3**	3,024	1.0	212,164
Amortisation and depreciation	**124,483**	**3.6**	20,716	7.1	103,767
Other operating expenses	**105,247**	**3.1**	190,232	65.6	-84,985
	3,852,556	**112.5**	252,918	87.1	3,599,638
Operating result	**-367,773**	**- 10.7**	37,396	12.9	-405,169
Financial income and expenses	**-376,548**	**-11.0**	216,552	74.6	-593,100
Result on ordinary business activities before tax	**-744,321**	**-21.7**	253,948	87.5	-998,269
Taxation on result from normal operations	**145,217**	**4.2**	-58,666	-20.2	203,883
Result after taxation	**-599,104**	**- 17.5**	195,282	67.3	-794,386

5 FINANCIAL POSITION

The balance sheet can be summarized as follows:	**3/31/2017**	3/31/2016
	€	€
Long term funds:		
Equity	**-393,821**	205,283
Non-current liabilities	**-**	2,372,149
	-393,821	2,577,432
Long term investments:		
Intangible fixed assets	**227,901**	352,216
Tangible fixed assets	**1,667**	
Financial fixed assets	**6,966,154**	5,544,237
	7,195,722	5,896,453
Working capital	**-7,589,543**	-3,319,021
This amount is applied as follows:		
Receivables, prepayments and accrued income	**2,589,463**	306,307
Cash and cash equivalents	**1,108,272**	933,842
	3,697,735	1,240,149
Debit: Short-term debt	**11,287,278**	4,559,170
Working capital	**-7,589,543**	-3,319,021

6 FISCAL POSITION

6.1 Taxable amount 2016/2017

The taxable amount for 2016/2017 has been calculated as fellows:	**2016/2017**
	€
Result before taxes	**-744,321**
Tax differences:	
Depreciation intangible fixed assets	**87,023**
Taxable amount 2016/2017	**-657,298**

No corporate income tax is due over the taxable amount.

6.2 Tax losses available for set-off

The offsettable losses as per 31 March 2017 is € 389.684.

For these offsettable losses a deferred tax claim has been included which has been valued at the nomina! tax rate of 20-25%.

6.2.1 Tax loss carryforwards

	Taxable amount before settlement	**Taxable profit before settlement**	**Utilized in 2016/2017**
	€	**€**	**€**
Result 2016/2017:	**-657,298**	**267,614**	**-389,684**
To be settled with:			
Taxable amount 20 l5/2016	**267,614**	**-267,614**	
	-389,684		**-389,684**

We will gladly provide further explanations upon request.

Sincerely yours,
U adviseurs en accountants

R.J. Sikkel
Accountant-Administratieconsulent

1 BALANCE SHEET AS AT MARCH 31, 2017

(before appropriation of resu lts)

			March 31, 20 17		March 31, 20 16
		€	**€**	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	**(1}**	**227,901**		352,216	
Tangible fixed assets	**(2)**	**1,667**			
Financial fixed assets	**(3)**	**6,966,154**		5,544,237	
			7, 195,722		5,896,453
Current assets					
Receivables, prepayments and accrued income	**(4)**				
Trade receivables		**790,327**		47,309	
Receivables from other related parties		**169,648**			
Corporate income tax		**86,551**			
Taxes and social securities		**9,385**		1,231	
Other receivables, defen-ed assets		**1,533,552**		257,767	
			2,589,463		306,307
Cash and cash equivalents	**(5)**		**1,108,272**		933,842
			10,893,457		7,136,602
EQUITY AND LIABILITIES					
Equity	(6)				
Issued share capita!		**10,001**		10,001	
Other reserves		**195,282**			
Unappropriated results		**-599,104**		195,282	
		-393,821		205,283	
Non-current liabilities	(7)				
Other debenture loans and privately placed loans					2,372,149
Liabilities	(8)				
Finance company debt		**9,362,412**		3,514,295	
Repayment obl igation long-term debt				790,716	
Trade creditors		**1,297,007**		7,468	
Payables to other related parties					
Corporate i ncome tax				58,666	
Other liabil ities and Accruals and deferred income		**626,964**		188,025	
			11,287,278		4,559,170
			10,893,457		7,136,602

2 PROFIT AND LOSS ACCOUNT 2016/2017

		2016/2017	2015/2016
		€	€
Net turnover	(9,10)	**3,423,929**	290,314
Other operating income		**60,854**	
Gross margin		**3,484,783**	290,3 14
Expenses			
Cost of subcontracted work and other extemal charges	(11)	**3,407,638**	38,946
Employee expen ses	(12)	**2 15, 188**	3,024
Amortisation and depreciation	(13)	**124,483**	20,716
Office expenses	(14)	**3,234**	809
Selling and distribution expenses	(15)	**27,132**	4,080
Genera!expenses	(16)	**74,881**	1 85,343
		3,852,556	252,918
Operating result		**-367,773**	37,396
Financial income and expenses	(17)	**-376,548**	216,552
Result before tax		**-744,32 1**	253,948
Taxation on resu lt from normal operations	(18)	**145,2 17**	-58,666
Result after tax		**-599,104**	195,282

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Activities

The activities of the Company mainly consist of writing, producing, publishing of software and provid i ng business support services.

The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam, the Netherlands.

Group structure

The Company farms part of the Mahindra Comviva Group of companies. The immed iate parent company is Comviva Technologies Limited (CTL), India. The Company i s u ltimately owned by Tech Mahindra Ltd, India.

Consolidation

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Mahindra Comviva Limited, India. Copies of the consolidatcd accounts are available at the Trade Register of the Chamber of Commerce in Amsterdam. The consolidated accounts will be filed together with the financial statements of the Company.

LIST OF PARTICIPATING INTERESTS

The Company has the following capital interests which have not been valued at net capital value:

Name, statutory registered office	Share in issued capital
ATS Advanced Technologies Solutions do Brasil LTDA Brazil	**95.00**
ATS Advanced Technologies Solutions (SA) Argentina	**95.00**
Comviva Tech nologies Columbia S.A.S Columbia	**100.00**

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, asscts and liabilities are presented at nomi nal value.

Income and expenses are accounted for on accrual basis. Profit is only included when rea lized on the ba lance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenue from sale of equipment and third party software is recognized upon delivery, which is when the title passes to the customer, along with risk and reward.

Revenue from contracts priced on a time and material bas is is recognized when services are rendered. Revenue from fixed price contracts is recognized as per the proportionate completion method if there is no uncertainty as to the measurement or col lectability of the consideration.

Revenue from annual maintenance and annual technica!services contracts is recogn ized on pro-rata basis over the period of the contract.

Revenue is net of volume discounts/price incentives whicht are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes.

The cost price of these services is allocated to the same period.

Financial instruments

Financial instruments be both prim ary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

The Company does not use derivatives.

Translation of foreign currency

Receivables, liabi lities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Tran sactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange d ifferences resulting from the translation as of balance sheet date, taking into account possibl e hedge transactions, are recorded in the profit and loss account.

Participating i nterests denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date; differences are taken to the foreign currency tran slation reserve within shareholders' equity.

Staff

During the 20 16/20 17 financial year the Company had 1 employee.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Intangible fi.xed assets

Intangible fixed assets are presented at cost less accumu lated amortisation and, if appl icable, less impai rments in value. Amortisation is charged as a fixed percentage of cost, as specified i n more detail in the notes to the balance sheet. The useful l ife and the amortisation method are reassessed at the end of each financial year.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and net of impairment. The actual cost capital ized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Financial fixed assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Dutch Civil Code, participations are recognised at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement.

Receivables are valued at fair value and then valued at amortised cost, which equals the face value.

The receivabl es of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date. They are then included in the current assets.

Current assets and accrued income

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair val ue and then va lued at amortised cost, which equals the face value, after deduction of any provisions. These provisions are determined based on ind ividual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Liabilities

On initial recognition liabilities are recognised at fair value. After initia! recogniti on liabilities are recognised at the amortised cost price.

When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Principles for determination of the result

Profit or loss is determined as the difference between the real izable value of services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are real ized.

Amortisation and depreciation

The depreciation of the intangible fixed assets is calculatcd using fixed percentages of the purchase price or the research and development casts.

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected l ife cycle. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation .

Other costs

Other casts are recognized based on the historica! cost convention and are allocated to the repo1ting year to which they relate.

Financial income and expenses

Financial income and expenses comprises of interest i ncome and expense of loans for the current reporting period.

Taxes

Corporate income tax i s calculated at the applicable rate on the result for the financial year, taking into account permanent d i fferences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

4 NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2017

FIXED ASSETS

	3/31/2017	3/31/201 7
	€	€
1. Intangible fixed assets		
Customer rights	**227,901**	352,216

	Customer rights
	€
Carrying amount as of April 1, 2016	372,932
Purchase price	-20,716
Cumulative depreciation and impairment	352,216
Movement	- 124,315
Amortization	
Carrying amount as of March 31, 2017	
Purchase price	372,932
Cumulative depreciation and impairment	- 145,031
	227,901

The Life of the customer rights needs to be mentioned as 3 years.

Amortisation rates

Customer rights	%
	33,33

		3/31/2017	3/31/2016
		€	€
2.	**Tangible fixed assets**		
	Equipment	**1,667**	
			Equipment
			€
	Carrying amount as of April 1, 2016		
	Purchase price		
	Cumulative depreciation and impai rment		
	Movement		
	Investments		1,835
	Depreciation		-168
			l,667
	Carrying amount as of March 31, 2017		
	Purchase price		1,835
	Cumu lative deprcciation and impainnent		- 168
	Carrying amount as of March 31, 20 17		1,667
	Depreciation rates		
			%
	Equipment		33,33
		3/31/2017	3/31/20 16
		€	€
3.	**Financial fixed assets**		
	Participations in group companies	**4,131,188**	4,289,388
	Receivables from group companies	**2,741,576**	l,254,849
	Other receivables	**93,390**	-----
		6,966, 154	5,544,237
	Participations in group companies		
	ATS Advanced Technologies Solutions do Brasil LTDA at Brazil	**548,091**	576,938
	ATS Advanced Technologies Solutions (SA) at Argentina	**3,526,828**	3,7 12,450
	Comviva Technologies Columbia S.A.S at Columbia	**56,269**	-----
		4,131,188	4,289,388
	Receivables from group companies		
	ATS Advanced Technologies Solutions do Brasil LTDA at Brazil	**842,617**	790,716
	ATS Advanced Technologies Solutions (SA) at Argentina	**1,898,959**	464,133
		2,741,576	1,254,849

The calculated interest is 6 month Libor+2%.

Repayment obligation is 365 days with the possibility to extend upon 5 days notice. There are 3 loans, explained as follows:

- ATS Brasil, USD 900,000 (22 January 2016), repayment dates 23 April 20 16 (USD 250,000), 27 February 2016 (USD150,000) and 31 January 2017 (USD 500,000).
- ATS Argentina, USD 528,280 (22 Jan uary 2016-22 January 2017, extended)
- ATS Argentina, USD 1,500,00 (14 December 2016), repayment dates 13 December 20 17 (USD 300,000),

  29 December 2017 (USD 400,000), 5 January 2018 (USD 300,000) and 23 January 201 8 (USD 500,000).

It is intended to extend the loans. This has been partly effectuated.

	3/31/2017	3/3 l/2016
	€	€
Other receivables		
Deferred tax claims assest	**93,390**	

4. Receivables, prepayments and accrued income		
Trade receivables		
Debtors	**790,327**	47,309
A provision for doubtful debts is not req uired.		
Debtor includes intercompany (ATS) for € 710,544.		
Receivables from other related parties		
India	**126,435**	
Terra Payment Services (Netherlands) B.V.	**347**	
Interest loans	**42,866**	
	169,648	
Taxes and social securities		
Turnover tax	**9,385**	1,231
Other receivables, deferred assets		
Other receivables		15,634
Prepayments and accrued income	**1,533,552**	242, 133
	1,533,552	257,767

	3/31/20 I7	3/31/2016
	€	€
Other receivables		
Advance to suppliers		15,634
Prepayments and accrued income		
Unbilled debtors	**1,531,775**	242,133
Insurance	**1,354**	
Other prepaid expenses	**423**	
	I,533,552	242,133

Unbilled debtors includes € I ,394,009 for intercompany (ATS do Brasil LTDA).

5. Cash and cash equivalents		
BNP- euro acoount	**5,165**	4,774
BNP- dollar account	**1,019,143**	929,068
Margin money	**83,964**	
	1,108,272	933,842

An amount o € 83,964 is not freely d isposable. As at March 31, 2017.

EQUITY AND LIABILITIES

6. Equity

	3/31/2017	3/3 1/2016
	€	€
Issued share capital		
Subscribed and paid up l 0,00 l ordinary shares at par value E 1.00	**10,001**	10,001

	2016/2017	2015/2016
	€	€
Other reserves		
Carrying amount as of April 1		
Allocation of previou s financial year net result	**195,282**	
Carrying amount as of March 31	**195,282**	
Unappropriated results		
Carrying amount as of April 1	**195,282**	
Appropriation of result previ ous year	**- 195,282**	
Unappropriated profit	**-599,104**	
Carrying amount as of March 31	**-599,104**	

7. Non-current liabilities

	3/31/2017	3/3 1/2016
Other debenture loans and privately placed loans	€	€
Balance payment aquisition	-	2,372,149

	2016/2017	2015/2016
	€	€
Balance payment aquisition		
Carrying amount as of April 1 Funds withdrawn		3,162,865
Repayment obligations next financial year		-790,716
Long-tenn part as at March 31		2,372,149

The debt of USD 3,600,000 is to be paid into an Escrow account on 31 December 2016 and shall be paid out in tranches of USD 900,000 each, on 31 December of each of 2016, 2017, 2018 and 2019. No interest is due.

8. Current liabilities

Finance company debt

	3/31/2017	3/31/2016
	€	€
Bank of America	**9,362,412**	3,514,295
The calculated interest is minimal 0,95% plus libor as applicable.		
No redemptiondate has been agreed.		
Repayment obligation long-term debt		
Balance payment aquisition		790,716
Trade creditors	**1,288,490**	7,468
Trade payables Salaris and benefits	**8,517**	-
	1,297,007	7,468
Trade payables includes intercompany creditors (ATS SA) for € 1,209,360.		
Payables to other related parties	**895**	-
Intra Dubai		
Corporate income tax	**-**	58,666
Corporate income tax 2015-2016		

Other liabilities and Accruals and deferred income	**3/31/2017**	3/31/2016
	€	€
Other liabilities	**239**	236
Accruals and deferred income	**626,725**	187,789
	626,964	188,025
Accruals and deferred income		
Accruals expenses, intercompany (ATS SA)	**269,599**	
Other accrual expenses	**147,711**	186,444
Interest and bank charges	**4,696**	1,345
Deferred revenue	**204,719**	
	626,725	187,789

GUARANTEES

Bank of America

The borrowings are secured by the corporate gurantee from the Holding Company, Comviva Technologies Ltd.

5 NOTES TO THE PROFIT AND LOSS ACCOUNT 2016/2017

9. Net turnover

The revenues increased in 2016/2017 compared to 2015/2016 with 1079.4%.

	2016/2017	2015/2016
	€	€
10. Net turnover		
Sales product developed	**2,388,944**	
Annual maintenance contract services	**759,035**	152,537
IT software services	**181,243**	137,777
Sales, others	**94,707**	
	3,423,929	290,3 14

Sales includ ing intercompany sales to ATS do Brasil LTDA for € 2,106,552.

11.	**Cost of subcontracted work and otber external charges**		
	Cost of hardware equ ipment and other items sold, intercompany	**3,103,816**	
	Cost of hardware equipment and other items sold, others	**73,515**	9, 1 78
	Marketing Consu ltancy	**230,307**	29,768
		3,407,638	38,946
12.	**Employee expenses**		
	Wages and salaries	**21 1,224**	2,580
	Social security charges	**1,836**	444
	Other personnel costs	**2,128**	
		215,188	3,024
	Wages and salaries		
	Gross wages	**10,664**	2,580
	Consu ltancy fees	**177,814**	
	Special incentive plan	**22,746**	
		211,224	2,580
13.	**Amortisation and depreciation**		
	Intangible fixed assets	**124,315**	20,716
	Tangible fixed assets	**168**	
		124,483	20,7 16
	Depreciation of tangible fixed assets	**2016/2017**	2015/2016
	Equipment	**€**	€
	Other operating expenses	**-**	-
14.	**Office expenses**		
	Telephone	**1 ,339**	598
	Postage	**46 1**	211
	Contributions and subscriptions	**1,100**	
	Other office expenses	**334**	
		3,234	809
15.	**Selling and distribution expenses**		
	Entertainment and business promotion	**10,099**	
	Travelling expenses	**15,886**	4,080
	Other cost of sales	**1,147**	
		27,132	4,080
16.	**General expenses**		
	Legal and professional charges	**55,948**	182,641
	Insurance	**7,767**	
	Bank charges and commission on bank guarantee	**10,100**	2,636
	Other cost	**l ,066**	66
		74,881	185,343
17.	**Financial income and expenses**		
	Income of non-current receivables and of securities	**43, 132**	
	Foreign currency exchange difference	**-334,590**	226,172
	fnterest and similar expenses	**-85,090**	-9,620
		-376,548	216,552
	Income of non-current receivables and of securities		
	Interest receivables group company	**42,700**	
	Interest other receivables	**432**	
		43,132	
	Foreign currency exchange diff.erences		
	Unrea lised exchange (gains/ loss)	**-346,599**	224,351
	Realized exchange differces	**12,009**	1,821
		-334,590	226, 172

	2016/2017	2015/2016
Interest and similar expenses	**€**	€
Bank fnterest	**-85,090**	-4,391
Interest on others	**-**	-5,229
	-85,090	-9,620
18. Taxation on result from normal operations		
Corporate income tax	**145,217**	-58,666

6 OTHER DISCLOSURE

Appropriation of the result for the 2015/2016 financial year

According to the Company's articles of association, article 14, the annual meeting of shareholders detennines the appropriation of the Company's net result for the year.

Proposed appropriation of result for the financial year 2016/2017

The management board proposes that the result for the financial year 20 l6/2017 amounting to USD 599,l 04 (loss) should be transferred to the Other reserves. The financial statements do (not yet) reflect this proposal.

Signing of the financial statements Amsterdam ,......................................

J.C. Uneken- van de Vreede S. Phadke

S.T. Hussain

TERRA PAYMENT SERVICES (NETHERLANDS) B.V.

Board Directors
Ms. Jantina Catharina Van De Vreede
Mr. Sandeep Phadke
Mr. Syed Tanvir Hussain

Registered Office
Overschiestraat 65,
1062 XD Amsterdam,
The Netherlands

Bankers
BNP PARIBAS S.A. - THE NETHERLANDS

Auditors
U adviseurs en accountants

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE FINANCIAL INFORMATION

Prepared for Consolidation Purposes

To: Deloitte Haskins and Sells LLP, Maharastra, India

In accordance with the instructions in your letter, we have audited, for purposes of your audit of the consolidated financial statements of Comviva Technologies Limited, the accompanying reporting package of Terra Payment Services (Netherlands) B.V. as of and for the period ended 31 March 2017.

Management's Responsibility for the Special Purpose Financial Information

Management is responsible for the preparation and presentation of this special purpose financial information in accordance with the group's accounting policies including the Indian Accounting

Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This special purpose financial information has been prepared solely to enable Comviva Technologies Limited to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

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

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

Report on Other Requirements

We also report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards, as applicable.

(e) whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;

(f) With respect to the other matters, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position

   ii. or the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Opinion

In our opinion, the accompanying special purpose financial information for Terra Payment Services (Netherlands) B.V. as of 31 March 2017 and for the period then ended has been prepared, in all material respects, in accordance with the group's accounting policies including the Indian

Accounting Standards, contained in the instructions issued by Comviva Technologies Limited's management.

Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to Comviva Technologies Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Terra Payment Services (Netherlands) B.V. in accordance with the group's accounting policies including the Indian Accounting Standards and is not intended to give a true and fair view of, in all material respects, the financial position of Terra Payment Services (Netherlands) B.V. as of 31 March 2017, and of its financial performance, and its cash flows for the period then ended in accordance with the group's accounting policies including the Indian

Accounting Standards. The financial information may, therefore, not be suitable for another purpose.

Place: Amsterdam

Date: May 11, 2017

A. J. M. Michiels CPA
U advisors and accountants

BALANCE SHEET AS AT MARCH 31, 2017

(before appropriation of results)

		31st Mar, 2017		31st Mar, 2016	EUR
ASSETS					
Fixed Assets					
Tangible fixed assets	(1)	**1,589**		-	
Financial fixed assets	(2)	**703,330**		879	
			704,919		879
Current Assets	(3)				
Receivables from group Companies		**6,856**		-	
Receivables from other related parties		**29,023**		-	
Taxes and social securities		**3,213**		549	
Loan repayments receivable		**140**		-	
Other receivables, deferred assets		**19,264**		23,109	
			58,496		23,658
Cash and cash equivalents	(4)		**422,974**		111,648
			1,186,389		136,185
EQUITY AND LIABILITIES					
Equity	(5)				
Issued share capital		**400,001**		400,001	
Share premium reserve		**2,149,553**		-	
Retained earnings		**-1,619,397**		-314,812	
			930,157		85,189
Current liabilities					
Trade creditors		**71,397**		50,996	
Payables to other ralated parties		**111,062**		-	
Other liabilities and Accruals and deferred income		**73,773**		-	
			256,232		50,996
			1,186,389		136,185

PROFIT AND LOSS ACCOUNT 2016/2017

		2016/2017	EUR 2015/2016
Expenses			
Cost of subcontracted work and other external charges	(7)	**643,286**	89,504
Amortisation and depreciation	(8)	**794**	-
Other operating expenses	(9)	**632,551**	235,104
		1,276,631	324,608
Operating result		**-1,276,631**	-324,608
Financial income and expenses	(10)	**-27,954**	9,796
Result before tax		**-1,304,585**	-314,812
Taxation on result from normal operations		**-**	-
Result after tax		**-1,304,585**	-314,812

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Activities

The Company is in the business of providing technology services that offers money transfer and payment services to mobile wallets.

The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam .

Group structure

The Company forms part of the Comviva Group of companies. The immediate parent company is Comviva Technologies Limited Ind ia (CTL). The Company is ultimately owned by Tech Mahindra Limited, India.

Consolidation

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the faci lity of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Tech Mahindra Limited, India. Copies of the consolidated accounts are available at the Trade Register of the Chamber of Commerce in Amsterdam .The consolidated accountants will be filed together with the financia l statements of the Company.

UST OF PARTICIPATING INTERESTS

The Company has the following capital interests which have not been val ued at net capital value:

Name, statutory registered office	Share in issued capital%
Mobex Money Transfer Services Ltd Kenya	**99.99**
Terrapay Services (UK) Ltd. United Kingdom	**100.00**
Terrapay Services (Tanzania) Ltd . Tanzania	**99.99**
Terrapay Services (Uganda) Ltd . Uganda	**100.00**
Terra Payment Services Botswana (PTY) Limited	**100.00**
Terra Payment Services S.A.R.L.(DRC)	**100.00**
Terra Payment Services S.A.R.L. (Congo B)	**100.00**
Terra Payment Services S.A.R.L. Senegal	**100.00**
Terra Payment Services (UK) Limited	**100.00**
Terra Payment Services (Mauritius)	**100.00**

Related parties

In addition to above mentioned subsid iaries under Financial Fixed asset ,the company has following subsidiaries, where company has infused capita! but no shares have been allotted as on 31st March 2017.

- Terra Payment Service South Africa (RF) (PTY) Limited.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. Valuation of assets and 1iabilities and detennination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant princip le for the specific balance sheet item, assets and liabi lities are presented at nomina! value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenue from sale of equipment and third party software is recognized upon delivery, which is when the title passes to the customer, along with risk and reward.

Revenue from contracts priced on a time and material basis is recogni zed when services are rendered. Revenue from fixed price contracts is recognized as per the proportionate completion method if thcre is no uncertainty as to the measurement or collectability of the consideration.

Revenue from annual maintenance and annual technica(services contracts is recognized on pro-rata basis over the period of the contract.

Revenue is net of volume discounts/price incentives whicht are estimated and accounted for based on the terms of the contracts and excludes applicable ind irect taxes.

The cost price of these services is allocated to the same period.

Financial instruments

Financial instruments are both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per ba lance sheet item.

The Company does not use derivatives.

Translation of foreign currency

Receivables , liabilities and obligations denomi nated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recogn ised i n the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Participating interests denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date; differences are taken to the foreign currency translation reserve within shareholders' equity.

Staff

During the 2016/2017 financial year the Company had no employees, and hence incurred no wages, salaries or related social security charges.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are stated at costless accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing cost and other incidental expenses incurred during the construction/ installation stage.

Depreciation rates

Asset	**%**
Plant and Equipment (includ ing Com puters)	**33,33**

Financial fixed assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Dutch Civil Code, participations are recogni sed at cost. Ifan asset qualifies as impaired, it is measured at its impaired value; any write offs are d isclosed in the income statement.

The other securities are valued at fair value.

Receivables and deferred assets

U pon initia! recognition the receivabl es on and loans to participations and other receivables are valued at fair value and then val ued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provi sions for the risk of doubtful debts are deducted. These provision s are detennined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Current liabilities

On initia! recognition current liabilities are recognised at fair value. After initia! recognition current liabil ities are recognised at the amortised cost price, being the amount received taking into account premium s or discounts and minus transaction costs. This is usually the nom ina! value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Principles for determination of the result

Profit or loss is detern1ined as the difference between the realizable value of services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

Other costs

Other costs are recognized based on the h istorica! cost convention and are allocated to the reporting year to wh ich they relate.

Amortisation and depreciation

The depreciation on tangible fixed assets is calculated by usi ng a fixed rate on the acquisition cost based on the expected life cycle. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Financial income and expenses

Financial income and expenses comprises of interest income and expense of loans for the current reporting period.

Taxes

Corporate income tax is calculated at the appl icable rate on the result for the financial year, taking into account permanent differences between profit calculated accord ing to the annua l accou nt and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

4 NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2017

FIXED ASSETS	**31.03.2017**	31.03.2016
	€	€
1. Tangible fixed assets		
Plant and Equ ipment (including Computers)	**1 ,589**	

	Plant and Equipment (including Computers)
	€
Canying amount as of April 1, 2016	
Purchase price	
Cumulative depreciation and impairment	
Movement	
finvestments	2,383
Depreciation	-794
	1,589

	3/3112017	3/3 1120 16
	€	€
Carrying amount as of March 31, 2017		
Purchase price		2,383
Cumulative depreciation and impai m1ent		-794
Carrying amount as of March 3l , 2017		1,589
Depreciation rates		%
Plant and Equipment (including Computers)		33,33

2. Financial fixed assets

Participations in group companies	**702,394**	
Other securities	**936**	879
	703,330	879
Participations in group companies	**12,424**	
Terra Payment Services (Uganda) Ltd. at Uganda	**11**	
Terra Payment Services Botswana at Botswana	**18,082**	
Terra Payment Services S.A.R.L.(DRC) at	**368,702**	
Terra Payment Services South Africa Ltd . at South Africa	**301,645**	
Terra Payment Services (UK) Limited	**1,530**	
Terra Payment Services S.A .R.L. at Senegal	**702,394**	

3. Receivables, prepayments and accrued income

Receivables from group companies		
Mobex Money Transfer Ltd.	**187**	
Terra Payment Services Botswana	**1,569**	
Terra Payment UK	**5,100**	
	6,856	
Receivables from other related parties		
Receivable Terra Payment Services Mauritius	**29,023**	
Taxes and social securities		
Tumover tax	**3,213**	549
Loan repayments receivable		
Loan repayments receivable	**140**	
Other receivables, deferred assets		
Prepayments	**19,264**	23,109

Prepayments		
Advance to consultants Imprest accou nts	**1,500**	8,000
Advance to suppl iers	**82**	2, 145
Advance for travel	**9,309**	12,086
Advance for capita! goods		878
Other prepaid expenses	**8,373**	
	19,264	23, 109

4. Cash and cash equivalents

	3/3112017	3/3 1120 16
	€	€
BNP Paribas, Euro account	2,259	101 ,816
BN P Paribas, USD account Cheq ues not yet cleared	420,715	9,832
	422,974	1 11,648

EQUITY AND LIABILITIES

5. Equity

Issued share capital		
Subscribed and paid up 400,00 l ordinary shares at par value € 1.00	400,00 1	400,001

	2015/2016	2016/2017
	€	€
Share premium reserve		
Carrying amount as of April 1		
Additions during the year	2, 149,553	
Carrying amount as of March 31	2, 149,553	
Retained earnings		
Carrying amount as of April 1	-314,812	
Unappropr iated profit	-1,304,585	-314,812
Carrying amount as of March 31	-1,619,397	-314,812

6. Current liabilities

	3/31/2017	3/31/2016
	€	€
Trade crcditors		
Creditors (incl ud ing Salary & Benefits)	71,397	50,996
Payables to other related parties		
Comviva Technologies FZ LLC (Dubai)	1 10,715	
Comviva Technologies B.V.	347	
	111,062	

	3/31/2017	3/31/2016
	€	€
Other liabilities and Accruals and deferred income		
Accruals and deferred income	73,773	
Accruals and deferred income		
Accruals	73,773	

5.	**NOTES TO THE PROFIT AND LOSS ACCOUNT 2016/2017**	**2016/2017**	2015/2016
		€	€
7.	**Cost of subcontracted work and other external charges**		
	Marketing consu ltancy	**643,286**	89,504
8.	**Amortisation and depreciation**		
	Tangible fixed assets	**794**	
	Depreciation of tangiblejixed assets		
	Plant and Equipment (including Computers)	**794**	
9.	**Other operating expenses**		
	Other labou r costs	**5,780**	
	Office expenses	**44,806**	
	Selling and distribution expenses	**115,542**	7,749
	Genera! expen ses	**466,423**	227,355
		632,551	235,104
	Other labour casts		
	Other labour costs	**5,780**	
	Office expenses		
	Internet and website expenses	**13,374**	
	Telephone	**11,939**	
	Postage	**2,624**	
	Contributions and subscriptions	**2,692**	
	Conference expenses	**12,939**	
	Printing and stationery	**1,238**	
		44,806	
	Selling and distribution expenses		
	Publ icity and advertisement	**39,308**	
	Entertainment and business promotion	**4,880**	
	Travelling expenses	**56,430**	7,749
	Travel insurance	**8,706**	
	Other cost of sales	**6,218**	
		1 15,542	7,749

Genera/ expenses

	2016/20 I 7	2015/2016
	€	€
Legal and professional charges	**410,558**	225,483
Insurance	**2,302**	
Bank charges	**7,206**	1,858
Rates and taxes	**45,160**	
Other cost	**I ,197**	14
	466,423	227,355

10. Financial income and expenses

Foreign currency exchange differences	**-27,594**	9,796
Interest and similar expenses	**-360**	
	-27,954	9,796
Foreign currency exchange differences		
Unrealized exchange (gains/loss)	**8,503**	9,51 8
Real ized exchange differences	**-36,097**	278
	-27,594	9,796
Interest and similar expenses		
Bank interest	**-13**	
Other interest	**-347**	
	-360	

6 OTHER DISCLOSURE

Appropriation of the result for the 2015/2016 financial year

According to the Company's articles of association, article 14, the annual meeting of shareholders detennines the appropriation of the Company's net resu lt for the year.

Recognition of the loss for 2016/2017

The Management Board proposes to deduct the 20 l 6/20 l 7 resu lt from the other reserves for an amount of € L,304,585.

Statutory appropriation of profit

According to the Company's articles of association, article 1 4, the annual meeting of shareholders determi nes the appropriation of the Company's net resu lt for the year.

Signing of the financial statements

Amsterdam, ...

J.C. Uneken- van de Yreede S. Phadke

S.T. Hussain

TECH MAHINDRA BUSINESS SERVICES LIMITED

Board of Directors

Mr. Chander Prakash Gurnani
Mr. Sujit Baksi
Mr. Milind Kulkarni
Mr. Nikhilesh Natvarlal Panchal
Mrs. Ujjwala Girish Apte

Registered Office

Spectrum Towers,
Mindspace Complex,
Off Link Road,
Malad (West), Mumbai- 400 064

Bankers

Kotak Mahindra Bank Limited

Auditors

Deloitte Haskins & Sells LLP

BOARD'S REPORT

Your Directors present their Twelfth Annual Report together with the audited Accounts of the Company for the year ended March 31, 2017.

FINANCIAL SUMMARY / RESULTS

(Figures in ₹)

For the year ended	March 31, 2017	March 31, 2016
Income	**7,250,218,171**	7,245,494,635
Expenditure	**5,780,301,337**	5,706,963,047
Depreciation	**250,421,653**	229,252,061
Profit/(Loss) Before Tax & Extra Ordinary items	**1,219,495,181**	1,309,279,527
Provision for Taxation	**410,159,395**	417,076,149
Deferred Taxes Charge/ (Credit)	**1,583,033**	6,914,517
Profit/ (Loss) after Tax	**807,752,753**	885,288,861
Profit /(Loss) Carried forward to Balance Sheet	**807,752,753**	885,288,861

RESERVES

The Board does not propose to carry any amount to General Reserves of the Company.

BUSINESS OVERVIEW / STATE OF COMPANY'S AFFAIRS

The operational income during the financial year 2016-17 is ₹ 7,076 Mn against the previous year ₹ 7,032 Mn. The profit before tax is ₹ 1,219 Mn against the previous year ₹ 1,309 Mn. The Minimum Revenue Commitment (MRC) accrual during the year is ₹ 60 Mn against the previous year ₹ 386 Mn.

The head count of the Company was 7011 in March 2017 vis a vis 7070 in March 2016.

During the year the Company has earned a dividend income of ₹ 52 Mn. The Company invests all its surplus funds in debt funds which provide slightly better post tax yield than a traditional FDs or ICDs.

There are no changes in the nature of the business carried out by your Company during the period under review nor there any material changes or commitments affecting the financial position of the Company after the closure of the financial year of the Company and till the date of the subject Board Report.

There are no material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits and as such no amount of principal or interest was outstanding as on the balance sheet date.

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants [Firm's Registration No. 117366W/W-100018], the Auditors of your Company, hold office up to the conclusion of the forthcoming Annual General Meeting of the Company. It is proposed to appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants [Firm's Registration No. 117366W/W-100018] as Statutory Auditors for the period of five years from the conclusion of the ensuing Annual General meeting till the conclusion of the Sixth Annual General Meeting for the financial year 2021-2022, subject to the ratification of the members at every Annual General Meeting.

The Company has received a certificate from the statutory auditors to the effect that they are eligible for appointment in terms of Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company from the conclusion of the ensuing AGM to the conclusion of the sixth following Annual General Meeting for the financial year 2021-2022.

SHARE CAPITAL

The Company has not issued any equity shares carrying differential rights, sweat equity shares, employee stock options nor provided money for purchase of its own shares by employees or by trustees for the benefit of employees during the financial year. The Company's paid up equity capital is ₹ 10,000,000/- comprising of 1,000,000 equity shares of Face Value ₹ 10/- each.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return as on the financial year ended 31st March 2017 in Form No. MGT – 9 is forming part of the Board's report as **Annexure 1.**

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to play its role as an enlightened corporate citizen. The CSR vision of the Company is "Empowerment through Education."

Pursuant to the guidelines prescribed under Section 135 of the Companies Act, 2013 your Board has formed a CORPORATE SOCIAL RESPONSIBILITY (CSR) Committee and the CSR Policy as recommended by the CSR Committee was also approved by the Board. The policy is uploaded on the web site of the Company.

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is forming part of the Board's report as **Annexure 2.**

DIRECTORS

The Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Pursuant to the provisions of Section 152 (6) (c) of the Companies Act 2013, Mr. C.P. Gurnani, Director is liable to retire by rotation and being eligible offer himself for reappointment.

BOARD AND COMMITTEE OF BOARD

For the Financial Year 2016-17, the Company held 5 (Five) meetings of the Board of Directors. In accordance with the provisions of Section 177 of the Companies Act, 2013, an Audit Committee of the Board was constituted comprising of Mr. Milind Kulkarni, Chairman, Mr. Nikhilesh Panchal, Member and Mrs. Ujjwala Girish Apte, Member. The terms of reference of the Committee are as prescribed under the Companies Act, 2013 read with relevant Rules.

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Board also constituted a Nomination & Remuneration Committee (NRC). The Committee comprises of Mr. Milind Kulkarni, Chairman, Mr. Nikhilesh Panchal, Member and Mrs. Ujjwala Girish Apte, Member. The terms of reference of the Committee are as prescribed under the Companies Act, 2013 read with relevant Rules. The Governance Policies comprising of Policy on Appointment and removal of Directors Policy on Remuneration to the Directors, and other Employees and Policy on Evaluation of performance of the Independent Directors of the Board is available on the web site of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any loans or guarantees or investment under Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with Related Parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The particulars of related party transactions in prescribed Form AOC-2 is annexed herewith as **Annexure 3**.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report given by CS. Jayavant Bhave, Partner, M/s J. B. Bhave & Co., Company Secretaries, Pune (FCS No. 4266) is annexed with the Board's report as **Annexure 4**. The Secretarial Audit report is unqualified and without any reservation or adverse remark.

RISK MANAGEMENT POLICY

The Company believes that it operates in a business environment that is characterized by increasing globalization of markets, intensifying competition and is exposed to multiple risks in the ordinary course of business. This is inevitable, as there can be no entrepreneurial activity without the acceptance of risks and associated profit opportunities.

The Company's risk management objectives are:

- Identify and manage existing and new risks in a planned and coordinated manner with the minimum of disruption and cost.
- Develop a "risk" culture that encourages all staff to identify risks and associated opportunities and to respond to them with effective action plans.

Risk identification refers not only to the systematic identification of risks but also to the identification of their root causes & impact. It is a continuous process for existing as well as new risks emerging out of evolving business dynamics.

The Company follows a process of identifying any risks and communicates the same to the Risk Management Oversight Committee (RMOC) through Risk Managers for monitoring.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Your Company has an adequate system of internal controls commensurate with its size and the nature of its business. It ensures that transactions are authorized, recorded and reported correctly apart from safeguarding its assets against loss from wastage, unauthorized use and disposition.

The internal control system is supplemented by well documented policies, guidelines and procedures. The Purpose of the internal audit is to provide independent and objective reviews on a continuous basis with assessments of the policies, business activities, operations, systems and controls followed within the Company to add value, improve processes and assist the organisation to achieve its goals and objectives. The Internal audit scope is prepared in accordance with the internal policy and processes as well as external regulatory and other compliances.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134 (5) of the Companies Act, 2013 your Directors, based on the representation received from the Operating Management and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

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

(iv) the directors have prepared the annual accounts on a going concern basis;

(v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

HUMAN RESOURCE MANAGEMENT

Employees are the core of our business and are our most valuable assets. Our Focus is to deliver Fantastic People Experience for all our employees. We have successfully sustained and enhanced our organization's culture through employee initiatives such as Engagement Surveys for employees, monthly performance management incentives for advisors and contemporary learning and development initiatives.

For an organization of our size we are at the 86th percentile at the global level as per Gallup. This is indeed a proud achievement for us and a testament of employee engagement within the organisation helping us achieve our goals. In the year 2016 your Company was the proud winners of the Gallup Great Workplace Award. We are the Winners of Gallup Great Work Place award now for two consecutive years. The overall engagement score for the organization continues to show a positive trend.

During the year we have hired around 3632 employees, with around 58% sourced through internal channels, this having a very positive impact of an overall reduction in recruitment costs. Through our multipronged people management strategy we have been able to nurture talent and have created opportunities for both personal and professional growth across the organization and the group for our employees.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

1. **Conservation of Energy & Technology Absorption**

   The Company being in the service industry, the rules pertaining to conservation of energy does not apply to the Company. The Company is constantly acquiring new hardware and software solutions and upgrading its existing hardware and software to provide more and better services to its customers.

2. **Foreign Exchange earnings and outgo**

   The foreign exchange earnings of your Company during the year were ₹ 7,076 Mn. (Previous Year – ₹ 7,032 Mn.) while the outgoings were ₹ 491Mn. (Previous Year – ₹ 435 Mn).

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the contributions made by employees towards the success of your Company. Your Directors are also thankful for the co-operation and assistance received from its customers, vendors, bankers, STPI, Excise authorities and other regulatory and governmental authorities in India and abroad and its shareholders.

Place: Mumbai	**For and on behalf of the Board of Directors**
Date: April 25, 2017	

Sujit Baksi	**Milind Kulkarni**
Director	**Director**

ANNEXURE 1

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2017
[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U72900MH2006PLC159149
2.	Registration Date	23 -01-2006
3.	Name of the Company	Tech Mahindra Business Services Limited
4.	Category/Sub-category of the Company	Public Ltd
5.	Address of the Registered office & contact details	Spectrum Towers, Mindspace Complex, Off Link Road, Malad (West), Mumbai , Maharashtra, India – 400064 +91 22 66763333
6.	Whether listed Company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Information Technology enabled Services – voice based call centre services	9983	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Tech Mahindra Limited Gateway Building, Apollo Bunder, Mumbai-400001	L64200MH1986PLC041370	Holding	100%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTER									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt .(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	10,00,000	10,00,000	100%	-	10,00,000	10,00,000	100%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)		**10,00,000**	**10,00,000**	**100%**	**-**	**10,00,000**	**10,00,000**	**100%**	-
(2) Foreign									**-**
a) NRI - Individuals	-	-	-	-	-	-	-	-	
b) Other -Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)									
Total shareholding of Promoter	-	-	-	-	-	-	-	-	-
(A) =(A)(1)+(A)(2)	-	**10,00,000**	**10,00,000**	**100%**	-	**10,00,000**	**10,00,000**	**100%**	**-**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		**10,00,000**	**10,00,000**	**100%**	**-**	**10,00,000**	**10,00,000**	**100%**	**-**

(ii) Shareholding of Promoters:

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Tech Mahindra Ltd	10,00,000	100%	NIL	10,00,000	100%	NIL	NIL
	Total	**10,00,000**	**100%**	**NIL**	**10,00,000**	**100%**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change) - NO CHANGE

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders: NOT APPLICABLE (Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Figures in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Nil	900,000,000	Nil	900,000,000
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
· Addition	-	Nil	-	Nil
· Reduction	-	900,000,000	-	900,000,000
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	Nil	-	Nil
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	Nil	-	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

SN.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1.	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	NIL	NIL	NIL	NIL	NIL
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other Directors: (Figures in ₹)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Nikhilesh Panchal	Mrs. Ujjwala Apte	-	-	-
	1. Independent Directors Fee for attending board /committee meetings Commission Others, please specify	- 70,000 - -	- 65,000 - -	- - - -	- - - -	- **1,35,000** - -
	Total (1)	70,000	65,000	-	-	1,35,000
	2. Other Non-Executive Directors Fee for attending board /committee meetings Commission Others, please specify	Mr. C. P. Gurnani - - -	Mr. Sujit Baksi - - -	Mr. Milind Kulkarni - - -	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	70,000	65,000	-	-	1,35,000
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD- NOT APPLICABLE

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	**-**	**-**	**-**	**-**

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Place: Mumbai

Date: April 25, 2017

For and on behalf of the Board of Directors

Sujit Baksi
Director

Milind Kulkarni
Director

Annexure 2

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

Tech Mahindra Business Services Limited, FY 2016-17

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 programmes.-**

   Tech Mahindra Business Services Limited (TMBSL) is one of India's largest international telecom BPOs, with a decade of expertise developed in delivering End-to-end customer lifecycle management to leading telecom brands across Europe & APAC. As part of the Tech Mahindra family, TMBSL is committed in supporting all their CSR initiatives through the Tech Mahindra Foundation (TMF).

   The CSR vision of TMBSL is aligned to the CSR vision of its holding Company, Tech Mahindra Limited (TML), which is "Empowerment through Education." Currently the CSR focus area for TMBSL is promotion of Education. Within this broad theme specific areas such as school education, education for employment and higher education are included.

   TML has established Tech Mahindra Foundation (TMF) in 2007 under Section 25 of the Companies Act, 1956 (referred to as a Section 8 Company in Companies Act, 2013) of dedicated professionals to carry out its CSR activities. The TMF has been focusing on implementation projects related to education and employability. A brief profile of the projects undertaken by TMF is given below.

Projects	Description
Tech Mahindra Foundation: Promoted quality education and employability for vulnerable sections of society through vibrant and innovative partnerships with the government, NGO's, CBO's and other organizations across ten major cities of India.	
School Education: Projects are aimed to improve the quality of school education through infrastructure improvement, capacity building of all stakeholders and supplementary education.	
ARISE	All Round Improvement in School Education
ARISE+	ARISE for children with disabilities
Employability: Projects supported the Government of India's larger vision of skill development of youth through developing their market-oriented skills and linking them to potential employers. These projects seeks to benefit school drop-outs, people with disabilities and those unable to go into higher education, with specific focus on women and people with disabilities The Projects strive to address to gap between the skilling sector and the industry requirement by bringing in renowned industry from the service, technical and manufacturing sector as knowledge partners. An employability rate of 75% is achieved annually.	
SMART	Skills-for-Market Training Centres
SMART+	SMART Centres for youth with disability
SMART-T	SMART Centres with Technical trades

   A copy of TMBSL's CSR Vision and Policy Document is available online at: http://www.techmbs.in/pdf/201605030154_CSR_Policy.pdf

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

   C P Gurnani, Milind Kulkarni, Nikhilesh Panchal

3. **Average net profit of the Company for the last three financial years.**

   Following is the net profit before tax for the last three financial years:

   FY 2013-14: INR 1,123Mn

   FY 2014-15: INR 1,903 Mn

   FY 2015-16: INR 1,273 Mn

   The average net profit before tax comes to: INR 1,433 Mn

4. **Prescribed CSR Expenditure (two per cent, of the amount as in item 3 above).**

   INR 28.66 Mn (2% of Average PBT)

5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year: **INR 28.66 Mn**

(b) Amount unspent, if any: **Nil**

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Projects or programmes:** **(1) Local area or other** **(2) Specify the State and district where projects or programmes was undertaken**	**Amount outlay (budget) project or programme-wise**	**Amount spent on the projects or programmes** **Sub-heads:** **(1) Direct expenditure on projects or programs** **(2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent** **Direct or through implementing agency**
1	**School Education**	Schedule VII, Item 2 (promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement project)	**Programme** - ARISE - ARISE+ - SMART - SMART + - SMART T	**Budget (INR Mn.)** 9.60 4.90 10.00 1.90 2.26 28.66 Mn (Total) **28.66 Mn** **(Grand total)**	**Spent (Unspent) (INR Mn.)** 9.60 (0.00) 4.90 (0.00) 10.00 (0.00) 1.90 (0.00) 2.26 (0.00)	**Spent (Unspent)** **28.66 Mn** **(0.00)** **28.66 Mn (0.00)**	100% amount spent through implementing agencies listed below: **-ARISE** EDUCO (Mumbai), URMEE (Pune) **-ARISE+** Helen Keller Institute for Deaf and Deaf-Blind (Mumbai), Utkarsh Mandal (Mumbai) **-SMART** New Resolution India- Kurla (Mumbai) SAPREM (Mumbai), Sheild Foundation (Mumbai) Deep Griha Society (Pune), Nirman Organization(Pune) Deep Griha Society-Center 1&2 (Pune) **-SMART +** TRRAIN (Mumbai) **-SMART T** Global Success Foundation

* **Total Amount Received from TMBSL: - Rs 28.66 Mn**
TMF Spent: - Rs 28.66 Mn
Unspent: - NIL

6. **In case, the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board report.**

   TMBSL has spent 28.66 Mn which is 2% of the average net profit for last 3 years.

7. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

   For TMBSL, Corporate Social Responsibility means responsible business practices through the involvement of all stakeholders in the decision making process and in operations. It entails having business policies that are ethical, equitable, environmentally conscious, gender sensitive, and sensitive towards the differently abled.

   We have adequate systems and tools in place that go beyond regulatory requirement. In collaboration with our community, we analyze the potential impacts of our operations before setting up any new project and during any expansion of existing projects, so as to address the concerns of the community. At the end of a project, the implementing partner submits a report pertaining to the impact of the program, specifically highlighting the project milestones achieved and the quantitative and qualitative benefits generated. The project is also evaluated on milestones achieved by the CSR Committee formulated by TMBSL. Independent Third Party Assessments are also conducted for major CSR initiatives of TMBSL at regular intervals.

   The CSR committee certifies that the implementation and monitoring of projects and programs as per CSR Policy are in compliance with CSR objectives and policy of the Company.

Place: Mumbai
Date: April 25, 2017

For and on behalf of the Board of Directors

Sujit Baksi
Director

Milind Kulkarni
Director

ANNEXURE 3

FORM NO. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1.	**Details of contracts or arrangements or transactions not at arm's length basis: NIL**		
	(a) Name(s) of the related party and nature of relationship:		
	(b) Nature of contracts/arrangements/transactions		
	(c) Duration of the contracts/arrangements/transactions		
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any		
	(e) Justification for entering into such contracts or arrangements or transactions		
	(f) date(s) of approval by the Board		
	(g) Amount paid as advances, if any:		
	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188		
2.	**Details of material contracts or arrangement or transactions at arm's length basis**		
		Transaction No 1	**Transaction No 2**
	(a) Name(s) of the related party and nature of relationship :	Tech Mahindra Limited (Holding Company)	Tech Mahindra Foundation (Fellow Subsidiary Company)
	(b) Nature of contracts/arrangements/transactions	Reimbursement of Costs	CSR Contribution
	(c) Duration of the contracts / arrangements/transactions	April 16 - March 17	April 16 - March 17 CSR contribution as per Companies Act,2013
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Reimbursement of Costs Paid by TML on our behalf Value – ₹ 43 Million Paid by TMBS on TML behalf Value – ₹ 62 Million Revenue billing for TESCO by TMBS to TML – Rs 260 Million	Value – Rs 29 million
	(e) Date(s) of approval by the Board, if any:	May 16th 2016	May 16th 2016
	(f) Amount paid as advances, if any:	Nil	Nil

For and on behalf of the Board of Directors

Sujit Baksi	**Milind Kulkarni**
Director	Director

Mumbai, April 25th, 2017

ANNEXURE 4

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[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
Tech Mahindra Business Services Limited
Spectrum Towers, Mindspace Complex
Off link road, Malad (West), Mumbai - 400064

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **Tech Mahindra Business Services Limited** (Hereinafter called “the Company”).

Secretarial Audit was conducted for the period from **1st April 2016 to 31st March 2017**, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon. I have been engaged as Secretarial Auditor of the Company to conduct the Audit of the Company to examine the compliance of Companies Act, SEBI Regulations and the laws specifically listed below.

Based on my 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of the following list of laws and regulations with my observations on the same:

(i) The Companies Act, 2013 (the Act) and the rules made there under:

The Company has satisfactorily complied with the provisions of the Companies Act 2013 and the Rules made there under and there are no discrepancies observed by me during the period under review.

(ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under:

The Company is an unlisted Company and therefore provisions of The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) are not applicable.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under:

The Company is an unlisted Company and the shares of the Company are not in dematerialised mode therefore provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under are not applicable.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

(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, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) 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; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

The Company is an unlisted Company and therefore provisions of Regulations and Guidelines mentioned above and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable.

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

a. Information Technology Act, 2000

b. Indian Telegraph Act, 1885

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India which have become effective from 1st July 2015.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of appointment of Independent Directors and Woman Director as required by Section 149 of the Companies Act, 2013.

Adequate notice is given to all directors to schedule the board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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. All decisions at Board Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

I further report that there are adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no major decisions, specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

FOR J B BHAVE & CO.
COMPANY SECRETARIES

JAYAVANT BHAVE
Proprietor
FCS 4266CP 3068

Place: Pune
Date: 25 April 2017

INDEPENDENT AUDITOR'S REPORT

To The Members of

TECH MAHINDRA BUSINESS SERVICES LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of TECH MAHINDRA BUSINESS SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and 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.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit :

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor’s Report in accordance with 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:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note 29 (ii) to the Ind AS Financial Statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 45 to the Ind AS Financial Statements.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place: Pune

Date: April 25, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TECH MAHINDRA BUSINESS SERVICES LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place: Pune
Date: April 25, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

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

(b) The substantial portion of fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits pursuant to Sections 73 to 76 or any other relevant provisions of the Act. Therefore, the provisions of the clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act. Therefore the provisions of clause 3(vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

(₹ In million)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Financial Year to which the Amount Relates	Amount Unpaid	Amount paid under protest
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2007-08	40	40
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2008-09	315	183
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2009-10	465	100
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2010-11	188	69
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2011-12	580	100
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2007-08 to 2012-13	32	-
Indian Telegraph Act, 1885	License Fees	Telecom Disputes Settlement and Appellate Tribunal	2007-08 to 2014-15	40	21

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company does not have a managing director, whole-time director and manager and hence no managerial remuneration paid/payable to them during the year. Hence the provisions of section 197 of the Act are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

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

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place: Pune
Date: April 25, 2017

BALANCE SHEET AS AT MARCH 31, 2017

₹ in Million

		Note No	**As At March 31, 2017**	As At March 31, 2016	As At April 1, 2015
I	**ASSETS**				
1	**Non-Current Assets**				
	(a) Property, Plant and Equipment	4	**388**	378	287
	(b) Capital work-in-progress		**14**	-	36
	(c) Other Intangible assets	5	**38**	74	114
	(d) Financial Assets				
	(i) Investments	6	**130**	511	446
	(ii) Other Financial Assets	7	**235**	202	475
	(e) Deferred tax assets (net)	8	**88**	92	101
	(f) Other non-current assets	9	**1,536**	1,653	492
	Total Non-Current Assets		**2,429**	2,910	1,951
2	**Current Assets**				
	(a) Financial Assets				
	(i) Investments	10	**1,862**	610	3,074
	(ii) Trade receivables	11	**727**	998	681
	(iii) Cash and cash equivalents	12	**42**	258	390
	(iv) Other Financial Assets	13	**220**	821	161
	(b) Other current assets	14	**192**	229	59
	Total Current Assets		**3,043**	2,916	4,365
	TOTAL ASSETS		**5,472**	5,826	6,316
II	**EQUITY AND LIABILITIES**				
	Equity				
	(a) Equity Share capital	15	**10**	10	10
	(b) Other Equity	16	**3,799**	2,915	4,673
	Total equity		**3,809**	2,925	4,683
	LIABILITIES				
1	**Non-Current Liabilities**				
	Provisions	17	**94**	85	105
	Total Non-Current Liabilities		**94**	85	105
2	**Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	18	**-**	900	-
	(ii) Trade payables	19			
	- Total Outstanding dues of micro enterprises and small enterprises		**-**	-	-
	- Total Outstanding dues of creditors other than micro enterprises and small enterprises		**485**	816	466
	(iii) Other Financial Liabilities	20	**9**	126	66
	(b) Current Tax Liabilities (Net)	21	**464**	564	634
	(c) Provisions	22	**74**	71	64
	(d) Other current liabilities	23	**537**	339	298
	Total Current Liabilities		**1,569**	2,816	1,528
	TOTAL EQUITY AND LIABILITIES		**5,472**	5,826	6,316

See accompanying notes to the financial statements 1 to 48

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner
Pune, Dated: April 25, 2017

For Tech Mahindra Business Services Limited

C P Gurnani, **Director**
Sujit Baksi, **Director**
Milind Kulkarni, **Director**

Nikhilesh Panchal, **Director**
Ujjwala Apte, **Director**

Yogesh Kandalgaonkar
Company Secretary
Mumbai, April 25, 2017

STATEMENT OF PROFIT AND LOSS

₹ Million (except earnings per share)

		Note No.	For the Year Ended March, 31, 2017	For the Year Ended March, 31, 2016
I	Revenue from operations		**7,076**	7,032
II	Other Income	24	**174**	213
III	**Total Income (I + II)**		**7,250**	7,245
IV	**EXPENSES**			
	(a) Employee benefit expense	25	**4,329**	4,244
	(b) Finance costs	26	**32**	2
	(c) Depreciation and amortisation expense	4 & 5	**250**	229
	(d) Other expenses	27	**1,420**	1,461
	Total Expenses		**6,031**	5,936
V	**Profit before tax (III - IV)**		**1,219**	1,309
VI	**Tax Expense**			
	(1) **Current tax**		**410**	417
	(2) **Deferred tax**		**2**	7
			412	424
VII	**Profit after tax (V - VI)**		**807**	885
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit liabilities / (asset)		**(6)**	(7)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(2)**	(2)
	B (i) Items that may be reclassified to profit or loss			
	Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		**85**	(46)
	(ii) Income tax on items that may be reclassified to profit or loss		**-**	-
	Total Other comprehensive income		**77**	(55)
IX	**Total comprehensive income for the year ended (VII + VIII)**		**884**	830
	Earning per equity share			
	Basic and Diluted [In ₹] [Face Value ₹10]		**807**	885

See accompanying notes to the financial statements 1 to 48

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Company Secretary
Mumbai, April 25, 2017

STATEMENT OF CASH FLOWS

		For the year ended	
		March 31, 2017	March 31, 2016
		₹ in Million	₹ in Million
A.	**Cash flow from operating activities:**		
	Profit before taxation	**1,219**	1,309
	Adjustments for:		
	Depreciation and Amortization	**250**	229
	Interest Income	**(0)**	(0)
	Interest Expenses	**32**	-
	Dividend Income	**(52)**	(90)
	(Profit)/Loss on Fixed Assets (net)	**(2)**	(13)
	Unrealised foreign exchange loss / (gain) (net)	**14**	(7)
	Net gain on sale of Current Investment	**2**	(20)
	Net Gain / Loss on Mutual Fund Fair Revaluation	**(30)**	(15)
	Sundry balances written back	**(14)**	(21)
	Operating profit before working capital changes	**1,419**	1,372
	Adjustments for changes in working capital:		
	- (Increase)/Decrease in Trade Receivables	**266**	(303)
	- (Increase)/Decrease in Loans and Advances	**752**	(1,713)
	- Increase/(Decrease) in Trade and Other Payables	**(158)**	402
	Cash generated from operations	**2,279**	(242)
	- Taxes Paid	**(542)**	(491)
	Net cash flow from / (used in) operating activities (A)	**1,737**	(733)
B.	**Cash flow from Investing activities:**		
	Purchase of Fixed Assets (Including Capital Work-in-progress)	**(237)**	(249)
	Purchase of Investments	**(7,492)**	(6,475)
	Redemption of Investment	**6,702**	8,998
	Interest Received	**0**	0
	Proceeds from Sale of fixed assets	**2**	15
	Net cash flow from / (used in) investing activities (B)	**(1,025)**	2,289

STATEMENT OF CASH FLOWS

		For the year ended March 31, 2017 ₹ in Million	March 31, 2016 ₹ in Million
C.	**Cash flow from financing activities:**		
	Dividend Paid	**-**	(2,150)
	Dividend Distribution Tax Paid	**-**	(438)
	Repayment of Loan	**(900)**	900
	Interest paid	**(28)**	-
	Net cash flow / (used in) financing activities (C)	**(928)**	(1,688)
D.	**Exchange differences on translation of foreign currency cash and cash equivalents (D)**	**(0)**	(0)
	Net Increase /(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)+(D)	**(216)**	(132)
	Cash and Cash Equivalents at beginning of the year ended	**258**	390
	Cash and Cash Equivalents at end of the year ended	**42**	258
	Cash and cash equivalents comprise		
	Cash in hand	**0**	0
	Balances with Banks:		
	- Current Accounts	**41**	249
	- Deposits Accounts	**1**	9
	Cash and cash equivalents as per Balance Sheet	**42**	258

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Company Secretary

Mumbai, April 25, 2017

STATEMENT OF CHANGES IN EQUITY

a. Equity Share Capital

Particulars	Number of Shares	Equity Share Capital (₹ in Million)
Balance at April 1, 2015	1,000,000	10
Changes in equity share capital during the year end	-	-
Balance as on March 31, 2016	**1,000,000**	10
Balance at April 1, 2016	1,000,000	10
Changes in equity share capital during the year end	-	-
Balance as on March 31, 2017	**1,000,000**	10

b. Other Equity

₹ in Million

Particulars	Reserves & Surplus		Hedging Reserve	Total
	Capital Redemption Reserve	Retained Earnings		
Balance as of April 1, 2015	666	4,007	-	4,673
Profit for the year ended		885		885
Other Comprehensive Income		(9)	(46)	(55)
Total Comprehensive income	666	4,883	(46)	5,503
Payment of dividends		(2,150)		(2,150)
Tax on Dividend		(438)		(438)
Balance as on March 31, 2016	666	2,295	(46)	2,915

₹ in Million

Particulars	Reserves & Surplus		Hedging Reserve	Total
	Capital Redemption Reserve	Retained Earnings		
Balance as of April 1, 2016	666	2,295	(46)	2,915
Profit for the year ended	-	807	-	807
Other Comprehensive Income	-	(8)	85	77
Total Comprehensive income	666	3,094	39	3,799
Balance as on March 31, 2017	666	3,094	39	3,799

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Company Secretary
Mumbai, April 25, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate Information:

Tech Mahindra Business Services Limited (the 'Company') head quartered in Mumbai, Maharashtra, India provides voice based call centre services to 'Hutchison 3G UK Limited', 'Vodafone Hutchison Australia Pty Limited', 'Hutchison 3G Ireland Limited' and Tech Mahindra Limited.

The Company was converted from a Private Limited Company to a Public Limited Company with effect from December 27, 2012 and the name has been changed from Hutchison Global Services Limited to Tech Mahindra Business Services Limited with effect from July 13, 2013.

2. Significant accounting policies:

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First-time Adoption of Indian Accounting Standards.

An explanation and effect of transition from India GAAP to Ind AS has been described in note 3 and 28 to these financial statements.

2.2 Basis for preparation of financial statements:

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on their value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these financials statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are not based on observable market data (unobservable inputs) Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.3 Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Critical accounting estimates

i) Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. The policy for the same has been explained under Note 2.12.

ii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The policy for the same has been explained under Note 2.4.

iii) Provisions

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.14.

2.4 Property, Plant & Equipment and Other Intangible Assets:

Property, plant & equipment and other intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the assets has been assessed as under based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Plant and Equipments	3 to 4 years
Computer Hardware	4 years
Office Equipment	3 to 4 years
Furniture and Fixtures	3 to 6 years
Vehicles	4 years
Leasehold Improvements	Lower of lease period or expected occupancy.

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Project specific intangible assets are amortized over their estimated useful lives on a straight line basis or over the period of the license, whichever is lower.

2.5 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognized in the Statement of Profit and Loss on a straight line basis over the lease term.

2.6 Impairment of Assets:

i) Financial assets

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortized cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognized impairment is reversed through profit or loss.

ii) Non-financial assets

Property, plant and equipment and other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the profit or loss.

2.7 Revenue recognition:

All revenues from services, as rendered, are recognized when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

Revenue recognition is based on the terms and condition as per the contract entered into with the customers. In respect of expired contracts under renewal or where there are no contract available, revenue is recognized based on the erstwhile contract / provisionally agreed terms and / or understanding with the customers.

Revenue is net of volume discounts / price incentives which are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customer / unearned revenue.

Reimbursement / recoveries from customers are separately identified as contractual receivables when no significant uncertainty as to measurability or collectability exists.

Dividend income is recognized when the Company's right to receive dividend is established. Interest income is recognized using effective interest rate method.

2.8 Foreign currency transactions:

The functional currency of the Company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

2.9 Financial Instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

i) Non-derivative financial instruments:

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.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortized cost is carried at fair value through profit or loss (FVTPL) on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized to profit or loss.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses on remeasurement recognized in profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

ii) Derivative financial instruments and hedge accounting

The Company uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109 Financial Instruments.

The use of foreign currency forward contracts / options is governed by the Company’s policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy. The counter party to the Company’s foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized in other comprehensive income and accumulated under Hedging Reserve and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

Amounts previously recognized in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the same period in which gains / losses on the item hedged are recognized in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified in hedging reserve is retained there and is classified to Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss for the period.

iii) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

2.10 Employee Benefits:

i) Gratuity:

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the balance sheet date using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full other comprehensive income and accumulated in equity in the period in which they occur. Past service cost is recognised in profit or loss in the period of a plan amendment.

ii) Provident Fund:

The eligible employees of the Company are entitled to receive the benefits of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the statement of profit and loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company.

The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

iii) Superannuation and ESIC:

Superannuation fund and employees' state insurance scheme (ESI), which are defined contribution schemes, are charged to the statement of profit and loss on accrual basis.

iv) Compensated absences:

The Company provides for compensated absences subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized based on the actuarial valuation as at the balance sheet date.

Actuarial gains and losses are recognised in full other comprehensive income and accumulated in equity in the period in which they occur.

The company also offers a short term benefit in the form of encashment of unavailed accumulated compensated absence above certain limit for all of its employees and same is being provided for in the books at actual cost.

2.11 Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the statement of profit and loss.

2.12 Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognized 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 utilised.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

2.13 Earnings per Share:

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.14 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Contingent liabilities and contingent assets are not recognised in the financial statements.

2.15 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2017

Revenue from Contracts with Customers

Ind AS 115 (Revenue from Contracts with Customers) was issued in February 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services.

The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Statement of Cash flows

Ind AS 7 (Statement of Cash Flows) was issued in February 2015. Ministry of Corporate Affairs on 17th March 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 7.

The amendments made to Ind AS 7 require certain additional disclosures to be made for changes in liabilities arising from financing activities on account of non-cash transactions to improve information provided to users of financial statements about an entity’s financing activities.

The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

3. First time adoptions - Optional Exemptions

The company has opted for optional exemptions specified under Ind AS 101 (refer note 28).

Note 4: Property, Plant and Equipment

₹ in Million

Description of Assets	Plant and Equipment	Computers Hardware	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Vehicles	Total
I. Gross Block							
Balance as at 1 April, 2016	226	851	71	104	190	11	1,453
Additions	17	176	4	7	10	-	214
Deletion	(0)	(11)	-	(3)	-	-	(14)
Balance as at 31 March, 2017	243	1,016	75	108	200	11	1,653
II. Accumulated depreciation and impairment							
Balance as at 1 April, 2016	161	607	68	82	154	3	1,075
Depreciation for the year ended	30	132	4	9	26	3	204
Deletion	-	(11)	-	(3)	-	-	(14)
Balance as at 31 March, 2017	191	728	72	88	180	6	1,265
Balance as at 31 March, 2017	**52**	**288**	**3**	**20**	**20**	**5**	**388**

₹ in Million

Description of Assets	Plant and Equipment	Computers Hardware	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Vehicles	Total
I. Gross Block							
Balance as at 1 April, 2015	198	769	82	95	234	3	1,381
Additions	52	173	7	22	11	9	274
Deletion	(24)	(91)	(18)	(13)	(55)	(1)	(202)
Balance as at 31 March, 2016	226	851	71	104	190	11	1,453
II. Accumulated depreciation and impairment							
Balance as at 1 April, 2015	163	586	76	80	187	2	1,094
Depreciation for the year ended	22	112	6	11	22	2	175
Deletion	(24)	(91)	(14)	(9)	(55)	(1)	(194)
Balance as at 31 March, 2016	161	607	68	82	154	3	1,075
Balance as on 31 March 2016	65	244	3	22	36	8	378

Note 5: Other Intangible Assets

₹ in Million

Description of Assets	Trademarks	Computer Software	Other	Total
I. Gross Block				
Balance as at 1 April, 2016	-	586	-	586
Additions	-	10	-	10
Deletion	-	-	-	-
Balance as at 31 March, 2017	-	596	-	596
II. Accumulated depreciation and impairment				
Balance as at 1 April, 2016	-	512	-	512
Depreciation for the year ended	-	46	-	46
Deletion	-	-	-	-
Balance as at 31 March, 2017	-	558	-	558
Balance as at 31 March, 2017	-	38	-	38

₹ in Million

Description of Assets	Trademarks	Computer Software	Other	Total
I. Gross Block				
Balance as at 1 April, 2015	32	572	2	606
Additions	-	14	-	14
Deletion	(32)	-	(2)	(34)
Balance as at 31 March, 2016	-	586	-	586
II. Accumulated depreciation and impairment				
Balance as at 1 April, 2015	32	458	2	492
Depreciation for the year ended	-	54	-	54
Deletion	(32)	-	(2)	(34)
Balance as at 31 March, 2016	-	512	-	512
Balance as on 31 March 2016	-	74	-	74

Note 6: Non-Current Investment

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Investments in Mutual Funds - Unquoted (Carried at fair value through Profit and Loss)			
1,00,00,000 (As at March 31, 2016: 10,000,000), (As at April 1, 2015: 10,000,000) units of ₹ 13.03 (As at March 31, 2016: ₹ 11.94) (As at April 1, 2015: ₹ 11.04) each fully paid up of Birla Sun Life -Fixed Term Plan - Series KJ (1499 days) – Growth Direct	**130**	119	110
Nil (As at March 31, 2016: 10,000,000), (As at April 1, 2015: 10,000,000) units of ₹ Nil (As at March 31, 2016: ₹ 12.04) (As at April 1, 2015: ₹ 11.07) each fully paid up of Reliance Fixed Horizon Fund - XXV - Series 27 - Direct Plan Growth Option	**-**	120	111
Nil (As at March 31, 2016: 10,000,000), (As at April 1, 2015: 10,000,000) units of ₹ Nil (As at March 31, 2016: ₹ 12.02) (As at April 1, 2015: ₹11.05) each fully paid up of ICICI Prudential FMP Series 73 - 407 days Plan C Direct Plan	**-**	120	111
Nil (As at March 31, 2016: Nil), (As at April 1, 2015: 10,000,000) units of ₹ Nil (As at March 31, 2016: ₹ Nil) (As at April 1, 2015: ₹ 11.47) each fully paid up of Tata Fixed Maturity Plan Series 46 Scheme N -Direct Plan - Growth	**-**	-	114
Nil (As at March 31, 2016: 14,979,328.53), (As at April 1, 2015: Nil) units of ₹ Nil (As at March 31, 2016: ₹ 10.14) (As at April 1, 2015: ₹ Nil) each fully paid up of Reliance Quarterly Interval fund - series ii - Direct Dividend plan	**-**	152	-
TOTAL	**130**	511	446

Note 7: Non Current - Other Financial Assets

Security Deposits	**162**	146	140
Unbilled Revenue	**-**	-	274
Balances with government authorities	**59**	56	61
Foreign currency derivative assets	**14**	-	-
TOTAL	**235**	202	475

Note 8: Deferred Tax

Deferred Tax arising on account of temporary differences on :			
Depreciation	**59**	57	59
Gratuity, Leave Encashment and Bonus	**61**	56	58
Fair Valuation of Mutual Fund	**(32)**	(21)	(16)
TOTAL	**88**	92	101

Note 9: Other Non-Current Assets

Prepaid Expenses	**1,035**	1,188	34
Advance Income Taxes (Net of provisions)	**480**	442	437
Balances with government authorities	**21**	21	21
Capital Advance	**-**	2	-
TOTAL	**1,536**	1,653	492

Note 10: Current Investment

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Investments in Mutual Funds - Unquoted (Carried at fair value through Profit and Loss)			
220,171 (As at March 31, 2016 : 68745) (As at April 1, 2015: 7,776,331) units of ₹ 100.195 (As at March 31, 2016: ₹ 243.31), (As at April 1, 2015: ₹ 100.30) each fully paid up of Birla Sun Life Cash Plus -Daily Dividend - Direct Plan	**22**	17	780
4,233 (As at March 31, 2016: Nil), (As at April 1, 2015: 469,541) units of ₹ 1007.50 (As at March 31, 2016: ₹ Nil), (As at April 1, 2015: Rs 1926.81) each fully paid up Reliance Money Manager Fund - Diect Plan Daily Dividend Plan	**4**	-	905
14,392 (As at March 31, 2016: Nil), (As at April 1, 2015: Nil) units of ₹ 11.19 each fully paid Reliance Medium Term Fund - Direct Monthly Dividend Plan	**0**	-	-
25,198,119 (As at March 31, 2016: Nil), (As at April 1, 2015: Nil) units of ₹10.28 each fully paid Reliance Banking & PSU Debt Fund - Direct Monthly Dividend Plan	**259**	-	-
369,191 (As at March 31, 2016: 160,550),(As at April 1, 2015: 431) units of ₹ 528.74 (As at March 31, 2016:₹ 3695.02),(As at April 1, 2015: ₹ 1528.74) each fully paid up Reliance - Liquid fund-Treasury Plan Direct Plan Daily Dividend Option	**564**	593	1
962,820 (As at March 31, 2016: Nil), (As at April 1, 2015: 6,052,164) units of ₹ 105.73 (As at March 31, 2016: ₹ Nil),(As at April 1, 2015: Rs 105.74) each fully paid up ICICI Prudential Flexible Income – Direct Plan - Daily Dividend	**102**	-	640
Nil (As at March 31, 2016:1,909), (As at April 1, 2015: 81,261) units of ₹ Nil (As at March 31, 2016: ₹ 224.29), (As at April 1, 2015: ₹ 100.06) each fully paid up of ICICI Prudential Liquid - Direct Plan-Growth	**-**	0	8
10,000,000 (As at March 31, 2016: Nil), (As at April 1, 2015: Nil) units of ₹ 13.16 (As at March 31, 2016: ₹ Nil) (As at April 1, 2015: ₹ Nil) each fully paid up of Reliance Fixed Horizon Fund - XXV - Series 27 - Direct Plan Growth Plan	**132**	-	-
5,522,879 (As at March 31,2016: Nil), (As at April 1,2015:73,267,402) units of ₹ 10.11 (As at March 31,2016: ₹ Nil), (As at April 1,2015: Rs 10.11) each fully paid ICICI Prudential Ultra Short Term – Direct Plan - Daily Dividend	**56**	-	740
10,000,000 (As at March 31, 2016:Nil), (As at April 1, 2015: Nil) units of ₹ 12.96 (As at March 31, 2016: ₹ Nil) (As at April 1, 2015: ₹ Nil) each fully paid up of ICICI Prudential FMP Series 73 - 407 Days Plan C Direct Plan Cumulative	**130**	-	-
4490 (As at March 31,2016: 0.947),(As at April 1,2015: Nil) units of 100.685 (As at March 31 2016:₹ 94.76), (As at April 1,2015: Rs Nil) each fully paid ICICI Prudential Liquid Plan Direct Daily Dividend	**0**	0	-
4,244,193 (As at March 31, 2016:Nil), (As at April 1, 2015: Nil) units of ₹ 11.80 (As at March 31, 2016: ₹Nil) (As at April 1, 2015: ₹ Nil) each fully paid up of Birla Sun Life Short Term Fund-Monthly Dividend Direct Plan	**50**	-	-
1,291,152 (As at March 31, 2016:Nil), (As at April 1, 2015: Nil) units of ₹ 107.77 (As at March 31, 2016: ₹ Nil) (As at April 1, 2015: ₹ Nil) each fully paid up of Birla Sun Life Treasury Optimizer plan Monthly Dividend DirectPlan	**139**		

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
38,778,957 (As at March 31, 2016:Nil), (As at April 1, 2015: Nil) units of ₹ 10.11 (As at March 31, 2016: ₹ Nil) (As at April 1, 2015: ₹ Nil) each fully paid up of ICICI Prudential Banking & PSU Debt Fund -Direct Weekly Dividend Plan	**404**		
TOTAL	**1,862**	610	3,074

Note 11: Trade Receivables

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Secured, considered good	**-**	-	-
Unsecured, considered good (for outstanding related party balance refer note 39)	**727**	998	681
Doubtful	**-**	-	-
Less: Allowance for Credit Losses	**-**	-	-
TOTAL	**727**	998	681

Note 12: Cash and Cash Equivalents

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Cash on hand	**0**	0	0
Balances with banks			
(i) In Current Account	**41**	249	390
(ii) In Deposit Account	**1**	9	0
TOTAL	**42**	258	390

Note 13: Current - Other Financial Assets

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Security Deposits	**0**	0	13
Interest accrued on deposits	**0**	0	0
Unbilled Revenue	**-**	660	-
Balances with government authorities	**178**	150	148
Foreign currency derivative assets	**36**	-	-
Other Receivables from related party (Refer note 39)	**6**	11	-
TOTAL	**220**	821	161

Note 14: Other Current Assets

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Prepaid Expenses	**181**	210	25
Other Advances	**11**	19	34
TOTAL	**192**	229	59

Note 15: Equity Share Capital

Share Capital	**As At**			
	March 31, 2017		March 31, 2016	
	Number	**₹ Million**	Number	₹ Million
Authorised				
67,650,000 (March 31, 2016: 67,650,000) Equity Shares of ₹10 each	**67,650,000**	**677**	67,650,000	677
	67,650,000	**677**	67,650,000	677
Issued, Subscribed & Paid up				
1,000,000 (March 31, 2016: 1,000,000) Equity Shares of ₹10 each (Out of the above 950,000 Equity shares, fully paid up have been issued in the year ended March 31, 2014 as bonus shares by capitalisation of Capital Redemption Reserve)	**1,000,000**	**10**	1,000,000	10
	1,000,000	**10**	1,000,000	10

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:
Equity Shares:

Particulars	**March 31, 2017**		March 31, 2016	
	Number	**₹ Million**	Number	₹ Million
Shares outstanding at the beginning of the year	**1,000,000**	**10**	1,000,000	10
Shares issued during the year ended	**-**	**-**	-	-
Bonus shares issued during the year ended	**-**	**-**	-	-
Shares outstanding as at end of the year ended	**1,000,000**	**10**	1,000,000	10

b. Rights, Preferences and restrictions attached to shares
Equity Shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. 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 shareholding

c. Shares held by holding company and their associates	**As at March 31, 2017**	As at March 31, 2016
	₹ in million	₹ in million
Equity Shares :		
Tech Mahindra Limited, the holding company		
999,994 (March 31, 2016: 999,994) Equity shares of ₹10 each fully paid	**10**	10
Tech Mahindra Limited j/w Vishwanath Kini		
1 (March 31, 2016: 1) Equity share of ₹10 each fully paid a	**0**	0
Tech Mahindra Limited j/w Atanu Sarkar		
1 (March 31, 2016: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Manoj Bhat		
1 (March 31, 2016: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Manoj Joshi		
1 (March 31, 2016: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Aniruddha Gadre		
1 (March 31, 2016: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Anil Khatri		
1 (March 31, 2016: 1) Equity share of ₹10 each fully paid	**0**	0

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2017		As at March 31, 2016	
Equity shares	**No.**	**% holding in the class**	No.	% holding in the class
Tech Mahindra Limited, the holding company (including jointly held shares)	**1,000,000**	**100%**	1,000,000	100%
	1,000,000	**100%**	1,000,000	100%

Note 16: Other Equity

₹ in Million

	As At	
	March 31, 2017	March 31, 2016
Capital Redemption Reserve	**666**	666
Hedging Reserve		
Opening balance	**(46)**	-
Change in fair value of forward contract (Net)	**85**	(46)
Closing Balance	**39**	(46)
Surplus in Statement of Profit and Loss		
Opening Balance	**2,295**	4,007
Add: Transferred from Other Comprehensive Income	**(8)**	(9)
Add: Net Profit for the year ended	**807**	885
Less: Interim Dividend	**-**	2,150
Less: Tax on Dividend	**-**	438
Closing Balance	**3,094**	2,295
TOTAL	**3,799**	2,915

Note 17: Non-Current Liabilities - Provisions

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Provision for employee benefits			
Gratuity	**76**	69	64
Compensated absences	**18**	16	41
TOTAL	**94**	85	105

Note 18: Current Borrowings

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Unsecured Borrowings			
Loans from related party (Refer note 39)	**-**	900	-
TOTAL	**-**	900	-

Note 19: Trade Payables

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Creditors for supplies / services			
- Due to Micro,Small and Medium Enterprises (Refer note: 47)	**-**	-	-
- Other than due to Micro,Small and Medium Enterprises	**255**	605	281
Creditors for accrued wages and salaries	**230**	211	185
TOTAL	**485**	816	466

Note 20: Other Financial Liabilities

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Foreign currency Derivative Liabilities	**-**	53	-
Creditors for capital supplies / services	**9**	71	66
Interest Accured (Refer note 39)	**-**	2	-
TOTAL	**9**	126	66

Note 21: Current Tax Liabilities (Net)

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Provision for income tax (net of Taxes paid)	**464**	564	634
TOTAL	**464**	564	634

Note 22: Provisions

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Provision for employee benefits			
Gratuity	**41**	37	31
Compensated absences	**33**	34	33
TOTAL	**74**	71	64

Note 23: Other Liabilities

₹ in Million

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Deferred Revenues	**27**	27	0
Statutory Dues	**98**	91	75
Customer Payables	**412**	221	222
Other credit balances	**0**	-	1
TOTAL	**537**	339	298

Note 24: Other Income

	₹ in Million	
	For the year ended	
	March, 31, 2017	March, 31, 2016
Interest income		
- Bank Deposits	**0**	0
- Other financial assets	**10**	11
Dividend Income on current investment	**52**	90
Net Gain / (Loss) on sale of investments	**(1)**	20
Profit on sale of capital assets (net)	**2**	13
Forex gain / (Loss)	**67**	43
Net Gain / (Loss) on Mutual Fund Revaluation	**30**	15
Sundry Balances Written Back	**14**	21
TOTAL	**174**	213

Note 25: Employee Benefits Expense

	₹ in Million	
	For the year ended	
	March, 31, 2017	March, 31, 2016
Salaries and wages, including bonus	**4,097**	4,018
Contribution to provident and other funds	**112**	107
Gratuity	**22**	20
Staff welfare expenses	**98**	99
TOTAL	**4,329**	4,244

Note 26: Finance Cost

	₹ in Million	
	For the year ended	
	March, 31, 2017	March, 31, 2016
Interest on loan from related parties (Refer note 39)	**32**	2
TOTAL	**32**	2

Note 27: Other Expenses

	₹ in Million	
	For the year ended	
	March, 31, 2017	March, 31, 2016
Power & Fuel	**138**	150
Rent	**403**	391
Repairs and maintenance - Machinery	**216**	188
Repairs and maintenance - Lease Premises	**15**	27
Insurance charges	**41**	39
Legal and other professional fees	**64**	58
Advertisement, Promotion & Selling Expenses	**9**	9
Travelling Expenses	**29**	49
Expenditure on corporate social responsibility (CSR)	**29**	28
Other General Expenses	**66**	61
Network Costs	**21**	67
Recruitment Expenses	**45**	61
Training	**18**	20
Transportation Charges	**314**	300
Communication	**11**	13
Miscellaneous Expenses	**1**	0

TOTAL	**1,420**	1,461

28. Explanation of Transition to IND AS

The transition as at April 1, 2015 to Ind AS was carried out from previous Indian GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 - First Time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with previous Indian GAAP to Ind AS are explained below.

Exemptions from retrospective application:

a) The estimates at April 1, 2015 and at March 31, 2015 are consistent with those made for the same dates in accordance with previous Indian GAAP after adjustments to reflect any differences in accounting policies.

b) Appendix C to Ind AS 17 requires the Company to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all relevant arrangements for leases based on conditions in place as at the date of transition.

Reconciliations between previous Indian GAAP and Ind AS are as follows:

i) Equity reconciliations

Amount in ₹ Million

	Notes	As at March 31, 2016	As at April 1, 2015
As reported under previous Indian GAAP		**2,884**	4,653
Change in fair valuation of investments	a	**62**	46
Tax adjustments	b	**(31)**	(26)
Equity under Ind AS		**2,915**	4,673

ii) Net income reconciliation

Amount in ₹ Million

	Notes	For the year ended March 31, 2016
Net income under previous Indian GAAP		**865**
Employee benefits	c	**7**
Change in fair valuation of investments	a	**15**
Tax adjustments	b	**(2)**
Net income under Ind AS		**885**

a) Change in fair valuation of investments

Under the previous GAAP, the Company accounted for its current Investment in Mutual Funds on the basis of cost or net realisable value, whichever is lower. Under Ind AS Investment in Mutual Funds, have been classified as fair value through statement of profit and loss and changes in fair value are recognized in statement of profit or loss. This has resulted in increase in retained earnings of ₹ 62 million and ₹ 46 million as on March 31, 2016, and April 1, 2015 respectively, and increase in net income by ₹16 million for the period ended March 31, 2016.

b) Tax adjustments

Tax adjustments include deferred tax impact on account of differences between previous Indian GAAP and Ind AS. These adjustments have resulted in decrease in equity under Ind AS by ₹ 31 million and ₹ 26 million as on March 31, 2016 and April 1, 2015 respectively and decrease in net income by ₹ 5 million for the period ended March 31, 2016 respectively.

c) Employee benefits

Under previous Indian GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability / asset which is recognized in other comprehensive income in the respective periods. This difference has resulted in increase in net income of ₹ 7 million for the year ended March 31, 2016. However, the same does not result in a difference in equity or total comprehensive income.

29. Capital commitments and Contingent Liabilities

i. Capital commitments

The estimated amount of contracts remaining to be executed on capital account (net of capital advances), and not provided for as at March 31, 2017 ₹ **58 million** (March 31, 2016: ₹ 11 million; April 1, 2015: ₹ 42 million).

ii. Contingent liabilities

Amount in ₹ Million

Sr. No	Nature of dues	Period	Grounds of Dispute	Gross Demand	Paid Under Dispute
1	Income-tax	A.Y 2008-09	Income tax order on account of transfer Pricing Adjustment	**80**	40
2	Income-tax	A.Y 2009-10	Income tax order on account of 1. Transfer Pricing Adjustment. 2. Disallowance of deduction under section 10A.	**498**	183
3	Income-tax	A.Y 2010-11	Income tax order on account of 1. Transfer Pricing Adjustment. 2. Disallowance of deduction under section 10A.	**565**	100
4	Income-tax	A.Y 2011-12	Income tax order on account of 1. Transfer Pricing Adjustment. 2. Disallowance of deduction under section 10A.	**257**	69
5	Income-tax	A.Y 2012-13	Income tax order on account of Transfer Pricing Adjustment	**680**	100
6	Service Tax	F.Y 2007-08 to 2012-13	Service Tax for non-payment of service tax for receiving import services (reverse charge basis) for the period 2007-08 to 2012-13.	**32**	-
7	Value Added Tax	F.Y 2008-09	VAT tax dues raised by the VAT authorities on Rentworks India Private Limited for disallowing VAT exemptions claimed by Rentworks on rentals charged to the TMBSL for providing assets on lease during FY 2008-09.	**14**	-
8	Telecom Disputes Settlement and Appellate Tribunal	F.Y 2014-15	Department Of Telecom has raised a demand on the Company claiming that the Company has availed services of bandwidth link between two of its premises from other than authorized service providers. The Company filed an appeal to the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) against the said demand order.	**61**	21

iii. Income Tax matters

Assessment Year 2008-09

The assessing officer had passed a draft assessment order making adjustments of ₹ **210 million** mainly on account of transfer pricing adjustments against which the Company filed an objection with the Dispute Resolution Panel (DRP). On November 30, 2012 the AO, in accordance with the order of the DRP, passed the final order and raised a demand of ₹ **80 million** against which the Company had filed an appeal to the honorable Income Tax Appellate Tribunal, Mumbai. The company has paid an amount of ₹ **40 million** against the outstanding demand and the department has given a stay for the balance amount till the disposal of the appeal by the Tribunal. The Tribunal hearing is scheduled on May 25, 2017.

Assessment Year 2009-10

The assessing officer had passed draft assessment order making adjustments of ₹ **1,057 million** mainly on account of transfer pricing adjustments against which the Company filed an objection with the Dispute Resolution Panel (DRP).On January 30, 2014 the AO, in accordance with the order of the DRP, passed the final order and raised a demand of ₹ **498 million** against which the Company had filed an appeal to the honorable Income Tax Appellate Tribunal, Mumbai. The company has paid an amount of ₹ **183 million** against the outstanding demand and the department has given a stay for the balance amount till the disposal of the appeal by the Tribunal. The Tribunal hearing is scheduled on April 27, 2017.

Assessment Year 2010-11

The assessing officer had passed a draft assessment order making adjustments of ₹ **1,305 million** mainly on account of transfer pricing adjustments against which the Company filed an objection with the Dispute Resolution Panel (DRP) on December 9, 2016. The AO, in accordance with the order of the DRP, passed the final order and raised a demand of ₹ **565 million** against which the Company had filed an appeal to the honourable Income Tax Appellate Tribunal, Mumbai. The company has paid an amount of ₹ **100 million** against the outstanding demand and the department has given a stay for the balance amount till the disposal of the appeal by the Tribunal. The Tribunal hearing is scheduled on July 12, 2017.

Assessment Year 2011-12

The assessing officer had passed a draft assessment order making adjustments of ₹ **1,024 million** mainly on account of transfer pricing adjustments against which the Company filed an objection with the Dispute Resolution Panel (DRP). On January 29, 2016 the AO, in accordance with the order of the DRP, passed the final order and had raised a demand of ₹ **257 million**. The Company has paid ₹ **69 million** till March 31, 2017 against the said order under protest and the department has given a stay for the balance amount till the disposal of the appeal by the Tribunal. The Company has filed an appeal against the order of AO to Income Tax Appellate Tribunal, Mumbai. The Income Tax Appellate Tribunal hearing is scheduled on June 13, 2017.

Assessment Year 2012-13

The assessing officer had passed draft assessment order making adjustments of ₹ **835 million** mainly on account of transfer pricing adjustments against which the Company filed an objection with the Dispute Resolution Panel (DRP). On January 12th, 2017 the AO, in accordance with the order of the DRP, passed the final order and had raised a demand of ₹ **680 million**. The Company has filed an appeal against the order of AO to Income Tax Appellate Tribunal, Mumbai. The Company has agreed to pay 25% of the demand ₹ **170 million** in five instalments. The company has paid an amount of ₹ **100 million** against the demand under protest and the department has given a stay for the balance amount till March 31, 2018 or the disposal of the appeal by the Tribunal whichever is earlier.

Income tax refunds Amount in ₹ Million

Assessment Year	**Refund to be adjusted**
2008-09	0
2009-10	67
2010-11	182
2011-12	59
Total	**308**

Note: Subject to confirmation from income tax department, above figures has not been adjusted in the books of accounts.

iv. Service Tax

The Company has received show cause cum demand notice from Commissioner of Service Tax for non-payment of service tax ₹ **32 million** for receiving import services (reverse charge basis) for the period 2007-08 to 2012-13. The company has filed the reply to show cause notice on March 27, 2014.

v. Department of Telecommunications (DOT)

DOT has raised a demand on the company for an amount of ₹ **61 million** in July 2014 claiming that the company has availed services of bandwidth link between two of its premises from other than authorized service providers. The company filed an appeal to the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) against the said demand order. The Company has paid ₹ **21 million** against the said order under protest and accounted the same under Balances with Government Authorities under Other Non-Current Assets. Vide an order dated July 1, 2015 Telecom Disputes Settlement and Appellate Tribunal (TDSAT) has directed DOT to recalculate the demand amount and issue fresh demand notice to the Company. Against the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) order the DOT has filed Special Leave Petition (SLP) in Supreme Court on November 20th 2015. On March 31, 2017 the matter was listed on miscellaneous day and therefore the Supreme Court adjourned the matter for listing it on non- miscellaneous day, next date granted is July 17, 2017.

vi. Rentworks India Private Limited

The company vide letter dated November 2, 2015 has received a demand amounting to ₹ **14 million** from the legal advisors of Rentworks India Private Limited (Rentworks) towards VAT tax dues raised by the VAT authorities on Rentworks for disallowing VAT exemptions claimed by Rentworks on rentals charged to the company for providing assets on lease during FY 2008-09. The legal advisor of the company has given a relevant reply to legal advisor of Rentworks denying all the allegations as set out in their letter dated November 2, 2015.

vii. Bank Guarantees

Bank Guarantees given by a bank to custom authority on behalf of the Company ₹ **1 million** (March 31, 2016: ₹ 1 million; April 1, 2015: ₹ 1 million).

Details of employee benefits as required by the IND AS 19 – Employee Benefits are as under:

30. Employee Benefits

i. Defined Contribution Plan

Contribution to Defined Contribution Plans recognized as expenses for the year ended are as under:

Amount in ₹ Million

Particulars	**For year ended March 31, 2017**	For year ended March 31, 2016
Employer's Contribution to Provident Fund	**77**	79
Employer's Contribution to Employee's State Insurance	**1**	0

ii. Defined Benefit Plan

The benefit plan comprises of Gratuity. The Gratuity plan is unfunded. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses in respect of defined benefit plans are recognised in other comprehensive income.

a) Changes in the present value of defined benefit obligation

Amount in ₹ Million

Particulars	**For year ended March 31, 2017**	For year ended March 31, 2016
Defined benefit obligation at the beginning of the year	**106**	95
Interest cost	**8**	7
Current Service Cost	**13**	14
Benefit Paid	**(17)**	(17)
Actuarial (Gain)/ loss arising from changes in demographic assumptions	**3**	-
Actuarial (Gain)/ loss arising from changes in financial assumptions	**-**	0
Actuarial (Gain)/ loss arising from experience adjustments	**3**	7
Projected benefit obligation, at the end of the year	**116**	106

b) Components of expenses recognized in the Statement of Profit and Loss:

Amount in ₹ Million

Particulars	**For year ended March 31, 2017**	For year ended March 31, 2016
Interest cost	**8**	7
Service cost	**13**	14
Actuarial (Gain)/Loss	**7**	7
Total	**28**	28

c) Experience Adjustments

Amount in ₹ Million

Particulars	**March 31, 2017**	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined Benefit Obligation at the end of the period	**(116)**	(106)	(95)	(92)	(103)
Plan Assets at the end of the period	**-**	-	-	-	-
Surplus / (Deficit)	**(116)**	(106)	(95)	(92)	(103)
Experience Adjustment On Plan liabilities gain / (Loss)	**(3)**	(7)	(6)	(3)	(27)
Experience Adjustment On Plan Assets Gain /(Loss)	**-**	-	-	-	-
Actuarial Gain / (Loss) due to change on assumption	**(3)**	(0)	(3)	2	(3)

Components of expenses recognized in other comprehensive income

Amount in ₹ Million

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Actuarial (Gain)/ loss arising from changes in demographic assumptions	**3**	-
Actuarial (Gain)/ loss arising from changes in financial assumptions	**3**	0
Actuarial (Gain)/ loss arising from experience adjustments	**-**	7
Total	**6**	7

d) Accrued and Vested Benefit Obligation

Amount in ₹ Million

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Accrued benefit obligation	**95**	88
Vested benefit obligation	**110**	98

e) Actuarial Assumptions

Particulars	**March 31, 2017**	March 31, 2016
Discount Rate (per annum)	**6.6%**	7.6%
Salary Escalation Rate (per annum)	**7%**	7%
Attrition Rate	**0% to 55%**	0% to 55%
Mortality Rate	**Indian Assured Lives Mortality (2006-08) Ult**	Indian Assured Lives Mortality (2006-08) Ult

The estimates of future salary escalations considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

f) The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases (decreases) by 0.50%, the defined benefit obligations would decrease by 2 million (increase by 2 million) as of March 31, 2017.

If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligations would increase by 2 million (decrease by 2 million) as of March 31, 2017.

g) Expected benefit payments for the year ending

	Amount in Rs Million
March 31, 2017	41
March 31, 2018	30
March 31, 2019	22
March 31, 2020	18
March 31, 2021	15
Thereafter	44

31. Payment to auditors (net of service tax for which input credit is availed)

Amount in ₹ Million

Particulars	**For year ended March 31, 2017**	For year ended March 31, 2016
Audit Fees (including quarterly audits)	**4**	4
For Other services	**1**	1
Total	**5**	5

32. Value of imports calculated on C.I.F. basis in respect of:

Amount in ₹ Million

Particulars	**For year ended March 31, 2017**	For year ended March 31, 2016
Capital Goods	**183**	128

33. Expenditure in Foreign Currency:

Amount in ₹ Million

Particulars	**For year ended March 31, 2017**	For year ended March 31, 2016
Traveling and Conveyance	**11**	5
Employee Benefits	**408**	368
Professional Fees	**6**	11
Rent	**23**	12
Repair & Maintenance	**11**	10
Others	**32**	29
Total	**491**	435

Note: The above expenditure includes the expense incurred for the company's overseas branch office in Waterford, Ireland.

34. Earnings in Foreign Currency:

Amount in ₹ Million

Particulars	**For year ended March 31, 2017**	For year ended March 31, 2016
Income from Operations	**7,076**	7,032

35. Foreign currency exposures that have not been hedged by any derivative instrument or otherwise

Amount in ₹ Million

Particulars	Foreign Currency Amount			Indian Rupees Equivalent		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Trade Payable	**USD 0**	USD 0	USD 0	**7**	5	5
Trade Payable	**EUR 0**	EUR 1	EUR 1	**5**	68	59
Trade Payable	**-**	GBP 3	-	**-**	306	-
Trade Receivables	**AUD 2**	AUD 0	AUD 2	**118**	11	103
Trade Receivables	**EUR 2**	EUR 2	EUR 1	**121**	132	70
Trade Receivables	**GBP 4**	GBP 4	GBP 4	**339**	377	346

36. Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(i) to the financial statements.

(a) Financial Assets and Liabilities

The carrying value of financial instruments by categories as of March 31, 2017 are as follows:

Amount in ₹ Million

	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship (CFH)	Amortised Cost	Total Carrying Value	Total fair Value
Assets:						
Investments	1,992	-	-	-	1,992	1,992
Trade Receivables	-	-	-	727	727	727
Cash and Cash equivalents	-	-	-	42	42	42
Other Financial Assets	-	-	50	405	455	455
Total	**1,992**	**-**	**50**	**1,174**	**3,216**	**3,216**
Liabilities:						
Borrowings	-	-	-	-	-	-
Trade Payables	-	-	-	485	485	485
Other Financial liabilities	-	-	-	9	9	9
Total	**-**	**-**	**-**	**494**	**494**	**494**

The carrying value of financial instruments by categories as of March 31, 2016 is as follows:

Amount in ₹ Million

	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship (CFH)	Amortised Cost	Total Carrying Value	Total fair Value
Assets:						
Investments	1,121	-	-	-	1,121	1,121
Trade Receivables	-	-	-	998	998	998
Cash and Cash equivalents	-	-	-	258	258	258
Other Financial Assets	-	-	-	1,023	1,023	1,023
Total	**1,121**	**-**	**-**	**2,279**	**3,400**	**3,400**
Liabilities:						
Borrowings	-	-	-	900	900	900
Trade Payables	-	-	-	816	816	816
Other Financial Liabilities	-	-	53	73	126	126
Total	**-**	**-**	**53**	**1,789**	**1,842**	**1,842**

The carrying value of financial instruments by categories as of April 1, 2015 is as follows:

Amount in ₹ Million

	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship (CFH)	Amortised Cost	Total Carrying Value	Total fair Value
Assets:						
Investments	3,520	-	-	-	3,520	3,520
Trade Receivables	-	-	-	681	681	681
Cash and Cash equivalents	-	-	-	390	390	390
Other Financial Assets	-	-	-	635	635	635
Total	**3,520**	**-**	**-**	**1,706**	**5,226**	**5,226**
Liabilities:						
Trade Payables	-	-	-	466	466	466
Other Financial Liabilities	-	-	-	66	66	66
Total	**-**	**-**	**-**	**532**	**532**	**532**

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are 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 are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in level 3 of Fair Value hierarchy have been valued using the cost approach to arrive at their fair value.

The following table summarizes financial assets and liabilities measured at fair value recurring basis and financial assets that are not measured at fair value on recurring basis (but fair value disclosures are required):

Amount ₹ in Million

As at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	1,992	-	1,992
Derivative Financial Assets	-	50	-	50
Total	**-**	**2,042**	**-**	**2,042**
Financial Liabilities	-	-	-	-
Other Financial liabilities				
Total	-	-	-	-

Amount ₹ in Million

As at March 31, 2016	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	1,121	-	1,121
Total	-	1,121	-	1,121
Financial Liabilities:				
Derivative Financial liabilities	-	53	-	53
Total	-	53	-	53

Amount ₹ in Million

As at April 1, 2015	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	3,520	-	3,520
Total	-	3,520	-	3,520
Financial Liabilities	-	-	-	-
Total	-	-	-	-

Derivative financial instrument and hedging activity

The company revenue is denominated in GBP, AUD and EUR. The majority of the costs are in Indian rupee. This exposes the company to currency fluctuation.

The company monitors and manages the financial risk relating to its operations by analyzing its foreign exchange exposure by the level and extent of currency risks.

The company uses derivative financial instruments governed by the policies approved by the Board such as forward to manage and mitigate its foreign currency exposure. The company has a risk management policy approved and adopted by the Board which is used to hedge forex fluctuation. The counterparty is generally a bank. The company can enter into a contract for 1 day to 3 years depending on the nature of forex billing.

Financial Management Risk

The company is exposed primarily to fluctuation in foreign currency exchange rates, credit risk, liquidity risk, market risk which may impact the fair value of the financial instruments. The company has a risk management committee which monitors any risk associated with the financial assets and liabilities. The focus of the Risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the company.

Market Risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk

The company revenue is denominated in GBP, AUD and EUR. The majority of the costs are in Indian rupee. This exposes the company to currency fluctuation.

For GBP and AUD, the company follows a cost plus billing methodology. The rupee costs are converted at forex rate prevailing for the month so as such the company is exposed to forex risk only from the date of billing to the date of actual receipt of payment from the customer. The company books a plain vanilla forward against these invoices to hedge against any forex risk.

For Ireland, the billing is in EURO and the company has taken long term forward contract (1 year) to hedge the forex fluctuation.

Interest rate risk

The company's investment is primarily in Debt Mutual Funds, hence the company is not significantly exposed to interest rate risk. In a falling interest rate scenario, the yields of the investment drop a little. The company also has taken an inter corporate deposit from its holding company at a fixed exchange rate, so it is not exposed significantly to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms and conditions.

The company's financial instruments that are subject to credit risk predominantly consist of trade receivables, unbilled revenue, mutual fund investment, forward contracts, cash and cash equivalent and other financial assets.

The company invests only in debt mutual funds with Top 5 mutual funds houses having very good credit rating and having a good Assets under Management.

The credit terms agreed with the customer is 30-45 days and the average collection period of the company is around 35 days. Over the last 10 years, the company has never faced any credit risk from its customers, it has always received full realization of all its invoices.

The counterparty for the forward contracts booked is normally a bank with a high quality credit rating. The company books plain vanilla forward contract to protect its exchange rate risk.

Liquidity risk

Liquidity risk refers to the risk that the company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The company has always generated sufficient cash flows from its operations to meet its financial obligations as and when they fall due.

March 31, 2017

Amount ₹ in Million

	Due in 1st year	**Due in 2nd year**	**Due in 3rd to 5th year**	**Due after 5th year**	**Total**
Non-derivative financial liabilities:					
Trade and other payables	**485**	**-**	**-**	**-**	**485**
Borrowings	**-**	**-**	**-**	**-**	**-**
Other financial liabilities	**9**	**-**	**-**	**-**	**9**
Total	**494**	**-**	**-**	**-**	**494**
Derivative financial liabilities	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**

March 31, 2016

Amount ₹ in Million

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Non-derivative financial liabilities:					
Trade and other payables	816	-	-	-	816
Borrowings	900	-	-	-	900
Other financial liabilities	71	-	-	-	71
Total	1,787	-	-	-	1,787
Derivative financial liabilities	53	-	-	-	53
Total	53	-	-	-	53

The following are outstanding currency exchange forward contracts, which have been designated as cash flow hedges as of:

March 31, 2017

Foreign Currency	**No of contracts**	**Notional amount of contracts (In million)**	**Fair value (Rs in million) (Gain)/Loss**
AUD / INR	**1**	**2**	**(4)**
EUR / INR	**35**	**4**	**(43)**
USD / INR	**4**	**0**	**(1)**
EUR / USD	**2**	**0**	**(1)**

March 31, 2016

Foreign Currency	No of contracts	Notional amount of contracts (₹ In million)	Fair value (₹ In million) (Gain)/Loss
AUD / INR	23	23	54
EUR / INR	41	2	0
GBP / INR	1	4	(1)
USD / INR	39	2	(3)
EUR / USD	25	2	3

The movement in Hedging Reserve for derivatives designated as Cash Flow Hedges is as follows:

Amount ₹ in Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at the beginning of the year	**(46)**	-
Changes in the fair value of the effective portion of Cash Flow Hedges	**-**	(39)
Deferred tax on fair value of the effective portion of Cash Flow Hedges	**-**	-
Gains/(Losses) transferred to the statement of profit and loss on occurrence of forecasted hedge transactions	**85**	(7)
Balance at the end of the year ended	**39**	(46)

Net gain on derivative instruments of ₹ 5 million recognized in Hedging Reserve as at March 31, 2017, is expected to be transferred to the statement of profit and loss by March 31, 2018.

37. Earnings Per Share is calculated as follows:

₹ in Million except earnings per share

Particulars	year ended March 31, 2017	year ended March 31, 2016
Net Profit / (Loss) attributable to shareholders	**807**	885
Equity Shares outstanding as at year ended (in nos.)	**1,000,000**	1,000,000
Weighted average Equity Shares outstanding as at year ended (in nos.)	**1,000,000**	1,000,000
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**1,000,000**	1,000,000
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**1,000,000**	1,000,000
Nominal Value per Equity Share (in ₹)	**10.00**	10.00
Earnings / (Loss) Per Share		
Earnings Per Share (Basic) (in ₹)	**807**	885
Earnings Per Share (Diluted) (in ₹)	**807**	885

38. Segment Reporting

Ind AS 108 establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers.

Based on the "management approach" as defined in INDAS 108, the management evaluates the group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Business Leader.

Business Segment:

The Company is engaged in the business of providing voice based call center services. As the Company is engaged in only one business segment, the Balance Sheet as at March 31, 2017 and Statement of Profit and Loss for the year pertain to only one business segment.

Geographical Segments:

Amount in ₹ Million

Sr. No	Particulars	Within India	Outside India	Total
1	Segment revenue by location of customers	- [-]*	7,076 [7,032]*	7,076 [7,032]*
2	Carrying amount of segment asset (Gross)	3,469 [2,576]*	2,003 [3,210]*	5,472 [5,786]*
3	Additions to tangible and intangible assets	214 [255]*	10 [33]*	224 [288]*

* Figures in bracket refer to balances as at March 31, 2016.

Two of the customers (excluding related parties) have revenues of ₹ 4,717 million which is in excess of 10% of total revenue.

39. Related Party Disclosures

As required by Ind AS 24 - Related Party Disclosures, following are details of transactions during the year ended March 31, 2017 and outstanding balances as of that date with the related parties of the Company as defined in Ind AS – 24:

Names of related parties and nature of relationship:

Name of the Related Party*	Relationship
Tech Mahindra Limited	Holding Company
Tech Mahindra Foundation	Fellow Subsidiary (Section 8 Company)

* We have disclosed only those related parties with whom the Company has transactions during the year.

Related Party transactions for the year ended March 31, 2017:

Amount in ₹ Million

Nature of Transactions	Name of the Party	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue	Tech Mahindra Limited	**260**	167
Unearned Revenue	Tech Mahindra Limited	**7**	7
Repayment of Short Term Borrowings	Tech Mahindra Limited	**900**	-
Interest on loan	Tech Mahindra Limited	**32**	-
Dividend Paid	Tech Mahindra Limited	**-**	2,150
Employee Stock Options granted to the Employees	Tech Mahindra Limited	**19**	8
Purchase/(Sale) of Fixed Assets	Tech Mahindra Limited	**(0)**	5
Reimbursement of Expenses (Net)-Paid / (Receipt)	Tech Mahindra Limited	**2**	(7)
Donation	Tech Mahindra Foundation	**29**	28

Related Party Balances as at March 31, 2017

Amount in ₹ Million

Balances As on	Name of the Party	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Creditors	Tech Mahindra Limited	**-**	65	59
Trade Payables	Tech Mahindra Limited	**8**	25	-
Trade Receivable	Tech Mahindra Limited	**28**	51	-
Other Receivable	Tech Mahindra Limited	**6**	11	-
Short Term Borrowings – Unsecured Loans	Tech Mahindra Limited	**-**	900	-
Unearned Revenue	Tech Mahindra Limited	**(1)**	7	-
Interest Payable	Tech Mahindra Limited	**-**	2	-

40. Operating Lease

Premises

The Company's significant leasing arrangements are in respect of office/ residential premises taken on leave and license basis. The aggregate lease rentals incurred are charged to the Statement of Profit and Loss as Rent under note 27 - Other expenses.

The leasing arrangement, which is cancellable, ranges for a period up to five years and is renewable by mutual consent on mutually agreeable terms.

The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2017 are ₹ **403 million** (Year ended March 31, 2016: 391 million)

Future minimum lease payments under non-cancellable agreements are as follows

Amount in ₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Not later than one year	-	-	113
(b) Later than one year and not later than five years	-	-	-
(c) More than 5 years	-	-	-

41. Income Tax Expense

Amount in ₹ Million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Tax:		
In respect of current period	**410**	417
Deferred Tax		
In respect of current period	**2**	7
Total Income Tax Expense recognised	**412**	424

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

Amount in ₹ Million

Particulars	For the Year ended March 31, 2017	For the year ended March 31, 2016
Profit before income taxes	**1,219**	1,309
Enacted tax rates in India	**34.608%**	34.608%
Income tax expense calculated at 34.608%	**422**	453
Effect of income that is exempt from tax	**(18)**	(31)
Effect of expenses that are not deductible in determining taxable profit	**18**	3
Effect of IND AS adjustments	**(10)**	(1)
Income tax expense recognised in profit or loss	**412**	424

The tax rate used for the above reconciliations are the rates as applicable for the respective years payable by corporate entities in India on taxable profits under the India tax laws.

42. The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Amount in ₹ Million

Particulars	As at March 31, 2017	(Charge)/Asset created during the Year ended March 31, 2016	As at March 31, 2016	As at April 1, 2015
Deferred Tax Assets				
Depreciation	**59**	2	57	59
Gratuity	**41**	4	37	32
Bonus	**2**	-	2	-
Leave Encashment	**18**	1	17	25
Fair valuation of Mutual funds	**(32)**	(11)	(21)	(16)
Total	**88**	(4)	92	100

43. Tech Mahindra Limited has given stock option to certain employees of the company. Tech Mahindra Limited has charged ₹**19 million** relating to stock option granted to the employees of the company which is accounted as ESOP cost.

44. Corporate Social Responsibility :

a) Gross amount required to be spent by the Company ₹ **29 million** during the year.

b) Amount spent during the year ₹ **29 million.**

45. The specified Bank notes (SBN) held and transacted during the period from 8 November, 2016 to 30 December 2016 as provided below:

	SBNs	**Other denomination Notes**	**Total (₹)**
Closing cash in hand as on 8 November 2016	344,000	31,064	375,064
Add: Permitted Receipts	7,500(*)	449,783	457,283
Less: Permitted payments		335,056	335,056
Less: Amount Deposited in Banks	351,500	-	351,500
Closing cash in hand as on 30 December 2016	-	145,791	145,791

(*) The amount pertains to imprest employees advance in old currency which was returned by the employee on the settlement of claims.

46. In respect of the year ended March 31 2017, the management confirmed to the Board that it can consider a final dividend of ₹ 600 per fully paid up equity share. The proposed dividend if approved by the Board and shareholders in Annual General Meeting will result in a total payout of ₹ 722 million including dividend distribution tax thereon. The Board decided to defer the decision.

47. Based on the information available with the Company, no creditors have been identified as "supplier" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006".

48. The previous year figures have been reclassified to conform to this year's classification.

Signatures to Notes

For Tech Mahindra Business Services Limited

C P Gurnani
Director

Sujit Baksi
Director

Milind Kulkarni
Director

Nikhilesh Panchal
Director

Ujjwala Apte
Director

Yogesh Kandalgaonkar
Company Secretary
Mumbai, Dated: April 25th, 2017

TECH MAHINDRA TECHNOLOGIES INC.

Board of Directors

Mr. Arvind Malhotra

Mr. Manish Vyas

Mr. Lakshmanan Chidambaram

Registered Office

1220 N., Market Street,

806, Wilmington 19801,

Delaware

Bankers

HSBC Bank, USA

Auditors

Chugh CPA’s LLP, USA

California

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

For the year ended March 31,	**2017**	2016
	US$	US$
Income	**18,620,486**	12,166,068
Profit/(Loss) before tax	**518,876**	223,167
Profit/(Loss) after tax	**332,033**	202,574

Review of Operations:

During the year under review, your company recorded an income of US$ 18,620,486, an increase of 53% over the previous year. Profit after tax for the current year was increased to US$ 332,033 compared from previous year by US$ 202,574.

During the year the Company has established an international branch in India and the operations in this branch are expected to be started during the first quarter of the fiscal year 2018.

Board

During the year under review, there is no change in the constitution of Board.

Outlook for the current year:

Business has been encouraging in US and the Company is cautiously optimistic of the future.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Arvind Malhotra

Director

Place: Delaware

Date: 12th May, 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of Tech Mahindra Technologies, Inc.

We have audited the accompanying financial statements of Tech Mahindra Technologies Inc., a Delaware corporation, which comprise the balance sheets as of March 31, 2017 and 2016 and the related statements of income, stockholder's equity, and cash flows for the years ended March 31, 2017 and 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra Technologies Inc. as of March 31, 2017 and 2016, and the results of its operations and its cash flows for the years ended March 31, 2017 and 2016, in accordance with accounting principles generally accepted in the United States of America.

Chugh CPA's LLP

Cerritos, California

April 18, 2017

BALANCE SHEETS MARCH 31, 2017 AND 2016

	2017 $	2016 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**683,891**	1,006,684
Accounts receivable	**2,966,330**	2,275,187
Receivable from related party	**2,150,169**	499,874
Prepaid expenses and other current assets	**221,264**	76,083
Deferred tax asset	**92,007**	56,227
TOTAL ASSETS	**6,113,661**	3,914,053
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	**667**	1,304
Accounts payable to related party	**3,746,532**	2,418,565
Accrued expenses and other current liabilities	**647,399**	329,781
Deferred tax liability	**5,589**	2,995
Provision for income taxes	**220,032**	-
TOTAL CURRENT LIABILITIES	**4,620,219**	2,752,645
STOCKHOLDER'S EQUITY		
Common stock, $0.01 par value (1,000,000 shares authorized; 100,000 shares issued and outstanding)	**1,000**	1,000
Additional paid- in-capital	**999,000**	999,000
Accumulated earnings	**493,442**	161,408
TOTAL STOCKHOLDER'S EQUITY	**1,493,442**	1,161,408
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**6,113,661**	3,914,053

See independent auditors' report and accompanying notes to financial statements

STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
	$	$
REVENUE	**18,624,206**	12,166,068
LESS: COST OF REVENUE	**(17,513,041)**	(11,579,843)
GROSS PROFIT	**1,111,165**	586,225
LESS: OPERATING EXPENSES		
Selling, general and administrative expenses	**(592,285)**	(364,953)
INCOME FROM OPERATIONS	**518,880**	221,272
Other Income	**-**	1,895
INCOME BEFORE INCOME TAX PROVISION	**518,880**	223,167
LESS: PROVISION FOR INCOME TAX		
Income tax - current	**220,033**	2,356
Income tax - deferred	**(33,188)**	18,237
	186,846	20,593
NET INCOME	**332,035**	202,574

See independent auditors’ report and accompanying notes to financial statements.

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED MARCH 31, 2017

	Common Stock				
	Shares	Amount $	Additional Paid In Capital $	Accumulated Earnings (Deficit) $	Total Stockholder's Equity $
Balance at March 31, 2015	100,000	1,000	999,000	(41,166)	958,834
Net Income				202,574	202,574
Balance at March 31, 2016	100,000	1,000	999,000	161,408	1,161,408
Net Income				332,035	332,035
Balance at March 31, 2017	100,000	**1,000**	**999,000**	**493,442**	**1,493,442**

See independent auditors' report and accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**332,035**	202,574
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred tax	**(33,186)**	18,238
(Increase) decrease in assets:		
Account receivable	**(691,143)**	470,268
Accounts receivable from related party	**(1,650,295)**	(160,607)
Prepaid expenses and other current assets	**(145,181)**	(44,855)
Increase (decrease) in liabilities:		
Accounts payable	**(637)**	1,304
Accounts payable to related party	**1,327,966**	(274,509)
Accrued expenses and other current liabilities	**317,616**	42,793
Provision for Income Taxes	**220,032**	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(322,793)**	255,206
Net increase(decrease) in Cash and cash equivalents	**(322,793)**	255,206
Cash and cash equivalents, beginning of year	**1,006,684**	751,478
Cash and cash equivalents, end of year	**683,891**	1,006,684
Supplementary disclosures:		
Income taxes paid	**138,874**	58,808

See independent auditors' report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

1. Nature of Operations

Tech Mahindra Technologies Inc. the “Company” was incorporated as a Delaware corporation on September 28, 2000. The Company was formed to provide software development, professional engineering and information services. The Company is now a wholly owned subsidiary of Tech Mahindra Limited (the parent company). During 2014, the Company changed its name from Satyam Technologies Inc. to Tech Mahindra Technologies Inc. In March 2017, the company has established an international branch in India, the transactions for this are included in these financial statements.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of Tech Mahindra Technologies Inc. is presented to assist in understanding the Company’s financial statements.

Basis of Accounting

The Company uses the accrual method of accounting for both financial and income tax reporting.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as detailed in the Financial Accounting Standards Board’s Accounting Standards Codification.

Accounts Receivable

The Company carries it’s accounts receivable at cost less an allowance for doubtful accounts. Allowance for doubtful accounts is maintained with respect to accounts determined to be uncollectible in the current period. Management determines the allowance for doubtful accounts based upon historical experience and assessment of the collectability of existing specific accounts. Accounts are written off against the allowance when they are deemed uncollectible. At March 31, 2017, the Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. As at March 31, 2017 and March 31, 2016, there were no cash equivalents.

2. Summary of Significant Accounting Policies (continued)

The Company accounts for income taxes in accordance with the FASB ASC 740 (formerly SFAS No. 109, “Accounting for Income Taxes”), which requires an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized

Financial Accounting Standards Board issued FIN 48 now known as ASC No. 740–10 “Accounting for Uncertainty in Income Taxes”. Beginning April 1, 2008, the Company adopted FIN 48, thereafter, recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Company may be subject to potential examination by various taxing authorities. The Company’s open audit periods are 2013-2016. In evaluating the Company’s tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company earns revenue from software development and consulting services. Revenue from software development and consulting services is recognized on time and material basis, provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable.

3. Concentration of Risks and Significant Customers and Subcontractors

In the normal course of business, the Company maintains its cash balances in a financial institution, which at times may exceed federally insured limits. The Company has not experienced any losses in such account and believes it is not subject to any significant credit risk as all its deposits are maintained in a high quality financial institution.

The Company operates in the computer industry. The fluctuations in information technology spending caused by market conditions or availability of qualified personnel to complete the projects may have significant effect on the profitability of the Company.

Major Customers

Accounts receivable balances are typically unsecured and are derived from revenues earned from customers. For the year ended March 31, 2017, the Company had one major customer who accounted for 48% and 51% of revenue and accounts receivable, respectively. For the year ended March 31, 2016, similarly, the Company had one major customer which accounted for 69% and 82% of revenue and accounts receivable, respectively.

Major Subcontractors

For the year ended March 31, 2017 and 2016, the Company had one major supplier which is related party described in Note 4 Related Party transactions. For the year ended March 31, 2017, this supplier represents approximately 88% and 75% of cost of revenue and accounts payable, respectively. For the year ended March 31, 2016, this supplier accounted for 95% and 99% of cost of revenue and accounts payable, respectively.

4. Related Party Transactions

The Company is wholly owned subsidiary of Tech Mahindra Limited, an India - based company.

The Company has entered into professional service agreements with Satyam Venture Engineering Services Private Limited and Tech Mahindra Americas, Inc., which are both subsidiaries of Tech Mahindra Ltd. (parent Company).

Transactions based upon terms agreed between the parties during the years ended March 31, 2017 and 2016 are as follows:

	2017	2016
	$	$
Service Received/Operating Expense from:		
Satyam Venture Engineering Services (for consulting and other operating expenses)	**8,866,850**	8,357,368
Tech Mahindra America Inc. (for other operating expenses)	**582,734**	284,555
Tech Mahindra Limited (for consulting and other operating expenses)	**1,249,122**	-
Service Provided to:		
Tech Mahindra Limited (for consultants and other operating expenses)	**8,445,717**	3,793,926

Related party accounts receivable and payable as at March 31, 2017 and March 31, 2016 as follows:

	2017	2016
	$	$
Accounts receivable:		
Tech Mahindra Limited	**2,150,169**	499,874
Accounts payable:		
Satyam Venture Engineering Services	**2,741,443**	2,401,999
(Includes provision of $ 41,462 and $6,250 respectively)		
Tech Mahindra Limited	**764,538**	-
(Includes provision of $ 56,166)		
	240,550	22,815
Tech Mahindra Americas Inc.		
	2,891,994	2,424,814

5. Income Taxes

Deferred tax assets and liability consist of the following as of March 31, 2017 and 2016:

	2017	2016
	$	$
Deferred Tax Assets:		
Net operating Loss Carryover	**1606**	1,617
Vacation Accrual	**90,401**	54,610
Total Deferred Tax Assets	**92,007**	56,227
Deferred Tax Liability:		
State Tax Deferred	**5,589**	2,995
Net Deferred Tax Assets	**86,418**	53,232

Income tax (benefit)/expense consisted of the following as of March 31, 2017 and 2016:

	2017	2016
	$	$
Current Income Tax		
- Federal	**180,265**	-
- State	**39,768**	2,356
	220,033	2,356

	2017	2016
	$	$
Deferred Income Tax		
- Federal	**26,463**	18,560
- State	**6,725**	(322)
	33,188	18,238

6. 401(k) Savings plan

The Company has established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code, which covers substantially all employees who meet minimum age and services requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the plan may be made at the discretion of the Board of Directors. For the years ended March 31, 2017 and 2016, the Company did not make any contribution to the plan.

7 Accrued Compensated Absences

Employees of the Company are entitled to paid vacation and sick days depending on length of service and other factors. As at March 31, 2017 and March 31, 2016, the Company accrued total $ 222,263 and $ 145,560 respectively, of unused vacation and sick leave. This accrued compensated absence account is included in the accrued expenses and other liabilities account.

8. Common Stock

Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to the prior rights of holders of all classes of stock outstanding. To date, no dividends on common stock have been declared.

9. Commitments and Contingencies

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's activities.

10. Subsequent Events

Subsequent events have been evaluated through April 18, 2017, which is the date the financial statements were available to be issued.

TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD.

Board of Directors
Mr. Manish Goenka
Mr. Suresh Bhat
Mr.Anil Khatri
Mr. Chong Li Khuen
Ms. Sabrina Ong Lee Leigh

Registered Office
35-3, Jalan SS 15/8A, 47500
Subang Jaya, Selangor Darul Ehsan,
Kuala Lumpur, Malaysia

Bankers
HSBC Bank Malaysia Berhad

Auditors
Deloitte Haskins & Sells LLP

DIRECTORS' REPORT

The directors of TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD. have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to act as developer, advisor, consultants and implementer of software systems relating to information technology and electronic services including application and programming services, administration and management control, technical, scientific and operational assistance, systems design, project management training and support of personnel, management of services facility and generally, any type of business in connection therein.

RESULTS OF OPERATIONS

The results of operations of the Company for the financial year are as follows:

	RM
Profit for the year	**30,655,665**

In the opinion of the directors, the results of operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any further shares and debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(a) Any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) Any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Manish Goenka

Suresh Bhat

Anil Khatri

Chong Li Khuen

Sabrina Ong Lee Leigh

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year. Under the Articles of Association, the directors are not required to hold any shares in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for any directors, officers, and auditors of the Company in accordance with section 289 of the Companies Act 2016.

HOLDING COMPANY

The Company is a wholly-owned subsidiary of Tech Mahindra Limited, a company incorporated in India, which is also regarded by the directors as the ultimate holding company.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, Messrs. Deloitte.

AUDITORS' REMUNERATION

The amount receivable as remuneration by the auditors for the financial year ended 31 March 2017 is as disclosed in Note 6 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

ANIL KHATRI SURESH BHAT

23 May 2017

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD. state that, in their opinion, the accompanying financial statements of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2017 and of the financial performance and the cash flows of the Company for the year ended on that date.

Signed on behalf of the Board

in accordance with a resolution of the directors,

ANIL KHATRI **SURESH BHAT**

23 May 2017

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, SURESH BHAT, the director primarily responsible for the financial management of TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD., do solemnly and sincerely declare that the accompanying financial statements of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, (CAP 211).

SURESH BHAT

Subscribed and solemnly declared by the
abovenamed **SURESH BHAT**
in Singapore this 23rd May 2017.

Before me,

NOTARY PUBLIC

INDEPENDENT AUDITORS' REPORT

To the Members of ech Mahindra ICT Services (Malaysia) Sdn. Bhd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tech Mahindra ICT Services (Malaysia) Sdn. Bhd., which comprise the statement of financial position as of 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 38.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from materials misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)

Chartered Accountants (AF0080)

WONG KING YU

Partner - 3194/06/17 (J)

Chartered Accountant

Kuching

23 May 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	**2017**	2016
		RM	RM
Revenue	5	**165,410,354**	103,209,172
Cost of services		**(106,097,706)**	(56,548,265)
Gross profit		**59,312,648**	46,660,907
Other income		**540,151**	55,189
Administrative expenses		**(29,188,234)**	(27,967,648)
Profit before tax	6	**30,664,565**	18,748,448
Tax expense	8	**(8,900)**	(13,245)
Profit for the year		**30,655,665**	18,735,203
Other comprehensive income, net of tax		**-**	-
Total comprehensive income for the year		**30,655,665**	18,735,203

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

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2017

	Note	2017 RM	2016 RM
ASSETS			
Non-current Asset			
Property, plant and equipment	9	**5,542,923**	1,555,196
Current Assets			
Trade and other receivables	10	**77,395,991**	28,927,300
Cash and bank balances	11	**12,425,107**	13,035,627
Total Current Assets		**89,821,098**	41,962,927
TOTAL ASSETS		**95,364,021**	43,518,123
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	14	**10,654,000**	10,654,000
Retained earnings		**55,848,146**	25,192,481
TOTAL EQUITY		**66,502,146**	35,846,481
Non-current Liability			
Other payables	12	**691,730**	697,660
Current Liabilities			
Trade payables	13	**1,407,481**	1,353,608
Other payables and accrued expenses	12	**26,542,528**	5,513,078
Tax liabilities		**220,136**	107,296
Total Current Liabilities		**28,170,145**	6,973,982
TOTAL LIABILITIES		**28,861,875**	7,671,642
TOTAL EQUITY AND LIABILITIES		**95,364,021**	43,518,123

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Note	Share capital RM	Distributable - Retained earnings RM	Total RM
At 1 April 2015		654,000	6,457,278	7,111,278
Total comprehensive income for the year		-	18,735,203	18,735,203
Shares issued during the year	14	10,000,000	-	10,000,000
At 31 March 2016		10,654,000	25,192,481	35,846,481
At 1 April 2016		10,654,000	25,192,481	35,846,481
Total comprehensive income for the year		-	30,655,665	30,655,665
At 31 March 2017		**10,654,000**	**55,848,146**	**66,502,146**

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

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 RM	2016 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		**30,664,565**	18,748,448
Adjustments for:			
Allowance for doubtful debts	6	**98,905**	3,208,776
Depreciation of property, plant and equipment	9	**2,093,235**	1,122,975
Provision for leave encashment	12	**743,828**	807,057
Net unrealised foreign exchange (gain)/loss	6	**(811,390)**	498,865
Operating Profit Before Working Capital Changes		**32,789,143**	24,386,121
Changes in working capital:			
Increase in trade and other receivables		**(46,567,117)**	(20,038,288)
Increase/(Decrease) in:			
Trade payables		**(226,785)**	(2,661,936)
Other payables and accrued expenses		**21,486,181**	3,057,390
Cash Generated From Operations		**7,481,421**	4,743,287
Leave encashment paid	12	**(664,058)**	(427,547)
Tax paid		**(349,451)**	(72,954)
Net Cash From Operating Activities		**6,467,912**	4,242,786
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(6,080,257)**	(1,804,823)
Net cash outflow on acquisition of business	19	**(1,147,741)**	-
Cash Used In Investing Activities		**(7,227,998)**	(1,804,823)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from issuance of shares		**-**	10,000,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(760,085)**	12,437,963
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**13,035,627**	699,274
Effect of foreign exchange differences		**149,565**	(101,610)
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**12,425,107**	13,035,627

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are to act as developer, advisor, consultants and implementer of software systems relating to information technology and electronic services including application and programming services, administration and management control, technical, scientific and operational assistance, systems design, project management training and support of personnel, management of services facility and generally, any type of business in connection therein.

There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Company is located at 35-3, Jalan SS 15/8A, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Malaysia Global Solution Center, Persiaran APEC, 63000 Cyberjaya.

The financial statements of the Company have been approved and authorised by the Board of Directors for issuance on 23 May 2017.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act, 2016 in Malaysia.

2.1 Application of New and revised MFRS

In the current year, the Company has applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatorily effective for an accounting period that begins on or after April 1, 2016 as follows:

Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRSs	Annual Improvements to MFRSs 2012-2014

The adoption of new and revised MFRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements.

2.2 Accounting Standards Issued But Not Yet Effective

At the date of authorisation for issue of these financial statements, the revised Standards and IC Interpretation which were in issue but not yet effective and not early adopted by the Company are as listed below.

MFRS 9	Financial Instruments[2]
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[2]
MFRS 16	Leases[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 107	Disclosure Initiative[1]
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to MFRS 140	Transfers of Investment Property[2]
IC Int. 22	Foreign Currency Transactions and Advance Consideration[2]
Amendments to MFRSs	Annual Improvements to MFRSs 2014-20161or[2]

1 Effective for annual periods beginning on or after April 1, 2017, with earlier application permitted.

2 Effective for annual periods beginning on or after April 1, 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after April 1, 2019, with earlier application permitted.

4 Effective for annual periods beginning on or after a date to be determined

The directors anticipate that the abovementioned Standards and IC Interpretation will be adopted in the annual financial statements of the Company when they become effective. The Company is currently assessing the impact of the adoption. As at the date of authorisation of issue of the financial statements, this assessment process is still on-going. Thus, the impact of the adoption of the abovementioned standards cannot be determined and estimated reliably now until the process is complete.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristic into account when pricing the asset or liability at the measurement date Fair value for measurement and/or disclosure purpose in these financial statements is determined on such as basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Consultancy services are provided either on a time or on a fixed fee basis. Revenue from time-based contracts is recognised as services are provided. Revenue from fixed-fee projects is recognised by reference to the stage of completion of the transaction at the statement of financial position date determined by costs incurred to date as a percentage of total estimated project costs. Losses on consulting services are recognised during the year in which the loss becomes probable and the amount of loss can be reasonably estimated. Losses are determined to be the amount by which the estimated costs of the project exceed the estimated total revenue that will be generated for the work.

Foreign Currency Conversion

The financial statements of the Company are presented in Ringgit Malaysia, which is also the functional currency.

In preparing the financial statements of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the year.

The closing rate used in the translation of foreign balances are as follows:

	2017	2016
	RM	RM
Currency		
1 United States Dollar (USD)	**4.4229**	3.9084
1 Singapore Dollar (SGD)	**3.1685**	2.9054
1 Indian Rupee (INR)	**0.0681**	0.0590
1 Euro (EUR)	**4.7426**	4.4486
1 Australian Dollar (AUD)	**3.3895**	3.0088

Employee Benefits

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans

The Company makes statutory contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan, which is charged to the statement of comprehensive income in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations. The employees' contributions to EPF are included in salaries and wages.

Income Tax

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided for, using the "liability" method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised as income or expenses in the profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated on the straight-line to their residual values over their estimated useful lives, summarised as follows:

Office equipment	5 years
Computers	3 years
Plant and equipment	3 to 5 years
Lease improvement	Lease period
Furniture and fixtures	5 years

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the statement of comprehensive income.

The estimated useful lives, residual values and depreciation method are reviewed at each statement of financial position date, with the effect of any changes in estimates accounted for on a prospective basis.

Impairment of Non-financial Assets

At each statement of financial position date, the Company reviews the carrying amounts of non-financial assets to determine if there is any indication that those assets may be impaired. If any such an indication exists, the asset's recoverable amount, which is the higher of net selling price and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit or loss.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in the statement of comprehensive income.

Financial Instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) Financial Assets

Financial assets of the Company are classified as financial assets at fair value through profit and loss (FVTPL) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(i) Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is designated as at FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

(i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of direct attributable transaction costs.

(iii) Financial Liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

(iv) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

(v) Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(vi) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Provisions

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are reversed if it is no longer probable that the Company will be required to settle the obligation.

Leases

Assets acquired under leases which transfer substantially all the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the differences between the total lease commitments and the fair values of the assets acquired, are charged to the profit and loss over the term of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as an expense in the profit and loss on a straight-line basis over the terms of the relevant lease.

Statement of Cash Flow

The Company adopts the indirect method in the preparation of the statement of cash flows.

Cash and bank balances are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY RESOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies which are disclosed in Note 3, management is of the opinion that there are no instances of application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the matters disclosed below.

- Allowance for doubtful debts

  The Company makes allowance for doubtful debts based on assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. As at 31 March 2017, the carrying amount of trade receivables was RM 53,905,604 (2016: RM24,333,396) and allowance for doubtful debts has been made as stated in Note 10.

5. REVENUE

	2017	2016
	RM	RM
Rendering of services	**165,410,354**	103,209,172

6. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	2017	2016
	RM	RM
After charging/(crediting):		
Staff costs (Note 7)	**57,193,601**	56,064,014
Allowance for doubtful debts (Note 10)	**98,905**	3,208,776
Depreciation of property, plant and equipment	**2,093,235**	1,122,975
Foreign exchange (gain)/losses:		
Unrealised	**(811,390)**	498,865
Realised	**1,048,749**	363,421
Auditors' remuneration	**26,000**	25,786

7. STAFF COSTS

	2017	2016
	RM	RM
Salaries and allowances	**50,984,952**	48,544,511
Defined contribution plan	**3,468,804**	3,637,988
Other staff-related expenses	**2,739,845**	3,881,515
	57,193,601	56,064,014

8. TAX EXPENSE

	2017	2016
	RM	RM
Current year income tax	**8,900**	13,245

The Company was awarded MSC Malaysian Status and is eligible for income tax exemption on statutory income from 31 May 2014 to 30 May 2019.

A reconciliation of income tax expense to profit before taxation at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Company is as follows:

	2017	2016
	RM	RM
Profit before taxation	**30,664,565**	18,748,448
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	**7,359,496**	4,499,628
Tax effect of expenses not deductible for tax purposes	**502,376**	1,039,620
Tax-exempt income	**(7,852,972)**	(5,526,003)
	8,900	13,245

The Budget 2017 announced on 21 October 2016 proposed that the incremental portion of chargeable income compared to the immediate preceding year of assessment enjoys reduced income tax rate as follows with effect for years of assessment 2017 and 2018. Following these, the applicable tax rate to be used for the measurement of any applicable deferred tax will be the below expected rate:

% of increase in chargeable income as compared to the immediate preceding year of assessment	**Percentage point reduction in tax rate**	**Tax rate after reduction (%)**
Less than 5%	Nil	24
5% to 9%	1	23
10% to 14.99%	2	22
15% to 19.99%	3	21
20% and above	4	20

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RM	Computers RM	Plant and equipment RM	Lease improvement RM	Furniture and fixtures RM	Total RM
Cost						
Balance as of 1 April 2015	134,455	788,983	551,785	255,783	38,593	1,769,599
Additions	37,514	1,714,600	25,109	-	27,600	1,804,823
Balance as of 31 March 2016/ 1 April 2016	171,969	2,503,583	576,894	255,783	66,193	3,574,422
Additions	297,928	5,782,329	-	-	-	6,080,257
Acquisition through business combination	-	705	-	-	-	705
Balance as of 31 March 2017	469,897	8,286,617	576,894	255,783	66,193	9,655,384
Accumulated depreciation						
Balance as of 1 April 2015	134,455	788,983	551,785	255,783	38,593	1,769,599
Depreciation charge for the year	30,661	1,010,025	59,520	9,889	12,880	1,122,975
Balance as of 31 March 2016/ 1 April 2016	171,969	2,503,583	576,894	255,783	66,193	3,574,422
Depreciation charge for the year	88,127	1,924,472	63,287	4,229	13,120	2,093,235
Balance as of March 31,2017	142,218	3,231,958	450,843	255,783	31,659	4,112,461
Net carrying amount						
At 31 March 2016	117,878	1,196,097	189,338	4,229	47,654	1,555,196
At 31 March 2017	327,679	5,054,659	126,051	-	34,534	5,542,923

10. TRADE AND OTHER RECEIVABLES

	2017 RM	2016 RM
Trade receivables:		
External	**52,603,734**	22,782,333
Immediate holding company	**2,745,945**	4,752,314
Related company	**-**	7,515
Total trade receivables	**55,349,678**	27,542,162
Less: Allowance for doubtful debts	**(1,444,075)**	(3,208,766)
Net trade receivables	**53,905,604**	24,333,396
Other receivables:		
Accrued income	**14,851,030**	3,546,056
Staff loan and advances	**206,351**	341,899
Other receivables:		
External	**8,716,191**	690,314
Related company	**-**	15,635
Total other receivables	**23,773,572**	4,593,904
Less: Allowance for doubtful debts	**(283,185)**	-
Net other receivables	**23,490,387**	4,593,904
Total trade and other receivables	**77,395,991**	28,927,300

(a) Trade receivables

Trade Receivables are usually settled on 30 to 90 days (2016: 30 to 90 days).

The currency exposure profile of trade and other receivables of the Company is as follows:

	2017 RM	2016 RM
Ringgit Malaysia	**56,794,153**	18,640,610
Australian Dollar	**-**	76,402
Euro	**679,943**	252,884
United States Dollar	**17,175,950**	5,205,090
	74,650,046	24,174,986

The ageing analysis of the trade receivables is as follows:

	2017 RM	2016 RM
Neither past due nor impaired	**9,602,218**	11,947,660
Past due, not impaired		
Past due 1 - 30 days	**21,876,320**	3,995,330
Past due 31 - 60 days	**512,887**	512,754
Past due 61 - 90 days	**1,415,161**	186,309
Past due 91 - 120 days	**724,771**	735,372
Past due 120 days and above	**17,028,301**	2,203,657
	41,557,440	7,633,422
Past due and impaired	**1,444,075**	3,208,766
	52,603,733	22,789,848

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables disclosed above include amounts that are past due at the end of the reporting date for which the Company has recognised an allowance for doubtful receivables because there has not been any significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Receivables that are past due and impaired

The Company's trade receivables that are impaired at the reporting date and the movement of allowance account used to record the impairment are as follows:

	2017 RM	2016 RM
At beginning of year	**3,208,766**	-
Transfer from Tech Mahindra (Malaysia) Sdn. Bhd.	**2,532,838**	-
Bad debts written off during the year	**(4,113,249)**	-
Allowance for the year (Note 6)	**(184,280)**	3,208,766
At end of year	**1,444,075**	3,208,766

The aging analysis of the Company's trade receivables that are impaired is as follows:

	2017 RM	2016 RM
Past due 120 days and above	**1,444,075**	3,208,766

(b) Other receivables

Accrued income represents invoices not issued to customers of which goods and/or services rendered have been completed and have been included under sales.

The Company's other receivables that are impaired at the reporting date and the movement of allowance account used to record the impairment are as follows:

	2017 RM	2016 RM
At beginning of year	**-**	-
Allowance for the year	**283,185**	-
At end of year	**283,185**	-

11. CASH AND BANK BALANCES

Cash and cash equivalents included in the statement of cash flows consist of the following amounts in the statement of the financial position:

	2017 RM	2016 RM
Cash at bank	**12,425,107**	13,035,627

The foreign currency profile of cash and cash equivalents is as follows:

	2017 RM	2016 RM
Ringgit Malaysia	**7,899,349**	11,608,023
United States Dollars	**4,525,758**	1,427,604
	12,425,107	13,035,627

12. OTHER PAYABLES AND ACCRUED EXPENSES

	2017 RM	2016 RM
Current		
Other payables	**15,113,133**	1,365,407
Accrued expenses	**10,747,525**	3,551,501
Provision for leave encashment	**681,870**	596,170
	26,542,528	5,513,078
Non-current liabilities		
Provision for leave encashment	**691,730**	697,660

Movement in provision for leave encashment:

	2017 RM	2016 RM
Balance at beginning of the year	**1,293,830**	914,320
Charge for the year	**743,828**	807,057
Leave encashment paid	**(664,058)**	(427,547)
Balance at end of the year	**1,373,600**	1,293,830

The currency exposure profile of other payables and accrued expenses is as follows:

	2017 RM	2016 RM
Ringgit Malaysia	**25,413,344**	4,611,381
United States Dollar	**420,774**	305,527
Indian Rupees	**26,540**	-
	25,860,658	4,916,908

13. TRADE PAYABLES

	2017 RM	2016 RM
Amount due to immediate holding company:		
Tech Mahindra Limited	**647,001**	553,815
Amount due to related company:		
Tech Mahindra (Malaysia) Sdn. Bhd.	**-**	85,953
	647,001	639,768
External	**760,480**	713,840
	1,407,481	1,353,608

Amount due to immediate holding company is unsecured, interest-free and repayable upon demand.

Amount due to related company is unsecured, interest-free and repayable upon demand.

Trade payables are usually settled on 30 to 60 days (2016: 30 to 60 days).

The currency exposure profile of trade payables of the Company is as follows:

	2017 RM	2016 RM
Ringgit Malaysia	**613,380**	733,893
Indian Rupee	**6,936**	9,424
United States Dollar	**787,165**	560,566
Euro	**-**	31,273
Great Britain Pound	**-**	18,452
	1,407,481	1,353,608

14. SHARE CAPITAL

	Amount 2017 RM	Amount 2016 RM
Authorised:		
At beginning of year	**25,000,000**	1,000,000
Created during the year	**-**	24,000,000
At end of year	**25,000,000**	25,000,000

	Number of ordinary shares of RM1.00 each 2017	Number of ordinary shares of RM1.00 each 2016	Amount 2017 RM	Amount 2016 RM
Issued and fully paid:				
At beginning of year	**10,654,000**	654,000	**10,654,000**	654,000
Issued during the year	**-**	10,000,000	**-**	10,000,000
At end of year	**10,654,000**	10,654,000	**10,654,000**	10,654,000

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company has transactions with its holding company and related companies and the financial statements reflect the effects of these transactions on the basis agreed upon between the Company and its related companies.

Significant transactions with the immediate holding company and related companies during the year consist of:

	2017 RM	2016 RM
Revenue		
Service income charged to immediate holding Company	**57,085,707**	69,207,820
Other income charged to related company	**-**	14,750
Reimbursement of expenses		
Charged by related companies	**-**	(92,612)
Charged to/(by) immediate holding company	**4,473,479**	**(3,015,088)**

16. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

The fair value of the financial instruments of the Company as at 31 March 2017 are not materially different from their carrying values because of the short-term maturities of these instruments.

17. FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resourses are available for the development of the Company's businesses whilst managing its risks. The board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit Risk

The Company's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets are the carrying amounts as presented in the statement of financial position.

The main risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

Ongoing credit evaluation is performed on the financial condition of account receivables. Apart from the customers as disclosed in Note 10, the Company does not have any significant credit risk exposure to any single counterparty having similar characteristics.

(b) Foreign Currency Risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly United States Dollars (USD) and Euro (EUR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	Increase/ (Decrease) in the Company's results) 2017 RM	Increase/ (Decrease) in the Company's results) 2016 RM
Effects on profit before taxation:		
USD		
- strengthened by 5%	**1,024,688**	288,330
- weakened by 5%	**(1,024,688)**	(288,330)
EUR		
- strengthened by 5%	**33,997**	11,081
- weakened by 5%	**(33,997)**	(11,081)
AUD		
- strengthened by 5%	**-**	3,820
- weakened by 5%	**-**	(3,820)
INR		
- strengthened by 5%	**(1,674)**	(471)
- weakened by 5%	**1,674**	471
GBP		
- strengthened by 5%	**-**	(923)
- weakened by 5%	**-**	923

(b) Liquidity and cash flow risks

The Company relies on its management of working capital to ensure that the cash flow within the operating cycle are sustainable. In the event of additional funds required to operate the Company, the financial support from its holding company and related companies is necessary to meet its short term funding needs.

18. CATERGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables [“L&R”]

(b) Other financial liabilities [“OFL”]

	Carrying Amount RM	L&R RM	OFL RM
2017			
Financial assets			
Trade and other receivables	77,395,991	77,395,991	-
Cash at bank	12,425,107	12,425,107	-
At 31 March 2017	**89,821,098**	**89,821,098**	**-**
Financial liabilities			
Trade payables	1,407,481	-	1,407,481
Other payables and accrued expenses	27,234,258	-	27,234,258
At 31 March 2017	**28,641,739**	**-**	**28,641,739**
2016			
Financial assets			
Trade and other receivables	28,927,300	28,927,300	-
Cash at bank	13,035,627	13,035,627	-
At 31 March 2016	41,962,927	41,962,927	-
Financial liabilities			
Trade payables	1,353,608	-	1,353,608
Other payables and accrued expenses	6,210,738	-	6,210,738
At 31 March 2016	7,564,346	-	7,564,346

19. BUSINESS COMBINATION

During the year ended 31 March 2017, there was a business transfer from Tech Mahindra (Malaysia) Sdn Bhd. to the Company via Purchase Agreement dated 1 June 2016. As per the Purchase Agreement, the completion date is 30 June 2016. In accordance with the Purchase Agreement, the purchase price for the sale of assets is RM2,282,182 which is based on carrying value of net assets transferred from Tech Mahindra (Malaysia) Sdn Bhd as of 30 June 2016.

Assets acquired and liabilities recognised at the date of acquisition:

	2017 RM
Current Assets	
Amount due from affiliated corporation	**(197,116)**
Cash and cash equivalents	**1,134,441**
Trade and other receivables	**1,625,346**
Total Current Assets	**2,562,671**
Non-Current Assets	
Equipment	**705**
Total Non-Current Assets	**705**
Total Assets	**2,760,492**
Liabilities	
Amount due to holding corporation	**(339,804)**
Taxation	**(453,389)**
Trade and other payables	**511,999**
Total Liabilities	**(281,194)**
Net assets acquired	**2,282,182**

TECH MAHINDRA (SHANGHAI) CO., LTD.

Board of Directors

Mr. Achutuni Sreenivasa Murthy
Mr. Amitava Ghosh
Mr. Ravikanth Karne

Registered Office

Suite 23102, 23104, 23204, Pudong Software Park,
No. 498 Guoshoujing Road, Zhangjiang Hi-tech Park,
Shanghai, P.R. China, 201203

Bankers

HSBC Bank Ltd.
China Merchant Bank

Auditors

Shanghai Linfang
Certified Public Accountants Co.,Ltd.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended December 31, 2016.

FINANCIAL RESULTS (LOCAL CURRENCY RMB)

For the year ended December 31	**2016**	2015
	RMB	RMB
Income	**186,232,373.72**	108,745,035.71
Profit/(Loss) before tax	**17,593,038.25**	7,123,268.44
Profit/(Loss) after tax	**12,159,005.22**	7,123,268.44

Outlook for the current year:

Business has been encouraging in China and the Company is optimistic of the future.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Review of operations:

During the year under review, your company recorded an income of RMB 186,232,373.72 an increase of 71.26% over the previous year. Profit after tax was RMB 12,159,005.22 increase of 70.69% over the last year. The Company continues to invest in strengthening its marketing infrastructure in China.

Mr. Achutuni Sreenivasa Murthy	**Mr. Amitava Ghosh**	**Mr. Ravikanth Karne**
Director	**Director**	**Director**

Place : Shanghai, May 09, 2017

REPORT OF THE AUDITORS

To the Board of Directors of

Tech Mahindra (Shanghai) Co., Ltd.

We have audited the accompanying financial statements of Tech Mahindra (Shanghai) Co., Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2016, the income statement, cash flow statement and statement of changes in equity for the year then ended and notes to these financial statements.

1. Management's Responsibility for the Financial Statements

The Company's management is responsible for preparation and fair presentation of these financial statements, such responsibility includes: (i) ensuring that the Financial Statements are properly prepared in conformity with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises" and are presented fairly (ii) designing, implementing and maintaining internal control relevant to the preparation of financial statements to ensure the financial statements are free of material misstatement, whether caused by fraud or error.

2. Auditor's Responsibility

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

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

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

3. Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tech Mahindra (Shanghai) Co., Ltd. as of 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises".

Zhang Xiaozhuan, China Certified Public Accountant

Fu Shasha, China Certified Public Accountant

Shanghai Linfang Certified Public Accountants Co., Ltd.

15F, Hechuang Building,

No. 450 Caoyang Road,

Shanghai China

March 15, 2017

BALANCE SHEET AS AT 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

ASSETS	Notes	2016.12.31	2015.12.31
Current assets:			
Cash at bank and in hand	5	**21,481,264.28**	15,421,535.11
Accounts receivable	6	**100,208,177.00**	51,603,035.82
Prepayments		**3,044,502.02**	361,407.31
Interest receivable		**-**	15,110.00
Other receivables	7	**1,389,506.11**	1,061,740.90
Total current assets		**126,123,449.41**	68,462,829.14
Non-current assets:			
Fixed assets - cost	8	**5,400,045.20**	9,267,573.24
Less: Accumulated depreciation	9	**3,918,228.73**	8,497,347.52
Fixed assets - net	10	**1,481,816.47**	770,225.72
Long-term deferred expenses (deferred assets)	11	**915,478.78**	206,095.72
Total non-current assets		**2,397,295.25**	976,321.44
TOTAL ASSETS		**128,520,744.66**	69,439,150.58

LIABILITIES AND OWNER'S EQUITY		2016.12.31	2015.12.31
Current liabilities			
Accounts payable	12	**44,358,783.41**	15,174,061.81
Advances	13	**11,765,645.66**	1,246,817.15
Accrued payroll		**2,702,043.91**	1,677,597.97
Taxes payable	14	**3,521,573.62**	1,610,113.92
Incl.: Tax payable	14	**3,449,531.62**	1,554,386.64
Other payables	15	**14,338,095.86**	10,054,962.75
Total current liabilities		**76,686,142.46**	29,763,553.60
Non-current liabilities			
Total non-current liabilities		**-**	-
TOTAL LIABILITIES		**76,686,142.46**	29,763,553.60
Owner's equity			
Paid-in capital	16	**102,818,436.17**	102,818,436.17
Undistributed profits	17	**(50,983,833.97)**	(63,142,839.19)
Total owner's equity		**51,834,602.20**	39,675,596.98
TOTAL LIABILITIES AND OWNER'S EQUITY		**128,520,744.66**	69,439,150.58

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

Legal Representative:	SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function:	RAVIKANTH KARNE
Person in charge of accounting department:	XIA MEI

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

	Notes	**Year ended 2016.12.31**	Year ended 2015.12.31
Total operating revenues		**186,232,373.72**	108,745,035.71
Incl.: Operating revenues		**186,232,373.72**	108,745,035.71
Incl.: Revenues from main operation	18	**186,232,373.72**	108,745,035.71
Less: Total operating costs		**168,916,618.16**	101,565,532.77
Incl.: Operating costs		**144,682,409.57**	83,301,261.74
Incl.: Costs of main operation		**144,682,409.57**	83,301,261.74
Operating tax and its additions		**483,701.41**	330,859.29
Selling and distribution expenses		**5,856,887.69**	4,401,832.75
General and administrative expenses		**18,431,433.60**	14,013,726.32
Finance expenses	19	**(537,814.11)**	(482,147.33)
Operating Profit		**17,315,755.56**	7,179,502.94
Add: Non-operating revenues		**281,711.66**	28,565.36
Incl.: Government grants		**253,159.57**	24,463.36
Less: Non-operating expenses		**4,428.97**	84,799.86
Total profit		**17,593,038.25**	7,123,268.44
less: Income tax expenses		**5,434,033.03**	-
Net profit		**12,159,005.22**	7,123,268.44

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

Legal Representative: SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function: RAVIKANTH KARNE
Person in charge of accounting department: XIA MEI

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

		Year ended 2016.12.31	Year ended 2015.12.31
1.	**Cash Flows from Operating Activities:**		
	Cash received from sales of goods or rendering of services	**156,341,956.22**	105,860,608.95
	Cash received relating to other operating activities	**637,070.62**	326,414.91
	Sub-total of Cash Inflows	**156,979,026.84**	106,187,023.86
	Cash paid for goods and services	**25,824,736.77**	10,668,229.79
	Cash paid to and on behalf of employees	**90,312,559.11**	58,607,512.29
	Payments of taxes and levies	**11,517,059.81**	5,477,216.31
	Cash paid relating to other operating activities	**21,538,700.38**	**24,143,497.56**
	Sub-total of Cash Outflows	**149,193,056.07**	**98,896,455.95**
	Net Cash Flows from Operating Activities	**7,785,970.77**	**7,290,567.91**
2.	**Cash Flows from Investing Activities:**		
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**24,190.00**	**-**
	Sub-total of Cash Inflows	**24,190.00**	**-**
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	**2,203,181.84**	791,618.18
	Sub-total of Cash Outflows	**2,203,181.84**	791,618.18
	Net Cash Flows from investing Activities	**(2,178,991.84)**	(791,618.18)
3.	**Cash Flows from Financing Activities:**		
	Net Cash Flows from Financing Activities	**-**	-
4.	**Effect of Foreign Exchange Rate Fluctuation on Cash**	**452,750.24**	(10.98)
5.	**Net Increase (decrease) in Cash and Cash Equivalents**	**6,059,729.17**	6,498,938.75
	Add: Cash and cash equivalents at the beginning of the reporting period	**15,421,535.11**	8,922,596.36
6.	**Cash and Cash Equivalents at the End of the Reporting Period**	**21,481,264.28**	15,421,535.11

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

Legal Representative:	SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function:	RAVIKANTH KARNE
Person in charge of accounting department:	XIA MEI

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2014	**102,818,436.17**	**-**	**-**	**(70,266,107.63)**	**32,552,328.54**
Beginning Balance at 1 January 2015	**102,818,436.17**	**-**	**-**	**(70,266,107.63)**	**32,552,328.54**
Net profit	**-**	**-**	**-**	**7,123,268.44**	**7,123,268.44**
Movements in year 2015	**-**	**-**	**-**	**7,123,268.44**	**7,123,268.44**
Closing Balance at 31 December 2015	**102,818,436.17**	**-**	**-**	**(63,142,839.19)**	**39,675,596.98**

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2015	**102,818,436.17**	**-**	**-**	**(63,142,839.19)**	**39,675,596.98**
Beginning Balance at 1 January 2016	**102,818,436.17**	**-**	**-**	**(63,142,839.19)**	**39,675,596.98**
Net profit	**-**	**-**	**-**	**12,159,005.22**	**12,159,005.22**
Movements in year 2016	**-**	**-**	**-**	**12,159,005.22**	**12,159,005.22**
Closing Balance at 31 December 2016	**102,818,436.17**	**-**	**-**	**(50,983,833.97)**	**51,834,602.20**

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

Legal Representative:	SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function:	RAVIKANTH KARNE
Person in charge of accounting department:	XIA MEI

ADDITIONAL INFORMATION SUPPLIED BY THE MANAGEMENT OF TECH MAHINDRA (SHANGHAI) CO., LTD.

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

1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

Tech Mahindra (Shanghai) Co., Ltd. (Formerly Satyam Computer Services (Shanghai) Co., Ltd.)("the Company") is a wholly owned foreign enterprise invested by Tech Mahindra Limited. Established on December 23, 2002, the Company was registered at Shanghai Administration of Industry and Commerce and obtained the Business License with uniform social credit code. 91310115744229270H. The registered capital of the Company was USD13,900,000. The registered address is: Suite 23102, 23104, 23202, 23204, Pudong Software Park, No.498 Guoshoujing Road, China (Shanghai) Pilot Free Trade Zone. The Company has an approved operating period of 20 years.

The Company's approved scope of business operations includes software designing, developing, production, testing and maintenance (including embedded system software, computer aid design, manufactory and engineering service software, enterprise resource solution software, enterprise integrating software, custom relationship management software etc.); sales of the self-produced products and the related technical consulting services. Provision of outsourcing design, research and development service in the fields of machinery and electronics. Provision of comprehensive logistics solution design. Wholesale, import & export and commission agency of electronic equipment, machinery and parts, steel products, computer hardware and software, and provide related technical and auxiliary services.

2 BASIS OF PREPARATION

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

3 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

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

(b) Recording currency

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

(c) Basis of accounting and measurement bases

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

(d) Foreign currency translation

Except for the accounting treatment of paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") on the first day of the month transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates.

(e) Cash and cash equivalents

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

(f) Receivables and provision for bad debts

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

(1) Accounts receivable

Specific provisions are made for accounts receivable on an individual basis.

(2) Other receivable

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

(3) Recognition criteria of bad debts loss

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

(g) Fixed assets and depreciation

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

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

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

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

	Estimated Useful Lives	**Estimated Residual Value**	**Annual Depreciation Rate**
Computer and electronic equipment	3 yrs	0%	33.33%
Office equipment	3 yrs	0%	33.33%
Furniture	3 / 5 yrs	0%	33.33% / 20.00%

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

The repair and maintenance expenses of fixed assets should be expensed directly for the current period. Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company; the other subsequent expenditures should be recognized as costs or expenses for the current period. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. The renovation expenses are depreciated using the straight-line method over the shorter of the interval of renovation and the estimated useful lives.

(h) Long-term deferred expenses

Long-term deferred expenses are expenses paid by an enterprise, for which the amortization period is more than one year (excluding one year), including land royalty and maintenance, etc. long-term deferred expenses should be amortized evenly over the respective beneficial periods and presented at an amount net of accumulated amortization.

Leasehold improvements

Leasehold improvements should be amortized evenly over the shorter of the lease term and the useful lives / respective beneficial periods of the leased asset, and presented at an amount net of accumulated amortization.

(i) Impairment of assets

In addition to the recognition of provisions for impairment loss on receivables and inventories which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and will parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected being derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need for an impairment provision recorded in a prior period no longer exists or has decreased, the provision for impairment loss is reversed. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(j) Revenue recognition

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

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

Subsidy income shall be recognized at the time of receipt.

(k) Employee benefits

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

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

(l) Accounting for income taxes

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

4 TAXATION

(a) Corporate income tax

The applicable enterprise income tax rate of the Company is 25%.

(b) Value added tax

The Company's rendering of services is subject to Value Added Tax (VAT). The applicable tax rate for domestic sales is 6%.

(c) Individual income tax

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

5 MONETARY ASSETS

	2016.12.31	2015.12.31
Cash at bank	**21,481,264.28**	15,421,535.11
Total	**21,481,264.28**	15,421,535.11

6 ACCOUNTS RECEIVABLE

	2016.12.31	2015.12.31
Accounts receivable	**100,239,474.56**	51,603,035.82
Less: Provision for bad debt	**31,297.56**	-
	100,208,177.00	51,603,035.82

The ageing of all balances of accounts receivable and its corresponding provision for bad debts as at year end are as follows:

	2016.12.31			2015.12.31		
	Amount	**% of total**	**Provision for bad bebts**	Amount	% of total	Provision for bad bebts
Within 1 yr	**99,818,177.00**	**99.6%**	**-**	51,571,738.26	99.9%	-
1-2 ys	**390,000.00**	**0.4%**	**-**	31,297.56	0.1%	-
2-3 ys	**31,297.56**	**0.0%**	**31,297.56**	-	-	-
Total	**100,239,474.56**	**100%**	**31,297.56**	51,603,035.82	100%	-

7 OTHER RECEIVABLES

	2016.12.31	2015.12.31
	1,389,506.11	1,061,740.90

The ageing as at year end are as follows:

	2016.12.31		2015.12.31	
	Amount	**%**	Amount	%
Within 1 yr	**930,161.12**	**66.9%**	661,038.90	62.3%
1 - 2 ys	**65,304.01**	**4.7%**	67,992.08	6.4%
2 - 3 ys	**61,414.08**	**4.4%**	-	-
Over 3 ys	**332,626.90**	**24.0%**	332,709.92	31.3%
Total	**1,389,506.11**	**100%**	1,061,740.90	100%

8 FIXED ASSETS – COST

	2016.1.1	**Increase**	**Decrease**	**2016.12.31**
Computer and electronic equipment	**7,011,928.42**	**647,811.08**	**4,697,438.90**	**2,962,300.60**
Office equipment	**1,724,864.04**	**417,002.97**	**36,965.00**	**2,104,902.01**
Furniture	**530,780.78**	**264,217.00**	**462,155.19**	**332,842.59**
Total	**9,267,573.24**	**1,329,031.05**	**5,196,559.09**	**5,400,045.20**

9 ACCUMULATED DEPRECIATION

	2016.1.1	**Increase**	**Decrease**	**2016.12.31**
Computer and electronic equipment	**6,694,855.93**	**290,011.74**	**4,695,720.90**	**2,289,146.77**
Office equipment	**1,280,111.52**	**269,965.36**	**36,965.00**	**1,513,111.88**
Furniture	**522,380.07**	**55,655.20**	**462,065.19**	**115,970.08**
Total	**8,497,347.52**	**615,632.30**	**5,194,751.09**	**3,918,228.73**

10 FIXED ASSETS – NET

	2016.12.31	**2015.12.31**
Computer and electronic equipment	**673,153.83**	**317,072.49**
Office equipment	**591,790.13**	**444,752.52**
Furniture	**216,872.51**	**8,400.71**
Total	**1,481,816.47**	**770,225.72**

11 LONG-TERM DEFERRED EXPENSES

	2016.1.1	**Increase**	**Decrease**	**2016.12.31**
Software and maintenance	**123,245.06**	**174,200.88**	**101,540.22**	**195,905.72**
Leasehold improvements	**82,850.66**	**700,376.41**	**63,654.01**	**719,573.06**
Total	**206,095.72**	**874,577.29**	**165,194.23**	**915,478.78**

12 ACCOUNTS PAYABLE

	2016.12.31	2015.12.31
	44,358,783.41	15,174,061.81

Creditors with large amounts:	Ending balance	Description
Tech Mahindra Limited.	28,990,026.93	Service fee

13 ADVANCES

	2016.12.31	2015.12.31
	11,765,645.66	1,246,817.15

14 TAX PAYABLE

Taxes	2016.12.31	2015.12.31
Value added tax	575,224.28	789,125.80
Individual income tax	827,474.93	765,260.84
Corporate income tax (CIT)	2,017,572.42	-
Withholding CIT	29,259.99	-
Subtotal	3,449,531.62	1,554,386.64
Others	72,042.00	55,727.28
Total	3,521,573.62	1,610,113.92

15 OTHER PAYABLES

	2016.12.31	2015.12.31
Total	14,338,095.86	10,054,962.75

Creditor with large amount	Ending Balance	Description
Tech Mahindra Limited	1,631,189.01	Current account

16 PAID-IN CAPITAL

	2016.12.31		2015.12.31	
Name of Investor	Registered Capital (USD)	Registered Capital	Registered Capital (USD)	Registered Capital
Tech Mahindra Limited.	13,900,000.00	102,818,436.17	13,900,000.00	102,818,436.17
Total	13,900,000.00	102,818,436.17	13,900,000.00	102,818,436.17

The paid-in capital has been verified by Shanghai Linfang CPA Co., Ltd with the Capital Verification Report(2011) No.BY0116.

17 UNDISTRIBUTED PROFITS

	2016.12.31	2015.12.31
Undistributed profits at beginning of year	**(63,142,839.19)**	(70,266,107.63)
Current year net profit	**12,159,005.22**	7,123,268.44
Distributable profit	**(50,983,833.97)**	(63,142,839.19)
Undistributed profits at the end of year	**(50,983,833.97)**	(63,142,839.19)

18 REVENUES FROM MAIN OPERATION

Item	2016	2015
Software designing, developing and maintenance (Domestic)	**136,428,425.92**	85,137,807.87
Software designing, developing and maintenance (Exports)	**35,878,427.80**	23,326,765.84
sales goods (Domestic)	**-**	280,462.00
sales goods (Exports)	**13,925,520.00**	-
Total	**186,232,373.72**	108,745,035.71

19 FINANCE EXPENSES

	2016	2015
Interest income	**(111,320.68)**	(181,662.12)
Exchange losses/gains-net	**(452,750.24)**	(300,664.99)
Other finance expenses	**26,256.81**	179.78
Total	**(537,814.11)**	(482,147.33)

20 RELATED PARTY TRANSACTION

Related party relationships

Name of Entity	Relationship with the Company
Tech Mahindra Limited	Investor

Related party transactions

Name of Entity	Description	Transactions in 2016
Tech Mahindra Limited	Render of services	8,019,682.04
Tech Mahindra Limited	Receipt of services	22,734,101.47
Tech Mahindra Limited	Associate advance	525,962.05

Ending Balance of related party transaction

Name of Entity	Account Name	Description	Ending balance
Tech Mahindra Limited	Accounts receivable	Render of services	896,704.03
Tech Mahindra Limited	Other receivable	Paid on behalf of	38,830.21
Tech Mahindra Limited	Accounts payable	Receipt of services	28,990,026.93
Tech Mahindra Limited	Accrued expenses	Subcontract expense	6,488,420.10
Tech Mahindra Limited	Other payable	Associate advance	1,631,189.01

SUPPLEMENTARY INFORMATION PROVIDED BY THE MANAGEMENT

(All amounts in RMB Yuan unless otherwise stated)

ADJUSTMENTS TO INCOME BEFORE TAX

Detailed adjustments and corresponding account name	**Interpretation**	**Adjusted**	**Remarks**
	(Reference included)	**amounts**	
Taxable amounts			
Accrued expense	Accrued but unpaid expenses	**12,357,333.02**	
Payroll Payables	Accrued but unpaid expenses	**1,154,082.41**	Leave encashment
Administrative expenses	Entertainment expenses exceed deductible limit	**73,635.97**	
Administrative expenses	Bad debt provision	**57,160.75**	
Non-opeartion expense	loss of uncollectable AR	**3,931.20**	
Total taxables		**13,646,143.35**	
Deductible amounts			
Payroll Payables	wages accrued in prior year and paid in current year	**439,122.36**	
Accrued expense	Expenses accrued in prior year and paid in current year	**8,836,858.39**	
Total deductibles		**9,275,980.75**	
Adjustments - net			**4,370,162.60**
Audited income before tax			**17,593,038.25**
Adjusted income before tax			**21,963,200.85**

Note: The taxable income shall be finally settled by tax authorities.

TECH MAHINDRA (NANJING) COMPANY LTD.

Board of Directors

Mr. Achutuni Sreenivasa Murthy
Mr. Ravikanth Karne
Mr. Amitava Ghosh

Registered Office

Suite 413-246,
Business Building,
Nanjing New & High Technology Industry
Development Zone
Nanjing, P.R. China.

Bankers

Standard Chartered Bank
China Merchant Bank

Auditors

Shanghai Linfang Certified Public Accountants Co., Ltd.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended December 31, 2016.

FINANCIAL RESULTS:

For the year ended December 31	2016	2015
	RMB	RMB
Income	**5,229,433.72**	8,132,502.55
Profit/(Loss) before tax	**723,835.35**	978,138.88
Profit/(Loss) after tax	**723,835.35**	978,138.88

Review of Operations:

During the year under review, your company recorded an income of RMB 5,229,433.72 decrease of 35.70% over the previous year. Profit after tax was RMB 723,835.35 decrease of 26% over the last year. The Company continues to invest in strengthening its marketing infrastructure in China

Outlook for the current year:

In 2016, the board of directors of the company decided to dissolve the company. The liquidation process is initiated.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Mr. Achutuni Sreenivasa Murthy	Mr. Amitava Ghosh	Mr. Ravikanth Karne
Director	Director	Director

Nanjing, May 09, 2017

REPORT OF THE AUDITORS

To the Board of Directors of
Tech Mahindra (Nanjing) Co., Ltd.

We have audited the accompanying financial statements of Tech Mahindra (Nanjing) Co., Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2016, the income statement, cash flow statement and statement of changes in equity for the year then ended and notes to these financial statements.

1. Management's Responsibility for the Financial Statements

The Company's management is responsible for preparation and fair presentation of these financial statements, such responsibility includes: (i) ensuring that the Financial Statements are properly prepared in conformity with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises" and are presented fairly (ii) designing, implementing and maintaining internal control relevant to the preparation of financial statements to ensure the financial statements are free of material misstatement, whether caused by fraud or error.

2. Auditor's Responsibility

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

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

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

3. Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tech Mahindra (Nanjing) Co., Ltd. as of 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the accounting standards stated in statements notes 2.

Zhang Xiaozhuan, China Certified Public Accountant

Fu Shasha, China Certified Public Accountant

Shanghai Linfang Certified Public Accountants Co., Ltd.

15F, Hechuang Building,

No. 450 Caoyang Road,

Shanghai China
February 28, 2017

BALANCE SHEET AS AT 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Notes	2016.12.31	2015.12.31
Current assets:			
Cash at bank and in hand	5	**7,465,273.00**	6,528,219.17
Accounts receivable	6	**348,012.42**	775,086.46
Prepayments	7	**137,322.13**	20,264.66
Interest receivable		**5,283.06**	5,759.18
Other receivables	8	**61,429.08**	227,726.40
Other current assets		**30,276.53**	-
Total current assets		**8,047,596.22**	7,557,055.87
Non-current assets:			
Fixed assets - cost	9	**4,960,884.84**	7,808,765.74
Less: Accumulated depreciation	10	**4,857,483.74**	7,805,249.72
Fixed assets - net	11	**103,401.10**	3,516.02
Long-term deferred expenses (deferred assets)	12	**10,606.68**	17,677.54
Total non-current assets		**114,007.78**	21,193.56
TOTAL ASSETS		**8,161,604.00**	7,578,249.43
LIABILITIES AND OWNER'S EQUITY			
Current liabilities			
Accounts payable	13	**10,600.00**	235,849.06
Advances	14	**124,983.44**	48,280.88
Accrued payroll	15	**163,507.06**	154,366.58
Taxes payable	16	**10,728.08**	(1,402.61)
Other payables	17	**25,387.90**	38,593.35
Total current liabilities		**335,206.48**	475,687.26
Non-current liabilities			
Total non-current liabilities		**-**	-
TOTAL LIABILITIES		**335,206.48**	475,687.26
Owner's equity			
Paid-in capital	18	**52,646,896.26**	52,646,896.26
Undistributed profits	19	**(44,820,498.74)**	(45,544,334.09)
Total owner's equity		**7,826,397.52**	7,102,562.17
TOTAL LIABILITIES AND OWNER'S EQUITY		**8,161,604.00**	7,578,249.43

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

Legal Representative:	SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function:	RAVIKANTH KARNE
Person in charge of accounting department:	TAO WANZHU

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

	Notes	**Year ended 2016.12.31**	Year ended 2015.12.31
Total operating revenues		**5,229,433.72**	8,132,502.55
Incl.: Operating revenues		**5,229,433.72**	8,132,502.55
Incl.: Revenues from main operation	20	**5,229,433.72**	8,132,502.55
Less: Total operating costs		**4,607,252.48**	7,154,359.91
Incl.: Operating costs		**2,152,519.62**	4,107,539.13
Incl.: Costs of main operation		**2,152,519.62**	4,107,539.13
Operating tax and its additions		**2,848.67**	14,064.92
General and administrative expenses		**2,536,439.27**	3,215,230.99
Finance expenses	21	**(84,555.08)**	(182,475.13)
Operating Profit		**622,181.24**	978,142.64
Add: Non-operating revenues		**101,941.36**	-
Less: Non-operating expenses		**287.25**	3.76
Total profit		**723,835.35**	978,138.88
less: Income tax expenses		**-**	-
Net profit		**723,835.35**	978,138.88

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

Legal Representative: SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function: RAVIKANTH KARNE
Person in charge of accounting department: TAO WANZHU

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

		Year ended 2016.12.31	Year ended 2015.12.31
1.	**Cash Flows from Operating Activities:**		
	Cash received from sales of goods or rendering of services	**5,756,487.58**	7,717,560.23
	Cash received relating to other operating activities	**330,941.48**	248,888.81
	Sub-total of Cash Inflows	**6,087,429.06**	7,966,449.04
	Cash paid for goods and services	**352,157.77**	600,599.65
	Cash paid to and on behalf of employees	**3,227,369.48**	4,753,460.69
	Payments of taxes and levies	**44,264.49**	166,132.95
	Cash paid relating to other operating activities	**1,515,094.39**	2,490,561.80
	Sub-total of Cash Outflows	**5,138,886.13**	8,010,755.09
	Net Cash Flows from Operating Activities	**948,542.93**	(44,306.05)
2.	**Cash Flows from Investing Activities:**		
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**103,960.00**	-
	Sub-total of Cash Inflows	**103,960.00**	-
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	**115,449.10**	2,860.00
	Sub-total of Cash Outflows	**115,449.10**	2,860.00
	Net Cash Flows from investing Activities	**(11,489.10)**	(2,860.00)
3.	**Cash Flows from Financing Activities:**		
	Sub-total of Cash Inflows	**-**	-
	Sub-total of Cash Outflows	**-**	-
	Net Cash Flows from Financing Activities	**-**	-
4.	**Effect of Foreign Exchange Rate Fluctuation on Cash**	**-**	-
5.	**Net Increase (decrease) in Cash and Cash Equivalents**	**937,053.83**	(47,166.05)
	Add: Cash and cash equivalents at the beginning of the reporting period	**6,528,219.17**	6,575,385.22
6.	**Cash and Cash Equivalents at the End of the Reporting Period**	**7,465,273.00**	6,528,219.17

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

Legal Representative:	SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function:	RAVIKANTH KARNE
Person in charge of accounting department:	TAO WANZHU

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2014	**52,646,896.26**	**-**	**-**	**(46,522,472.97)**	**6,124,423.29**
Beginning Balance at 1 January2015	**52,646,896.26**	**-**	**-**	**(46,522,472.97)**	**6,124,423.29**
Net profit	—	—	—	**978,138.88**	**978,138.88**
Movements from Jan to Dec, 2015	**-**	**-**	**-**	**978,138.88**	**978,138.88**
Closing Balance at 31 December 2015	**52,646,896.26**	**-**	**-**	**(45,544,334.09)**	**7,102,562.17**

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2015	**52,646,896.26**	**-**	**-**	**(45,544,334.09)**	**7,102,562.17**
Beginning Balance at 1 January 2016	**52,646,896.26**	**-**	**-**	**(45,544,334.09)**	**7,102,562.17**
Net profit	—	—	—	**723,835.35**	**723,835.35**
Movements from Jan to Dec, 2016	**-**	**-**	**-**	**723,835.35**	**723,835.35**
Closing Balance at 31 December 2016	**52,646,896.26**	**-**	**-**	**(44,820,498.74)**	**7,826,397.52**

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

Legal Representative:	SREENIVASA MURTY ACHUTUNI
Person in charge of accounting function:	RAVIKANTH KARNE
Person in charge of accounting department:	TAO WANZHU

ADDITIONAL INFORMATION SUPPLIED BY THE MANAGEMENT OF TECH MAHINDRA (NANJING) COMPANY LIMITED

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

1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

Tech Mahindra (Nanjing) Co., Ltd.(Formerly Satyam Computer Services (Nanjing) Co., Ltd.) ("the Company") is a wholly owned foreign enterprise invested by Tech Mahindra Limited. Established on 29 June, 2007, the Company was registered at Nanjing Administration of Industry and Commerce and obtained the Business License of Juridical Person No. 320100400039957. The registered capital of the Company is USD 7.65 million.The registered address is Suite 413-246, Business Building, Nanjing High-tech Industry Developing Zone and the operating period is 50 years.

The Company's approved scope of business operations includes software designing, developing, writing, testing, maintenance (of embedded system software, computer aid design, manufactory and engineering service software, enterprise resource solution software, enterprise integrating software, custom relationship management software etc.), sales of the self-produced products and related technical consulting. (Activities related to administrative permission should be operated with approval).

2 BASIS OF PREPARATION

In 2016, the Board of Directors of the Company decided to dissolve the Company in advance. Therefore, the Company's financial statements as of December 31, 2016 are prepared on the following basis

The assets and liabilities in the balance sheet of the Company as of December 31, 2016 have been adjusted due to the discontinued operation of the Company, including but not limited to the possible losses of assets to be realized.

Since the basic accounting assumptions of going concern cannot be applied to the company any longer at the end of year 2016, therefore, assets and liabilities can no longer be classified as current assets (liabilities) and non-current assets (liabilities) according to their liquidity.

At the end of 2016, the management of the Company considered that the Company is not obligated to pay significant debts due to liquidation and deregistration, therefore, the liabilities that may be incurred during the future liquidation period are not estimated and included in the financial statements as of the end of 2016, which includes the employees dismissing compensation for closing the company.

The Company's income statement (except for the following adjustments to the value of assets and liabilities as a result of the Company's discontinued operation status) is still based on the accounting policies and accounting estimates in accordance with Accounting Standards for Business Enterprises and Accounting System for Business enterprises to determine and measure the results to be presented. At the end of 2016, the Company's net realizable value (or recoverable amount) of each asset is compared with its original book value and is measured at the lower of book and net realizable value. The difference is recognized in profit or loss for the year 2016. And at the end of 2016, the amount of indebtedness of the Company's liabilities is equal to its book value.

2 BASIS OF PREPARATION(CONTINUED)

The cash flow statement of the Company is presented according to the format and the classification of the Accounting Standards for Business Enterprises and Accounting System for Business enterprises.

The basis of the statement of changes in shareholders' equity of the Company is determined according to the basis of the above financial statements of balance sheet and income statement.

The disclosure basis of the notes to the main items of the financial statements is determined separately according to the above information.

3 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

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

(b) Recording currency

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

(c) Basis of accounting and measurement bases

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

(d) Foreign currency translation

Except for the accounting treatment of paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") on the day the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits. Cash equivalents refer to not more than 3 months and highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables and provision for bad debts

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

Accounts receivable

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

Other receivable

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

Recognition criteria of bad debts loss

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

(g) Fixed assets and depreciation

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

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

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

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

	Estimated Useful Lives	**Estimated Residual Value**	**Annual Depreciation Rate**
electronic equipment	5yrs	0%	20%
office supplies	3/5 yrs	0%	20%/33.33%
furniture	5 yrs	0%	20.00%

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

(h) Long-term deferred expenses

Long-term deferred expenses are expenses paid by an enterprise, for which the amortization period is more than one year (excluding one year), including land royalty and maintenance, etc. long-term deferred expenses should be amortized evenly over the respective beneficial periods and presented at an amount net of accumulated amortization.

Leasehold improvements

Leasehold improvements should be amortized evenly over the shorter of the lease term and the useful lives / respective beneficial periods of the leased asset, and presented at an amount net of accumulated amortization.

(i) Impairment of assets

In addition to the recognition of provisions for impairment loss on receivables and inventories which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and will parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected being derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need for an impairment provision recorded in a prior period no longer exists or has decreased, the provision for impairment loss is reversed. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(j) Revenue recognition

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Company and the relevant revenue and costs can be measured reliably.

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

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

Subsidy income shall be recognized at the time of receipt.

(k) Employee benefits

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

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

(l) Accounting for income taxes

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

4 TAXATION

(a) Corporate income tax

The applicable enterprise income tax rate is 25%.

(b) Value added tax

The Company's revenue from rendering of services subject to Value Added Tax (VAT) instead of Business tax since

Oct.1st, 2012,and the applicable tax rate of output VAT is 6% on rendering of services.

Input VAT on purchases of goods and services can be deducted from output VAT, and VAT payable is the net difference between output and deductible input VAT.

(c) Individual income tax

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

5 MONETARY ASSETS

	2016.12.31	2015.12.31
Cash at bank	**7,465,273.00**	6,528,219.17
Total	**7,465,273.00**	6,528,219.17

6 ACCOUNTS RECEIVABLE

	2016.12.31	2015.12.31
	348,012.42	775,086.46

The ageing as at year end are as follows:

	2016.12.31		2015.12.31	
	Amount	**%**	Amount	%
Within 1 yr	**346,900.27**	**99.7%**	775,086.46	100.0%
1-2 ys	**1,112.15**	**0.3%**	-	-
Total	**348,012.42**	**100%**	775,086.46	100%

Debtors with large amounts:

Name of Debtors	**Ending Balance**	Description	Ageing
Tech Mahindra Limited	346,900.277	service fee	Within 1 yr

7 PREPAYMENTS

	2016.12.31		2015.12.31	
	Amount	%	Amount	%
Prepaid expenses	**137,322.13**	**100.0%**	20,264.66	100.0%

8 OTHER RECEIVABLES

	2016.12.31	2015.12.31
	61,429.08	227,726.40

The ageing as at year end are as follows:

	2016.12.31 Amount	%	2015.12.31 Amount	%
Within 1 yr	**58,929.08**	**95.9%**	225,226.40	98.9%
Over 3 ys	**2,500.00**	**4.1%**	2,500.00	1.1%
Total	**61,429.08**	**100%**	227,726.40	100%

Debtors with large amounts:

Name of Debtors	Ending Balance	Ageing
Rental deposit	**58,429.08**	Within 1 yr

9 FIXED ASSETS – COST

	2015.12.31	Increase	Decrease	2016.12.31
Electronic equipment	**7,015,745.09**	**109,750.10**	2,958,330.00	4,167,165.19
Office equipment	**740,510.65**	**699.00**	-	741,209.65
Furniture	**52,510.00**	**-**	-	52,510.00
Total	**7,808,765.74**	**110,449.10**	2,958,330.00	4,960,884.84

10 ACCUMULATED DEPRECIATION

	2015.12.31	Increase	Decrease	2016.12.31
Electronic equipment	**7,012,745.30**	**9,941.13**	2,958,225.84	4,064,460.59
Office equipment	**740,133.08**	**380.07**	-	740,513.15
Furniture	**52,371.34**	**138.66**	-	52,510.00
Total	**7,805,249.72**	**10,459.86**	2,958,225.84	4,857,483.74

11 FIXED ASSETS – NET

	2016.12.31	2015.12.31
Electronic equipment	**102,704.60**	2,999.79
Office equipment	**696.50**	377.57
Furniture	**-**	138.66
Total	**103,401.10**	3,516.02

12 LONG-TERM DEFERRED EXPENSES

	2016.1.1	Increase	Decrease	2016.12.31
Leaseholding improvement	**17,677.54**	**5,000.00**	12,070.86	10,606.68
Total	**17,677.54**	**5,000.00**	12,070.86	10,606.68

13 ACCOUNTS PAYABLE

	2016.12.31	2015.12.31
	10,600.00	235,849.06

Creditors with large amounts:	Ending balance	Description
Shanghai Yingdun Safeguard Service Co.,Ltd.	**10,600.00**	**service fee**

14 ADVANCES

	2016.12.31	2015.12.31
	124,983.44	48,280.88

Creditors with large amounts:	Ending balance	Description
GE energy	**83,300.00**	**service fee**

15 ACCRUE PAYROLL

	2016.12.31	2015.12.31
Wages payable	**163,507.06**	154,366.58
Total	**163,507.06**	154,366.58

16 TAX PAYABLE

Taxes	2016.12.31	2015.12.31
Value added tax	**-**	(18,044.78)
Individual income tax	**10,728.08**	16,642.17
Total	**10,728.08**	(1,402.61)

17 OTHER PAYABLES

	2016.12.31	2015.12.31
Total	**25,387.90**	38,593.35

18 PAID-IN CAPITAL

	2016.12.31		2015.12.31	
Name of Investor	**Registered Capital (USD)**	**Registered Capital**	Registered Capital (USD)	Registered Capital
Tech Machindra Limited	**7,650,000.00**	**52,646,896.26**	7,650,000.00	52,646,896.26
Total	**7,650,000.00**	**52,646,896.26**	7,650,000.00	**52,646,896.26**

The paid-in capital has been verified by Jiangsu Zhongtianxin CPA Co., Ltd with the Capital Verification Report No.22[2013].

19 UNDISTRIBUTED PROFITS

	2016.12.31	2015.12.31
Undistributed profits at beginning of year	**(45,544,334.09)**	(46,522,472.97)
Current year net profit	**723,835.35**	978,138.88
Undistributed profits at the end of year	**(44,820,498.74)**	(45,544,334.09)

20 REVENUES FROM OTHER OPERATION

Item	2016	2015
Software designing, developing and maintenance (Domestic)	**237,062.17**	1,103,237.30
Software designing, developing and maintenance (Exports)	**4,992,371.55**	7,029,265.25
Total	**5,229,433.72**	8,132,502.55

21 FINANCE EXPENSES

	2016	2015
Interest income	**(78,235.96)**	(137,989.57)
Exchange losses/gains-net	**(9,053.53)**	(51,151.49)
Other finance expenses	**2,734.41**	6,665.93
Total	**(84,555.08)**	(182,475.13)

22 RELATED PARTY TRANSACTION

Related party relationships

Name of Entity	Relationship with the Company
Tech Mahindra Limited	Investor
Tech Mahindra (Shanghai) Co.,Ltd	Controlled by the same party

Related party transactions

Name of Entity	Description	Transactions in 2016
Tech Mahindra Limited	Renders of service	4,992,371.55
Tech Mahindra Limited	Receives of services	139,009.43

Ending Balance of related party transaction

Name of Entity	Account Name	Description	Ending balance
Tech Mahindra Limited	Accounts Receivable	Renders of service	346,900.27

Supplementary Information Provided by the Management
(All amounts in RMB Yuan unless otherwise stated)

ADJUSTMENTS TO INCOME BEFORE TAX

Detailed adjustments and corresponding account name	Interpretation Reference included	**Adjusted amounts**	**Remarks**
Taxable amounts			
Accrued expenses	Accrued but unpaid expenses	**21,356.50**	
Accrued Payroll	Accrued but unpaid wagws and salaries	**106,805.81**	
Non-operating expenses	Tax overdue charge	**182.39**	
Administrative expenses	Entertainment expenses exceed deductible limit	**24.80**	
Non-operating expenses	Loss of disposal of fixed assets	**104.16**	
Total taxables		**128,473.66**	
Deductible amounts			
Accrued Payroll	Accrued wages of the prior period paid in the current period	**87,457.78**	
Accrued expenses	Accrued expenses of the prior period paid in the current period	**33,506.45**	
Total deductibles		**120,964.23**	
Adjustments - net			**7,509.43**
Audited income before tax			**723,835.35**
Adjusted income before tax			**731,344.78**

Note: The taxable income shall be finally settled by tax authorities.

CITISOFT PLC

Board of Directors

Mr. V N Nair
Mr. L Chidambaram
Mr. J H Clark (resigned on 28-06-2017)
Mr. B B Pal (w.e.f. 1.7.2016)

Company Secretary

E J Newell

Registered Office

63 Queen Victoria Street
London
EC4N 4UA

Auditors

Kreston Reeves LLP
Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and the financial statements for the year ended 31 March 2017.

Principal activity

The principal activity of the company is that of providing management consultancy and implementation services to the asset management industry. Citisoft Plc ("Citisoft") is a UK based business consulting company with a wholly owned subsidiary, Citisoft Inc., operating in the United States of America. Citisoft operates worldwide from these two major financial jurisdictions with a primary focus on North America and the UK/EMEA.

Results for the year

The results for the company for the year show a pre-tax profit of £109,526 (2016: Loss £33,435) excluding dividend income received from Citisoft Inc of £nil (2016: £953,652) on a turnover of £1,390,573 (2016: £1,955,546).

Going concern

The company has considerable financial resources together with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The current economic conditions continue to create uncertainty over the level of demand for the company's services. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividends

During the year under review, the Board of Directors of the company have not approved or paid any dividend from the profits of the company.

Policy on payment of creditors

It is a company policy that all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the greater of the settlement terms advised by the supplier at the time of supply and 30 days following the month of purchase.

During the year the average credit taken from suppliers was 30 days (2016: 30 days).

Directors of the company

The directors who held office during the year were as follows:

J H Clark (resigned on 28 June 2016)

V N Nair

L Chidambaram

B B Pal (appointed on 1 July 2016)

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 3 May 2017 and signed on its behalf by:

B B Pal

Director

Place: London

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their strategic report for the year ended 31 March 2017.

Review of the business and future developments

At a group level Citisoft comprise Citisoft Plc, its UK trading entity, and Citisoft Inc, a subsidiary company conducting business in North America. Citisoft Inc has been showing healthy growth for the last few years and has achieved revenues and profitability at US$ 23,479,194 and US$ 693,622 (2016: Revenue: $24,185,941 and profitability $1,793,534) respectively for the same year end. Citisoft group accounts, however, are consolidated at the parent company level so the accounts herein reflect Citisoft Plc on a stand-alone basis, where the final results are less pleasing.

2016/17 continued to prove a challenging time for Citisoft in the UK, with fewer client firms undertaking big programmes of change relative to their North American counterparts. In our view this has typically been caused by UK firms having to continue spending large amounts of their budget on mandatory regulatory changes rather than the more discretionary business improvement changes.

The business was also disrupted by the resignation of Jonathan Clark, ending a 30 year association with the firm. Following this we undertook a thorough review of the business costs and infrastructure and have implemented a number of changes to the business as a result. One of Citisoft's key strengths is its ability to work on a global basis, whilst retaining a boutique consulting culture and profile. Following Jonathan's departure, Citisoft is bringing its US and European businesses into closer alignment, and work more closely together to utilise this.

In the last quarter of the last financial year Citisoft won some new business to undertake a MiFID II assessment, and also longer term asignments to assist a major global asset manager in delivering a major transformation project and also a global system development project. Citisoft are now working with this client on what we expect to be a multi-year programme of change. However, there are several consulting firms competing for key roles with this client.

More recently we have begun discussions with two global firms on major transformation projects. In both cases our global teams have been engaged in progressing these opportunities. In addition to the MiFID campaign we are also running a campaign to support asset managers with a risk assessment concerning Barclays POINT, recently acquired by Bloomberg. Early interest has been predominantly from European clients.

Principal risks and uncertainties

In our view, the risks our business faces in the UK and Europe are the same as in the previous year. We continue to be concerned that client firms may refrain from embarking on large change programmes due to continued investment in regulatory change, with MiFID II currently at the top of the list, compounded by the uncertainty surrounding "Brexit" and the impact of the final result of the referendum in June 2016.

In addition, we are limited in our ability to invest in our business through the acquisition of senior level talent to help build a more robust business development capability. This will continue to be a challenge in 2017/18 and limits our ability to proactively identify and win new business.

Key performance indicators considered by the company

We continued to take rigorous control of our cost base, and operate as efficiently as possible. The main drivers of our business are utilisation and fee rates. Rates appear to be holding at a reasonable level but they are down on historical levels, especially when allowing for inflationary pressures on salaries and other costs. We are cautiously projecting growth this year and, whilst we will typically continue to resource engagements through an associate model, we are hopeful of adding to our permanent headcount later in the year as demand for our services grows.

Citisoft PLC and Citisoft Inc need to operate as a global firm and now are under the leadership of Paul Migliore as the Global CEO and Thomas Secaur as the Global COO. Going forward, we are focusing on our co-branding to develop a single global firm "Citisoft" in the marketplace. We believe that this business strategy will best serve our firm going forward in competing for, and winning new client relationships.

Approved by the Board on 3 May 2017 and signed on its behalf by:

B B Pal

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITISOFT PLC

We have audited the financial statements of Citisoft PLC for the year ended 31 March 2017, set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Graham Hunt BA FCA (Senior Statutory Auditor)
For and on behalf of Kreston Reeves LLP, Statutory Auditor

Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Date: 5 May, 2017

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	**1,390,573**	1,955,546
Cost of sales		**(1,170,426)**	(1,357,800)
Gross profit		**220,147**	597,746
Administrative expenses		**(115,521)**	(668,975)
Other operating income		**4,867**	991,341
Operating profit	5	**109,493**	920,112
Other interest receivable and similar income	8	**33**	105
Profit before tax		**109,526**	920,217
Taxation	9	**(23,759)**	-
Profit for the financial year		**85,767**	920,217
Retained earnings brought forward		**610,926**	1,390,709
Dividends paid		**-**	(1,700,000)
Retained earnings carried forward		**696,693**	610,926

Turnover and operating profit derive wholly from continuing operations.

BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	**1,285**	2,467
Investments	11	**3,125**	3,125
		4,410	5,592
Current assets			
Debtors	12	**888,113**	818,912
Cash at bank and in hand		**520,486**	578,170
		1,408,599	1,397,082
Creditors: Amounts falling due within one year	13	**(234,200)**	(309,632)
Net current assets		**1,174,399**	1,087,450
Net assets		**1,178,809**	1,093,042
Capital and reserves			
Called up share capital	15	**112,410**	112,410
Share premium reserve	16	**369,706**	369,706
Profit and loss account	16	**696,693**	610,926
Total equity		**1,178,809**	1,093,042

Approved and authorised for issue by the Board on 3 May 2017 and signed on its behalf by:

B B Pal

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 General information

The company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office and principal place of business is:

63 Queen Victoria Street

London

EC4N 4UA

These financial statements were authorised for issue by the Board on 3 May 2017.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Summary of disclosure exemptions

The company is a qualifying entity under FRS 102 and has adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures
- key management personnel compensation in total.

Group accounts not prepared

The directors have satisfied themselves that the parent company, Tech Mahindra Limited, prepares group accounts in line with the requirement of the EU 7th Directive. The company has therefore taken advantage of the exemption provided by section 401 of the Companies Act 2006 not to prepare consolidated financial statements.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of discounts and value added taxes.

The company recognises revenue when the significant risks and rewards of ownership are considered to have been transferred to the buyer, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Unbilled revenue comprises of revenue recognised in relation to efforts incurred on time contracts not billed as of the period end where services are performed in accordance with agreed terms.

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its finacial statements.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Leases

Rentals payable under operating leases are charged in profit or loss on a straight line basis over the lease term.

Financial instruments

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets and liabilities classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Debt instruments which meet the conditions set out by FRS 102 to be classified as basic financial instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, less their estimated residual values, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, fixtures and equipment	5 years straight line

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Judgements

Impairment of financial assets - The company's management reviews periodically items classified as trade receivables to assess whether a provision for impairment should be recorded in profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degress of judgement and uncertainty.

4 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Rendering of services	**1,390,573**	1,955,546

The analysis of the company's turnover for the year by market is as follows:

	2017 £	2016 £
UK	**36,737**	424,571
Europe	**44,500**	30,500
Rest of world	**1,309,336**	1,500,475
	1,390,573	1,955,546

5 Operating profit

Arrived at after charging/(crediting):

	2017 £	2016 £
Depreciation expense	**1,982**	2,665
Foreign exchange (gains)/losses	**(157,314)**	36,096
Auditor's remuneration -		
The audit of the company's annual accounts - Audit services	**8,250**	10,000
Auditor's remuneration - Other assurance and taxation services	**18,850**	-

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	**422,499**	871,392
Social security costs	**44,153**	107,343
Pension costs, defined contribution scheme	**73,059**	91,194
	539,711	1,069,929

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Production	**3**	5
Administration and support	**1**	1
Sales	**1**	1
	5	7

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration - current year	**59,009**	290,263
Remuneration - previous year	**(95,000)**	-
Contributions paid to money purchase schemes	**-**	19,526
	(35,991)	309,789

During the year the number of directors who were receiving benefits was as follows:

	2017	2016
	No.	No.
Accruing benefits under money purchase pension scheme	**-**	1

In respect of the highest paid director:

	2016
	£
Remuneration - current year	290,263
Company contributions to money purchase pension schemes	19,526

8 Other interest receivable and similar income

	2017	2016
	£	£
Interest income on bank deposits	**33**	105

9 Taxation

Tax charged/(credited) in the income statement:

	2017	2016
	£	£
Current taxation		
UK corporation tax	**23,759**	-

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

The differences are reconciled below:

	2017	2016
	£	£
Profit before tax	**109,526**	920,217
Corporation tax at standard rate	**21,905**	184,043
Effect of revenues exempt from taxation	**-**	(190,730)
Effect of expense not deductible in determining taxable profit/(tax loss)	**1,978**	1,662
Effect of tax losses	**-**	10,921
Tax (decrease)/increase from effect of capital allowances and depreciation	**(124)**	13
Tax decrease from other short-term timing differences	**-**	(5,909)
Total tax charge	**23,759**	-

10 Tangible assets

	Furniture, fixtures and equipment £
Cost or valuation	
At 1 April 2016	**107,457**
Additions	**1,445**
Disposals	**(1,028)**
At 31 March 2017	**107,874**
Depreciation	
At 1 April 2016	**104,990**
Charge for the year	**1,982**
Eliminated on disposal	**(383)**
At 31 March 2017	**106,589**
Carrying amount	
At 31 March 2017	**1,285**
At 31 March 2016	**2,467**

11 Investments in subsidiaries, joint ventures and associates

	2017 £	2016 £
Investments in subsidiaries	**3,125**	3,125

Subsidiaries	£
Cost or valuation	
At 1 April 2016	3,125
Provision	
At 31 March 2017	-
Carrying amount	
At 31 March 2017	3,125
At 31 March 2016	3,125

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	**Country of registered office**	**Holding**	**Proportion of voting rights and shares held 2017**	**2016**
Subsidiary undertakings				
Citisoft Inc.	USA	Ordinary	100%	100%

The principal activity of Citisoft Inc. is provision of management consultancy and implementation services to the asset management industry

12. Debtors

	2017	2016
	£	£
Trade debtors	**96,938**	14,040
Amounts owed by group undertakings	**764,371**	798,849
Other debtors	**25,337**	-
Prepayments	**842**	6,023
Accrued income	**625**	-
Total current trade and other debtors	**888,113**	818,912

13. Creditors

	Note	2017	2016
		£	£
Due within one year			
Trade creditors		**109,156**	76,848
Social security and other taxes		**23,616**	23,784
Amounts due to group undertakings		**44,017**	44,596
Accrued expenses		**33,652**	164,404
Corporation tax	**9**	**23,759**	-
		234,200	309,632

14 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £73,059 (2016 - £91,194).

15 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	**£**	No.	£
Ordinary shares of £0.01 each	**8,430,752**	**84,307.52**	8,430,752	84,307.52
A Ordinary shares of £0.01 each	**2,810,248**	**28,102.48**	2,810,248	28,102.48
	11,241,000	**112,410**	11,241,000	112,410

Rights, preferences and restrictions

The rights attaching to the ordinary shares and to the A ordinary shares are identical. Both classes of shares rank pari passu.

16 Reserves

Share premium

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss reserve

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

17 Parent and ultimate parent undertaking

The company’s immediate parent is Tech Mahindra Limited, incorporated in India.

The ultimate parent is Tech Mahindra Limited, incorporated in India.

The financial statements of Tech Mahindra Limited are available upon request from the Company Secretary at Rajiv Gandhi Infotech Park, Phase III, Pune, India.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Turnover (analysed below)	**1,390,573**	1,955,546
Cost of sales (analysed below)	**1,170,426**	1,357,800
Gross profit	**220,147**	597,746
Gross profit (%)	**15.83%**	30.57%
Administrative expenses		
Employment costs (analysed below)	**28,220**	372,840
Establishment costs (analysed below)	**147,498**	147,704
General administrative expenses (analysed below)	**(62,859)**	143,656
Finance charges (analysed below)	**580**	1,970
Depreciation costs (analysed below)	**1,982**	2,665
Other expenses (analysed below)	**100**	140
	115,521	668,975
Other operating income (analysed below)	**4,867**	991,341
Operating profit	**109,493**	920,112
Other interest receivable and similar income (analysed below)	**33**	105
Profit before tax	**109,526**	920,217

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Turnover		
Rendering of services, UK	**36,737**	424,571
Rendering of services, Europe	**44,500**	30,500
Rendering of services, rest of world	**1,309,336**	1,500,475
	1,390,573	1,955,546
Cost of sales		
Wages and salaries	**107,752**	465,374
Sales staff	**288,574**	87,115
Staff NIC (Employer's)	**46,080**	66,600
Staff pensions (Defined contribution)	**63,633**	68,368
Subcontract cost	**644,573**	630,278
Staff training	**2,797**	6,702
Motor expenses	**10,693**	20,739
Commissions payable	**6,324**	12,624
	1,170,426	**1,357,800**
Employment costs		
Wages and salaries	**55,840**	16,016
Staff NIC (Employer's)	**4,159**	1,806
Directors' remuneration	**59,009**	290,263
Remuneration - previous year	**(95,000)**	-
Directors' NIC (Employer's)	**(6,086)**	38,937
Staff pensions (Defined contribution)	**9,426**	3,300
Directors pensions (Defined contribution)	**-**	19,526
Staff training	**872**	2,992
	28,220	372,840
Establishment costs		
Rent	**85,500**	85,500
Rates	**59,544**	59,544
Insurance	**2,454**	2,368
Repairs and maintenance	**-**	292
	147,498	147,704

	2017 £	2016 £
General administrative expenses		
Telephone and fax	**7,029**	9,724
Computer software and maintenance costs	**16,424**	12,980
Printing, postage and stationery	**981**	859
Trade subscriptions	**-**	95
Sundry expenses	**374**	414
Travel and subsistence	**257**	12,282
Advertising	**24,500**	24,000
Customer entertaining	**9,890**	8,311
Auditor's remuneration - The audit of the company's annual accounts	**8,250**	10,000
Auditor's remuneration - Other services	**18,850**	-
Auditors' remuneration - non audit work	**-**	28,895
Legal and professional fees	**7,900**	-
Foreign currency (gains)/losses	**(157,314)**	36,096
	(62,859)	143,656
Finance charges		
Bank charges	**580**	1,970
Depreciation costs		
Depreciation of other tangible (owned)	**1,982**	2,665
Other expenses		
(Profit)/loss on disposal of tangible fixed assets	**100**	140
Other operating income		
Exceptional income	**-**	991,341
Other operating income	**4,867**	-
	4,867	991,341
Other interest receivable and similar income		
Bank interest receivable	**33**	105

CITISOFT INC.

Board of Directors

Mr. Lakshmanan Chidambaram
Mr. Thomas Secaur
Mr. J H Clark (Resigned on 28th June, 2016)

Registered Office

343 Congress Street,
Boston, MA 02210
USA

Bankers

Bank of America

Auditors

Mocera, Visconti & Company CPAs LLP

DIRECTORS' REPORT TO THE SHAREHOLDERS

This report together with the audited accounts of CITISOFT, INC for the year ended March 31, 2017.

Financial Results:

For the year ended March 31,	**2017 US $**	2016 US $
Income	**23,479,194**	24,185,941
Profit/(Loss) before tax	**1,245,008**	3,045,403
Profit/(Loss)after tax	**706,636**	1,793,534

Review of Operations:

During the year under review, Citisoft, Inc. recorded an income of US$ 23,479,194. Profit after tax was 706,636. The Company continues to invest in strengthening its operations and administrative infrastructure to support anticipated growth in the coming years.

Dividends:

During the year under review, no dividend is recommended for the year ended 31st March, 2017.

Directors:

The directors who served during the year were as follows:

Mr. Lakshmanan Chidambaram

Mr. Thomas Secaur

Mr. J H Clark (Resigned on 28th June, 2016)

Outlook for the current year:

Business has been encouraging in US and the Company is cautiously optimistic of the future.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

THOMAS SECAUR
Director

Place: Boston, USA

Date : April 22, 2017

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
Citisoft, Inc.
Boston, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Citisoft, Inc., a Delaware corporation and wholly-owned subsidiary of Citisoft Plc, (the “Company”), which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of income and comprehensive income and statements of changes in stockholders’ equity and cash flows for the years then ended and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Citisoft, Inc. as of March 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Mocera, Visconti & Company CPAs LLP

April 22, 2017

BALANCE SHEETS AS AT MARCH 31, 2017 AND 2016

	2017	2016
	$	$
Assets		
Current assets:		
Cash	**1,935,271**	3,675,190
Accounts receivable, trade, net of allowance for doubtful accounts of $352,000 and $15,000 in 2017 and 2016, respectively	**5,736,645**	4,210,209
Other receivables	**35,125**	-
Prepaid expenses	**56,477**	105,649
Deferred income taxes	**417,014**	239,728
Total current assets	**8,180,532**	8,230,776
Property and equipment, net of accumulated depreciation	**271,039**	152,155
Other assets:		
Investments	**413,454**	-
Security deposits	**-**	25,466
Goodwill	**867,633**	867,633
Total other assets	**1,281,087**	893,099
Total assets	**9,732,658**	9,276,030
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	**256,980**	183,638
Accounts payable, affiliates	**276,894**	272,751
Income taxes payable	**5,154**	275,600
Accrued expenses	**1,684,228**	1,886,388
Customer deposits	**181,919**	127,484
Total current liabilities	**2,405,175**	2,745,861
Advances from stockholder	**679,105**	679,105
Deferred income taxes	**427,402**	353,095
Total liabilities	**3,511,682**	3,778,061
Stockholders' equity		
Common stock, $0.01 par value; 1,000 shares authorized and 1,000 shares issued and outstanding	**10**	10
Additional paid in capital	**4,790**	4,790
Accumulated other comprehensive income	**16,371**	-
Retained earnings	**6,199,805**	5,493,169
Total stockholders' equity	**6,220,976**	5,497,969
Total liabilities and stockholders' equity	**9,732,658**	9,276,030

STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
	$	$
Revenue		
Consulting revenue	**23,479,194**	24,185,941
Consulting revenue - consulting affiliates	**1,712,193**	2,241,556
	25,191,387	26,427,497
Cost of revenue		
Cost of revenue - consulting	**14,844,131**	13,985,946
Cost of revenue - consulting affiliates	**1,712,193**	2,241,556
	16,556,324	16,227,502
Gross profit	**8,635,063**	10,199,995
Selling, general and administrative expenses	**7,379,006**	7,154,661
Income from operations	**1,256,057**	3,045,334
Other income (expense)		
Interest income	**68**	69
Loss on disposal of assets	**(15,186)**	-
Realized gains on the sale of investments	**4,069**	-
Total other (expense) income	**(11,049)**	69
Income before provision for income taxes	**1,245,008**	3,045,403
Provision for income taxes (net of $13,014 for tax provision on other comprehensive income)	**538,372**	1,251,869
Net income	**706,636**	1,793,534
Other Comprehensive Income		
Unrealized gains on investments	**33,454**	-
Less: reclassification adjustment for gain included in net income	**(4,069)**	-
Other comprehensive income	**29,385**	-
Income tax on items related to other comprehensive income	**13,014**	-
Other comprehensive income, net of tax	**16,371**	-
Total comprehensive income	**723,007**	1,793,534

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
		$	$	$	$	$
Balance at March 31, 2015	1,000	10	4,790	5,199,635	-	5,204,435
Net Income	-	-	-	1,793,534	-	1,793,534
Less: Dividends Paid	-	-	-	(1,500,000)	-	(1,500,000)
Balance at March 31, 2016	1,000	10	4,790	5,493,169	-	5,497,969
Net Income	-	-	-	706,636	-	706,636
Other Comprehensive Income, net of tax	-	-	-	-	16,371	16,371
Balance at March 31, 2017	**1,000**	**10**	**4,790**	**6,199,805**	**16,371**	**6,220,976**

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
	$	$
Operating activities		
Net income	**706,636**	1,793,534
Other comprehensive income, net of tax	**16,371**	-
Adjustments to reconcile net income to net		
cash (used in) provided by operating activities:		
Depreciation and amortization	**57,212**	61,406
Allowance for doubtful accounts	**(337,000)**	-
Loss on disposal of property and equipment	**15,186**	617
Deferred income taxes	**(102,979)**	50,724
Realized gains from investments	**(4,069)**	-
Unrealized gains on investments	**(29,385)**	-
Changes in operating assets and liabilities:		
Accounts receivable, trade	**(1,189,436)**	(585,123)
Accounts receivable, other	**(35,125)**	-
Prepaid expenses	**49,172**	(81,160)
Accounts payable	**73,342**	18,895
Accounts payable, other	**4,143**	(362,119)
Income taxes payable	**(270,446)**	(87,698)
Accrued expenses	**(202,160)**	441,002
Customer deposits	**54,435**	(484,140)
Net cash (used in) provided by operating activities	**(1,194,103)**	765,938
Investing activities		
Purchases of property and equipment	**(191,282)**	(155,571)
Proceeds from deposits	**25,466**	-
Purchases of investments	**(380,000)**	-
Net cash used in investing activities	**(545,816)**	(155,571)
Financing activities		
Dividends paid	**-**	(1,500,000)
Net cash used in financing activities	**-**	(1,500,000)
Decrease in cash	**(1,739,919)**	(889,633)
Cash, beginning of period	**3,675,190**	4,564,823
Cash, end of period	**1,935,271**	3,675,190

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

Note 1 – Nature of Business, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Business

Citisoft, Inc. (the “Company”) was incorporated in Delaware on September 16, 2002 and provides consulting and information technology services to the investment and financial services industry. The Company is a wholly-owned subsidiary of Citisoft Plc, located in the United Kingdom, which is an affiliate of Tech Mahindra, a provider of information technology services, internet services, business process outsourcing and software development support. Tech Mahindra’s principal office is located in Hyderabad, India. Tech Mahindra acquired a 75% interest in the Company’s parent, Citisoft Plc, in April, 2005 and the remaining 25% was acquired in June, 2006.

Basis of Presentation

The financial statements have been prepared by the Company to reflect the results of operations and financial position of Citisoft, Inc. during the years ended March 31, 2017 and 2016. The financial statements include all inter-company transactions. Any eliminations of inter-company transactions are recorded during the consolidation of the Company’s financial information with its parent company, Citisoft Plc, which have not been reflected in the accompanying financial statements.

Revenue Recognition

Revenues from the performance of time-and-material consulting projects are recognized as the services are performed. Revenues from fixed price engagements are recognized on the percentage of completion basis with revisions to estimates reflected in the period in which changes become known. Provision for losses on such engagements is made during the period in which a loss becomes probable and can be reasonably estimated.

In accordance with Accounting Standards Codification Topic 605, (ASC 605), “Revenue Recognition”, the Company has accounted for reimbursements received for out-of-pocket expenses incurred as revenues in the income statement.

All contracts require the Company’s clients to pay for out-of-pocket expenses, principally travel related expenses. Accordingly, revenue includes amounts billed for these costs and cost of revenue includes the related actual costs incurred.

Cash

The Company considers all highly liquid investments with an original maturity or remaining maturity of three months or less at the date of purchase to be cash equivalents. Cash and claims to cash that are restricted as to withdrawal or uses in the ordinary course of business are classified as deposits in the balance sheet at March 31, 2017 and 2016.

The Company places its temporary cash investments in high credit financial institutions. However, portions of temporary cash investments may exceed FDIC insured levels from time to time. Management monitors, on a regular basis, the financial condition of the financial institutions, along with their balances, to reduce the risk of balances exceeding FDIC insured limits.

Property and Equipment

Property and equipment are stated at actual cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives which are three to five years for computer equipment and five years for furniture and fixtures. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

At March 31, 2017 and 2016, property and equipment, at cost, and accumulated depreciation consisted of the following:

	2017	2016
	$	$
Cost	**513,530**	353,064
Less: accumulated depreciation	**(242,491)**	(200,909)
Net book value	**271,039**	152,155

Depreciation expense for the years ended March 31, 2017 and 2016 amounted to $57,212 and $61,406, respectively.

Goodwill and Other Intangibles

Goodwill represents the difference between the purchase price and the fair value of assets and liabilities acquired in a business combination. The Company accounts for goodwill in accordance with Accounting Standards Codification Topic 350, “Intangible-

Goodwill and Other" (ASC 350). ASC 350 states certain intangible assets are not subject to amortization but are tested for impairment annually.

The entire balance of goodwill at March 31, 2017 and 2016 is attributable to the 2002 acquisition of The Rowan Group, a Company organized by the three senior executives who continue to manage the marketing and management activities of the Company.

At March 31, 2017 and 2016, the Company performed a qualitative assessment of factors to determine whether it was necessary to perform impairment testing. Based on the results of the qualitative assessment, management has concluded that no impairment loss is warranted at March 31, 2017 and 2016. Qualitative factors considered in this assessment include industry considerations, overall financial performance and other relevant events. Additional impairment analyses at future dates may be performed to determine if indicators of impairment are present, and if so, such amount will be determined and reflected in the Statement of Income and Retained Earnings.

Accounting for the Impairment of Long-Lived Assets

The Company accounts for impairment or disposal of long-lived assets in accordance with Accounting Standards Codification Topic 360, "Property, Plant, and Equipment" (ASC 360). ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. Impairment is measured by comparing the undiscounted future cash flows for the carrying value of the assets held at the Company's location. If the total expected undiscounted future cash flows are less than the carrying amount of the asset, the Company records an impairment charge. Management believes no event has occurred that would impair the value of long-lived assets recorded in the accompanying financial statements.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and investments. The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable and investments approximate fair value due to their short-term nature.

Concentration of Credit Risk and Accounts Receivable

The Company grants credit to its customers during the normal course of business. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. Accounts receivable balances are typically unsecured and are derived from revenues earned from customers primarily located in the United States of America. The Company monitors the creditworthiness of its customers to which it grants credit limits in the normal course of business, and its historical experience of potential credit losses which, when realized, have been within the range of management's expectations.

Management has reviewed accounts receivable and has determined that an allowance for doubtful accounts totaling $352,000 and $15,000 was necessary as of March 31, 2017 and 2016, respectively.

Advertising Costs

The Company expenses the costs of advertising as incurred. Advertising costs for the years ended March 31, 2017 and 2016 amounted to approximately $140,000 and $127,000, respectively, and are included in selling, general and administrative expenses in the accompanying statements of income and comprehensive income.

Variable Interest Entities

Variable Interest Entities ("VIE's") are entities to which the usual condition of consolidation (ownership of a majority voting interest) does not apply. This interpretation focuses on financial interests that indicate control. Variable interests are rights and obligations that convey economic gains or losses from changes in the values of the VIE's assets and liabilities.

If a company holds a majority of the variable interests of an entity, it would be considered the primary beneficiary. The primary beneficiary would be required to include assets, liabilities and the results of operations of the VIE in its financial statements. Management has determined that no variable interest entities exist which would require disclosure or consolidation in the financial statements as of March 31, 2017 and 2016.

Income Taxes

Income taxes are accounted for in accordance with the provisions of Accounting Standards Codification Topic 740, “Income Taxes” (ASC 740). The provisions for deferred income tax expense or benefit represent the net change during the year in the Company’s deferred income tax assets or liabilities.

Deferred income tax assets represent the amount of taxes recoverable in future years (based on current tax laws) resulting from future net tax deductions arising from the temporary differences in the reporting of certain types of income and expense items for financial statement and income tax reporting purposes.

Deferred income tax liabilities represent the amount of taxes payable in future years (based on current tax laws) resulting from the future net taxable amounts arising from temporary differences in the reporting of certain types of income and expense items for financial statements and for income tax reporting purposes.

The Company accounts for uncertain income tax positions under ASC 740. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on classification, interest and penalties, disclosure and transition.

As of March 31, 2017 and 2016, the Company had no material unrecognized tax benefits and no adjustments to liabilities or operations required under ASC 740. The Company’s practice was and continues to be to recognize interest and penalty expenses related to uncertain tax positions in income tax expense, which were zero for the years ended March 31, 2017 and 2016. Generally, the three preceding tax years are subject to examination by federal and state taxing authorities. There are no income tax examinations currently in process.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were issued. For the year ended March 31, 2017, there were no material subsequent events noted during the evaluation.

Investments

The Company’s investments in marketable securities are reported in accordance with Accounting Standards Codification (ASC) Topic 320, “Investments – Debt and Equity Securities” (ASC 320). Under this standard, debt and equity securities are classified into one of the following three reporting categories: held to maturity securities, trading securities or available-for-sale securities. The Company has classified marketable securities as available-for-sale securities and are recorded at fair market value at year end with unrealized gains and losses being excluded from earnings and reflected as a component of other comprehensive income. The basis, on which cost is determined in computing realized gain or loss, is specific identification of the securities sold.

Note 2 – Marketable Securities

The company classifies its investments in marketable securities as available-for-sale securities.

Investments are reported at fair value in accordance with the provisions of ASC Topic 820, “Fair Value Measurements and Disclosures” (ASC 820). ASC 820 defines fair value as 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. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that is based on the subjectivity of inputs to valuation techniques used to measure fair value. It distinguishes between observable inputs (Levels 1 & 2) which are either observable from market data or corroborated by observable market data and those that are unobservable (Level 3).

The Company did not have any level 2 or level 3 assets or liabilities as of March 31, 2017 and 2016. In addition, the Company did not have any transfers of assets and liabilities between levels 1, 2 and 3 during the period ending March 31, 2017 and 2016.

The following tabulation summarizes changes in relationships between the cost and fair values of marketable securities:

	Level 1		
	Aggregate Fair Value	**Cost**	**Accumulated Holding Gain/(Loss)**
	$	**$**	**$**
March 31, 2016	-	-	-
March 31, 2017	**413,453**	**380,000**	**33,453**

Note 3 – Accrued Expenses

Accrued expenses as of March 31, 2017 and 2016 consisted of the following:

	2017	2016
	$	$
Employee bonus and vacation	**1,352,425**	1,717,981
Executive plan benefit	**108,662**	-
Employee 401(k) contribution	**114,611**	700
Payroll taxes	**79.780**	143,757
Professional fees	**28,750**	23,950
	1,684,228	1,886,388

Note 4 – Income Taxes

The provision for (benefit from) income taxes for the years ended March 31, 2017 and 2016 is comprised of the following:

	2017	2016
	$	$
Current provision:		
Federal	**499,887**	901,769
State	**154,478**	299,376
	654,365	1,201,145
Deferred (benefit) provision:		
Federal	**(89,887)**	38,231
State	**(13,092)**	12,493
	(102,979)	50,724
Total	**551,386**	1,251,869

Significant components of activities that gave rise to the deferred tax assets and liabilities included in the financial statements are as follows:

	2017	2016
	$	$
Deferred tax asset (liabilities) :		
Accrued expenses and allowance for doubtful accounts	**417,014**	239,728
Depreciation and amortization	**(427,402)**	(353,095)
Net deferred tax asset (liability)	**(10,388)**	(113,367)

Note 5 – Related Party Transactions

The Company obtained consulting support services and related expenses from its parent company, Citisoft Plc, during the years ended March 31, 2017 and 2016 totaling $1,712,193 and $2,241,556, respectively. These services were in turn billed to the Company's customers in the amounts at which it was invoiced by Citisoft Plc. At March 31, 2017 and 2016, the Company was indebted to its parent company Citisoft Plc in the amount of $955,999 and $951,856 in connection with consulting support services, the 2002 acquisition of the Rowan Group, charges for inter-company loaned staff and other working capital advances. At March 31, 2017 and 2016, the Company had the following related party balances due to Citisoft Plc:

	2017	2016
	$	$
Intercompany advances	**679,105**	679,105
Accounts payable	**276,894**	272,751
Amount due to Citisoft Plc	**955,999**	951,856

Note 6 – Contingencies and Commitments

Real Estate Lease Agreement

During 2016, the Company amended its existing operating lease for its office premises to extend the lease through May 31, 2021. The Company is contingently liable for the performance of certain customary obligations associated with office premise leases and that performance is secured by a collateralized letter of credit issued by the Company's primary bank. The collateral is included on the balance sheet at March 31, 2016 as part of security deposits in the amount of $25,466. There was no security deposit required at March 31, 2017. Management fully expects to comply with all of the related lease obligations and provisions. Total rent expense for the years ended March 31, 2017 and 2016 amounted to approximately $222,000 and $175,000, respectively.

The following is a schedule by years of future minimum rental payments required under the real estate lease agreement as of March 31, 2017:

Year Ended March 31,	**$ Amount**
2018	**257,677**
2019	**263,179**
2020	**268,681**
2021	**274,183**
2022	**45,850**
Total minimum payments	**1,109,570**

Note 7 – Common Stock

As of March 31, 2017 and 2016, the Company has authorized 1,000 shares of common stock with a $0.01 par value, of which 1,000 shares were issued and outstanding. All of the outstanding shares are held by the parent company, Citisoft Plc.

Note 8 – Significant Customers

During the years ended March 31, 2017 and 2016, approximately $18,700,000 and $16,400,000 of the Company's sales, excluding amounts billed for consulting revenue by affiliate, were to two and three customers, respectively. Amounts due from these customers and included in accounts receivable, trade, at March 31, 2017 and 2016 amounted to approximately $2,900,000 and $3,000,000, respectively.

Note 9 – Retirement Plan

Supplemental Executive Retirement Plan

The Company has in effect a non-qualified deferred compensation arrangement for certain select employees. All contributions made by the Company is subject to a four (4) year vesting period starting on the date the contribution was made and will be allocated to each participant's individual account within the plan's investment account. As of March 31, 2017, amount contributed to the plan by the Company amounted to $380,000. The plan's investments are carried at fair market value which amounted to $413,454 as of March 31, 2017 and is included in investments on the balance sheet.

Corporate Owned Incentive Life

The Company has in effect a nonqualified deferred pension life insurance policy for all eligible employees. Each employee participant may elect to defer compensation to the plan pre-tax, subject to Internal Revenue Service limitations.

While the Company expects to continue the plan indefinitely, it has reserved the right to modify, amend or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or to their beneficiaries, as defined in the plan, of each participant.

Note 10 – Supplemental Disclosure Cash Flow Information

Cash paid for income taxes during the years ended March 31, 2017 and 2016 consists of the following:

	2017	2016
	$	$
Income taxes, net of refunds	**928,540**	1,156,043

vCUSTOMER PHILIPPINES, INC.

Board of Directors

Mr. Anand Achuthan
Mr. Uttiya Sengupta
Mr. Narinder Singh Sethi
Ms. Lynette De Guzman
Ms. Jeane R.T Montes

Registered Office

3F eCommerce Plaza, Eastwood Cyberpark,
Bagumbayan, Quezon City Philippines 1110

Bankers

UNION BANK OF THE PHILIPPINES

Auditors

Navarro Amper & Co.

DIRECTORS ' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of vCustomer Philippines, Inc. (vCPI) for the year ended March 31, 2017.

Financial Results (PHP)

For the years ended	**March 31, 2017**	March 31, 2016
Revenue	**Php 414,909,920**	Php 458,936,358
Profit	**Php 47,918,842**	Php 38,582,435

Review of Operations:

For the fiscal year ended March 31, 2017, vCPI reported revenue amounted to Php 414,909,920. A decrease of 10% over the last reporting period year ended March 31, 2016. Profit for the fiscal year ended March 31, 2016 amounted to Php 47,918,842, 24% increase over the last reporting period.

Future Plans and Appropriations

vCPI made a reversal of the Appropriated Retained Earnings of Php 118 million intended for the expansion projects in the year 2014 and 2015 due to the completion of the said projects ahead of its turn-over year. Additional appropriation of the amount of Php 158 million for planned business expansion, office renovations and equipment upgrade which is estimated to take place starting April 1, 2017 until March 31, 2020. vCPI is expecting engagement of additional account/clients and increase and employee headcount.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Anand Achuthan

President

Lynette De Guzman

Chief Finance Officer

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
vCUSTOMER PHILIPPINES, INC.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of vCustomer Philippines, Inc., (the company), which comprise the statements of financial position as at March 31, 2017 and 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, Management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with PSA, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on other Legal and Regulatory Requirements

Report on the Supplementary Information Required by Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 25 to the financial statements is presented for purpose of filing with the bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibilities of Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

By:

Marites B. Landicho
Partner
CPA License No. 0090833
SEC A.N. 0356-AR-3, issued on May 1, 2015; effective until April 30, 2018, Group A
TIN 151561118
BIR A.N 08-002552-15-2014, issued on October 3, 2014; effective until October 3, 2017
PTR No. A-3264641, issued on January 5, 2017, Taguig City

Taguig City, Philippines
May 19, 2017

STATEMENTS OF FINANCIAL POSITION

	Notes	As at March 31 2017	2016
		₱	₱
ASSETS			
Current Assets			
Cash and cash equivalents	6	**175,819,082**	124,886,220
Trade and other receivables	7	**38,146,256**	39,553,304
Prepaid expenses	8	**6,662,117**	7,364,886
Refundable deposits	12	**105,000**	3,773,250
Total Current Assets		**220,732,455**	175,577,660
Noncurrent Assets			
Property and equipment - net	9	**18,792,578**	26,928,348
Investment in a subsidiary	10	**9,499,950**	9,499,950
Intangible asset - net	11	**94,625**	383,701
Refundable deposits	12	**8,106,501**	4,027,851
Total Noncurrent Assets		**36,493,654**	40,839,850
Total Assets		**257,226,109**	216,417,510
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**28,703,869**	35,107,358
Income tax payable		**2,246,904**	2,761,836
Total Current Liabilities		**30,950,773**	37,869,194
Noncurrent Liabilities			
Retirement benefit obligation	19	**11,346,207**	11,396,156
Deferred tax liability	21	**834**	142,707
Total Noncurrent Liabilities		**11,347,041**	11,538,863
Total Liabilities		**42,297,814**	49,408,057
Equity			
Share capital	15	**9,500,000**	9,500,000
Additional paid-in capital	15	**156,044**	156,044
Total Paid - in Capital		**9,656,044**	9,656,044
Retained earnings			
Appropriated	15, 25	**195,000,000**	155,000,000
Unappropriated	25	**2,532,806**	739,659
Total Retained Earnings		**197,532,806**	155,739,659
Cumulative remeasurement gain (loss) on retirement benefits - net	19	**7,739,445**	1,613,750
		214,928,295	167,009,453
Total Liabilities and Equity		**257,226,109**	216,417,510

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	For the Years Ended March 31 2017	 2016
		₱	₱
Service Revenue	14	**414,909,920**	458,936,358
Cost of Services	16	**264,589,346**	298,223,243
Gross Profit		**150,320,574**	160,713,115
Operating Expenses	17	**112,601,489**	118,396,940
Income from Operation		**37,719,085**	42,316,175
Other Income - net			
Other income	13	**213,490**	1,915,444
Foreign exchange gain - net	22	**11,494,170**	171,869
Interest income	6	**74,922**	45,415
		11,782,582	2,132,728
Profit Before income Tax		**49,501,667**	44,448,903
Income Tax Expense	20	**7,708,520**	9,027,630
Net Income		**41,793,147**	35,421,273
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods			
Remeasurement gains on retirement benefits	19	**6,125,695**	3,161,162
		47,918,842	38,582,435

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

	Notes	For the Years Ended March 31 2017 ₱	2016 ₱
SHARE CAPITAL – ₱10 par value			
Authorized – 1,000,000 shares			
Issued and paid-up – 950,000 shares			
Balance at beginning and end of year	15	**9,500,000**	9,500,000
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of year		**156,044**	156,044
RETAINED EARNINGS			
Appropriated			
Balance at beginning of year		**155,000,000**	118,000,000
Appropriation for business expansion	15	**158,000,000**	37,000,000
Reversal of appropriation		**(118,000,000)**	-
Balance at end of year		**195,000,000**	155,000,000
Unappropriated			
Balance at beginning of year		**739,659**	2,318,386
Net profit during the year		**41,793,147**	35,421,273
Appropriation for business expansion	15	**(158,000,000)**	(37,000,000)
Reversal of appropriation		**118,000,000**	–
Balance at end of year		**2,532,806**	739,659
Total Retained Earnings		**197,532,806**	155,739,659
CUMULATIVE REMEASUREMENT LOSS ON RETIREMENT BENEFITS			
Other Comprehensive Loss not to be Reclassified to Profit or Loss in the Subsequent Periods			
Balance at beginning of year		**1,613,750**	(1,547,412)
Remeasurement gain during the year	19	**6,125,695**	3,161,162
		7,739,445	1,613,750
		214,928,295	167,009,453

See accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOWS

	Notes	For the Years Ended March 31 2017	2016
		P	P
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**49,501,667**	44,448,903
Adjustments for:			
Depreciation and amortization	16, 17	**15,488,066**	11,719,581
Retirement benefits costs	19	**6,075,746**	5,143,542
Write-off of payables	13	**(213,490)**	(1,915,444)
Unrealized foreign exchange gain - net	21	**(16,684)**	(1,480,372)
Interest income	6	**(74,922)**	(45,415)
Operating profit before working capital changes		**70,760,383**	57,870,795
Changes in operating assets and liabilities:			
Decrease (Increase) in:			
Receivables		**1,345,913**	52,024,907
Prepaid expenses		**702,767**	(971,919)
Decrease in Trade and other payables		**(6,191,969)**	(2,619,241)
Cash generated from operations		**66,617,094**	106,304,542
Income tax paid		**(8,365,325)**	(7,412,481)
Interest received	6	**74,922**	45,415
Net cash generated from operating activities		**58,326,691**	98,937,476
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	9	**(7,063,220)**	(26,708,594)
Payments received for advances to related parties	14	**-**	20,158,200
Payments for refundable rental deposits	18	**(410,400)**	(105,000)
Receipts of refundable rental deposits		**-**	87,000
Net cash used in investing activities		**(7,473,620)**	(6,568,394)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**79,791**	(1,350,275)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**50,932,862**	91,018,807
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**124,886,220**	33,867,413
CASH AND CASH EQUIVALENTS AT END OF YEAR		**175,819,082**	124,886,220

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

1. Corporate Information

vCustomer Philippines, Inc. (the Company) was registered with the Securities and Exchange Commission (SEC) on February 24, 2010. The primary purpose of the Company is to carry on the business of providing services to customers in any part of the world through any and all medium of communication including internet and telephone including management services, solutions to business problems, web designing, customer relations, development/production of software and software systems, data warehousing, data mining, processing and analysis of software and software systems, consultancy and advisory services in software and software systems, without operating as a public utility; to carry on the business of data processing and analysis including assimilation, sorting, processing and communication of data and graphs, development of computer analysis, software development, data preparation and verification, data analysis, data transmission and computation through the computer or other devices encompassing digital, analog and graphic processes and any other information technology; to undertake merchandising and logistics activities in the areas of electronic commerce, as well as other forms of commerce and commercial transactions; and to undertake the operation and management of e-mail services centers, customer response centers, computer education and training centers for the foregoing operations, loyalty incentive and motivation programmes, direct marketing activities, database management, back office support and all internet and web related work.

The Company is formerly a wholly owned subsidiary of New vC Services Private Limited (formerly Value Fincon Private Limited), a company organized and existing under the laws of India. New vC Services Private Limited is a subsidiary of Tech Mahindra Limited (TML), a corporation also organized and existing under the laws of India. Effective March 29, 2016, the Company became directly a wholly owned subsidiary of Tech Mahindra Limited as a result of merger of New vC Services Private Limited and Tech Mahindra Limited.

The Company's registered principal office address is at 3rd Floor, eCommerce Plaza, Eastwood Cyberpark, Quezon City, Philippines.

Registration with the Philippine Economic Zone Authority (PEZA)

The Company was registered with the PEZA as an Ecozone IT Enterprise at the Eastwood City Cyberpark on March 29, 2010. The Company took over the vCustomer Services India Private Limited (vSIPL)-Philippine Branch's (Philippine Branch) operations effective April 1, 2010. Relative to this, the employees of the Philippine Branch were transferred under Company's employ, management and control effective April 1, 2010. The employment status was under the same terms and conditions as that of the Philippine Branch without any loss of seniority rights and diminution of the respective monthly compensation package. The employee's length of service with the Philippine Branch was credited and carried over to the services with the Company.

As a PEZA-registered enterprise, the Company is entitled to incentives granted to non-pioneer projects under Republic Act (RA) 7916, The Special Economic Zone Act of 1995, as amended, and the PEZA IT Guidelines, which include the corporate income tax holiday (ITH) for four (4) years for original project effective on the date of start of commercial operations and after the lapse of ITH, a 5% Gross Income Tax (GIT) incentive, in lieu of all national and local taxes.

On December 28, 2011, PEZA approved the Company's application for extension of ITH based on Net Foreign Exchange Earnings (NFEE) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A(6) of the PEZA Rules. ITH extension was for the period of November 1, 2012 to October 31, 2013.

On May 23, 2014, PEZA approved the Company's application for extension of ITH based on Capital Equipment to Labor Ratio (CELR) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A(6) of the PEZA Rules and BOI Board Resolution No. 28-9 S'2009. ITH extension was for the period November 1, 2013 to October 31, 2014.

Effective November 2014, the Company's entitlement to ITH lapsed. Starting November 2014, the Company's PEZA registered activities are subject to 5% GIT in lieu of all taxes.

The assets and properties owned by the Philippine Branch (currently the "Company") were transferred to the Company at such price and on such terms and conditions decided jointly by authorized personnel on April 1, 2010.

On March 18, 2010, the Board of Directors of PEZA approved the transfer of all the rights, obligations and assets of the Philippine Branch under its Registration Agreement with PEZA dated July 16, 2008, as well as the transfer of the incentives of the project/s under the said agreement, to Company subject to the following:

a. Upon Company's signing of its Registration Agreement with PEZA for its take-over of the Philippine Branch's operations under its Registration Agreement with PEZA on July 16, 2008. All transactions relative to said project/operations (originally under the Philippine Branch) shall now be under the Company's name.

b. Prior to Company's signing of the said Registration Agreement for its take-over of the Philippine Branch's said project/ operation shall submit the necessary requirement to the PEZA Legal Services and PEZA - Enterprise Regulations Department.

Authorization for the Issuance of Financial Statements

The Company's financial statements as at and for the years ended March 31, 2017 and 2016 were authorized for issue by the Board of Directors (BOD) on May 19, 2017.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy (BOA), and adopted by the SEC.

Basis of Preparation

The financial statements of the Company have been prepared on the historical cost basis, except for certain financial instruments carried at amortized cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statements is determined on such a basis, except leasing transactions that are within the scope of PAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2 or value in use in PAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentational Currency

These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2016

The Company adopted all applicable accounting standards as at March 31, 2017.

The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Company and were assessed to have no impact on the Company's financial statements.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2017

The Company will adopt the following PFRS once these become effective:

PFRS 9, Financial Instruments (2014)

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write done for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. On major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The future adoption of the standard shall result in initial measurement of financial assets at amortized cost, net of expected credit losses.

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

Based on the Company's assessment, the recognition and measurement of the Company's financial assets at amortized cost and financial liabilities would be the same under both PFRS 9 and PAS 39.

PFRS 16, Leases

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or afterJanuary 1, 2019. Earlier application is not permitted, until PFRS 15, Revenue from Contracts with Customers, is adopted.

Future adoption of this standard will result in recognition of right-of-use of asset and lease liability and additional disclosure in the Company's financial statements.

Amendment to PAS 7, Disclosure Initiative

The amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for annual reporting periods beginning on or after March 31, 2017. Earlier application is permitted.

The Management is still evaluating the impact of the amendment on the Company's financial statements.

Amendments to PAS 12, Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements.

Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions

The amendments to PFRS 2 include:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

    - On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.
    - Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements, as the Company does not have shared-based payment arrangements.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2017 - Adopted by Financial Reporting Standards Council (FRSC) but pending publication in the Official Gazette by the Board of Accountancy

The Company will adopt the following once these standards become effective.

Amendments to PFRS 4, Applying PFRS 9 'Financial Instruments' with PFRS 4 'Insurance Contracts'

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and
- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018.

The future adoption of the standard will not have an impact on the Company's financial statements.

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, First-time Adoption of International Financial Reporting Standards

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company is no longer a first time adopter of PFRS.

Amendments to PFRS 12, Disclosure of Interests in Other Entities

The amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those disclosures needed in the summarized financial for subsidiaries, joint ventures and associates, apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

The amendments are effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company does not have interests in other entities.

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at FVTPL an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company does not have investments in associates and joint ventures.

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*

The amendments in transfers of investment property are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company does not have an investment property.

Philippine Interpretations IFRIC 22, Foreign Currency Transactions and Advance Consideration

The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The Interpretation is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

Future adoption of this interpretation will not have an impact on the Company's financial statements.

PFRS 15, *Revenue from Contracts with Customer*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standards. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The Company's initial assessment of potential impact of adopting PFRS 15 to its financial statements in the future provides that its current revenue recognition policy will not be significantly affected. The Company will continue its assessment and will finalize the same upon the effective date of the new standard.

PIC Q&A No. 2016-04: Application of PFRS 15, Revenue from Contracts with Customers on Sale of Residential Properties under Pre-completion Contracts

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

Future adoption of this interpretation will not have an impact on the Company's financial statements as the Company's revenues do not arise from sale of residential properties.

4. SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Initial recognition

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets, except for any financial assets classified at FVTPL.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Currently, all of the Company's financial assets are classified under loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's financial assets classified under this category include cash and cash equivalents, trade and other receivables, due from related parties and rental deposits.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For all other financial assets measured at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

For certain categories of financial assets, such as trade and other receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss with the exception of trade receivables, wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risk and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss.

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current asset when the cost of services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Investments in Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by the Company.

Investments in subsidiaries are measured initially at cost. Subsequent to initial recognition, investment in subsidiaries are carried in the Company's separate financial statements at cost less any accumulated impairment losses.

The Company's accounting policy for impairment of financial assets are applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in subsidiary. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Company's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investments in subsidiaries are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in profit or loss.

Property and Equipment

Property and equipment are initially measured at cost.

At the end of each reporting period, item of property and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, such as:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period

At the end of each reporting period, item of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

	Number of years
Office equipment	5
Communication equipment	3
Furniture and fixtures	3

Leasehold improvements are depreciated over the improvements' useful life of three years or when shorter, the term of the relevant lease.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

<u>Intangible asset acquired separately</u>

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its property and equipment and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

Financial Liabilities

Initial recognition

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities, except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

The Company's financial liabilities measured at amortized cost consist of trade and other payables excluding government payables, accrued rent and advances from customers and due to related parties.

Subsequent measurement

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contigent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Ordinary shares

Ordinary shares is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Retained earnings

Retained earnings and deficit represent accumulated profits and losses earned and incurred by the Company. Retained earnings and deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Employee Benefits

<u>Short-term benefits</u>

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

<u>Post-employment benefits</u>

Defined benefit plan

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Rendering of services

Revenue from a contract to provide management services is recognized based on a costs plus fee basis. Under this method, revenue is recognized in the accounting periods in which the expenses are incurred. Revenue from a contract to provide services is recognized when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service fees are recognized monthly based on actual expenses incurred plus 10% mark up.

<u>Interest income</u>

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

<u>Other income</u>

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: (a) on the basis of a direct association between the costs incurred and the earning of specific items of income; (b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (c) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Cost of service include expenses incurred that are associated with the services rendered and include among others, salaries and other short term employee benefits, subcontractor costs and other direct costs incurred in rendering the services. General and administrative expenses are costs attributable to administrative, marketing and other business activities of the Company.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currency

Transactions in currencies other than Philippine Peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using 5% of gross income earned from registered activities. For income other than its registered activities, tax rate is 30%.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Events After the Reporting Period

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Assessment of classification of financial instrument

The management classifies a financial instrument on initial recognition as a financial asset and a financial liability in accordance with the substance of the contractual arrangement and the definitions of a financial asset and a financial liability.

Assessment whether the lease agreement is a finance or operating lease

Management assesses at the inception of the lease whether the arrangement is finance or operating lease based on who bears substantially all the risks and benefits incidental to ownership of the leased item. The Company as a lessee has entered into a lease contract for its office and residential units for its expatriates where it has determined that the risks and rewards related to the property are retained by the lessor. As such, the agreements are accounted for as operating lease.

Determination of functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the costs and expenses of providing the services, and consequently, the sales of services which are computed at a mark-up on costs and expenses incurred in accordance with the Service Agreements.

Assessment of impairment of non-financial asset

Impairment review is performed on prepaid expenses, property and equipment, investment in subsidiary and software when certain impairment indicators are present. Determining fair value of the assets requires estimation of future economic benefit or cash flows expected to be generated from the continued use and ultimate disposition of such assets and require the Company to make estimates and assumptions that can materially affect the Company's financial statements. Future events could cause the Company to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations. An increase in provision for impairment losses would increase operating expense and decrease related assets.

No impairment loss is recognized in the financial statements as of March 31, 2017 and 2016 as the Company has not identified any indicators of impairment.

Measurement of refundable deposits

The future cash flows of rental deposits from the lease of office space cannot be readily determined nor reliably measured because the actual timing of payment cannot be reasonably predicted as these deposits are generally redeposited every renewal of lease contracts, the new terms and conditions thereof are not yet known. Further, the deposits that will actually be repaid to the Company are also attached to a conditional repayment provision that is the faithful performance by the Company as lessee of its obligations under the lease contracts. Accordingly, rental deposits are carried at cost less any impairment.

The future cash flows of utility deposits recorded under deposits are not readily determinable nor reliably measured because the actual timing of receipt is linked to the cessation of the service of the utility or service entities to the Company which cannot be reasonably predicted. Accordingly, the utility deposits are carried at cost less any impairment.

Discount rate used to determine the carrying amount of the Company's defined benefit obligation

The Company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the report period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

Key Sources of Estimation Uncertainty

The key estimates concerning the future and other key sources of estimation uncertainty as at end of reporting period that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Estimation of allowance for doubtful accounts or impairment of receivables and refundable deposits

The Company maintains allowance for doubtful accounts or impairment at a level adequate to provide for potential uncollectible receivables and rental and utility deposits. The level of this allowance is evaluated by management on the basis of factors that affect the collectability or realizability of the accounts. These factors include, but not limited to, the length of the Company's relationship with the customers/debtors, the customers/debtors' payment behavior and known market factors.

The Company reviews the age and status of receivables, and identifies accounts that are to be provided by allowance on a continuous basis. The amount and timing of impairment for any period would therefore differ based on the judgment or estimates made. Any increase in allowance for impairment losses would increase operating expenses and decrease the related assets.

No allowance for doubtful accounts is provided on receivables and refundable deposits as of March 31, 2017 and 2016. The carrying value of receivables is shown in Note 7. Refundable deposits amounted to P8,211,501 and P7,801,101 as of March 31, 2017 and 2016, respectively, as disclosed in Note 12.

Estimation of useful lives of property and equipment and software

Useful lives of property and equipment and software are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment and software may differ from previous estimate due to physical wear and tear. Any reduction in the estimated useful lives of property and equipment and software would increase the Company's recorded expenses and decrease property and equipment and software.

The carrying values of property and equipment and software are shown in Notes 9 and 11, respectively.

Estimation of retirement benefits costs

The determination of the Company's obligation and cost for retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts.

The assumptions for retirement benefits costs are described in Note 19 and include among others, rates of compensation increase. Other key assumptions for retirement obligations are based in part on current market conditions. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement obligations in the future. Any changes in the estimate would increase or decrease the amount recognized as accrued retirement liability and amount recognized in profit or loss.

Accrued retirement benefits costs amounted to P11,346,207 and P11,396,156 as of March 31, 2017 and 2016, respectively. Additional information is disclosed in Note 19 to the financial statements.

Estimation of provisions

The estimate of the probable costs for possible third party claims, including labor cases filed by former employees, tax liabilities, has been developed based on management's analysis of potential results and in consultation with its legal counsel handling the Company's defense. When management believes that the eventual liabilities under these claims that will not have a material effect on the Company's financial statements, no provision for probable losses is recognized. Any increase in provision would increase operating expenses and the related liabilities.

No provision for probable losses is recognized as management believes that the Company will get favorable results in the labor cases filed by former employees.

Deferred tax assets

The Company reviews the carrying amounts at the end of each accounting period and reduces deferred tax assets 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 assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company opted not to recognize deferred tax assets since management believes that it is unlikely that future taxable income will be available from which these deferred income tax assets will be utilized, as disclosed in Note 21.

6. CASH AND CASH EQUIVALENTS

Cash at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	2017	2016
	₱	₱
Cash on hand	**50,000**	50,000
Cash in banks	**75,575,082**	5,781,860
Time deposits	**100,194,000**	119,054,360
	175,819,082	124,886,220

Cash in banks pertain to savings and current accounts in banks which earned interest at prevailing respective bank rates. Time deposits with maturities of three months or less, earned interest based on interest rates indicated in the certificates. The average interest rate ranges from 0.38% to 0.10% per annum during 2017 and 2016.

Total interest income on cash and cash equivalents amounted to P74,922 in 2017 and P45,415 in 2016.

7. TRADE AND OTHER RECEIVABLES

This account consists of:

	Note	**2017**	2016
		₱	₱
Trade	14	**37,803,113**	39,133,887
Advances to employees		**343,143**	419,417
		38,146,256	39,553,304

Advances to employees pertain to the Company's claims for refund from Social Security System (SSS) for the health benefits advanced by the Company to the employees on behalf of SSS and business expenses that are subject to liquidation.

All of the Company's receivables have been reviewed for indication of impairment. No allowance for impairment loss is recognized in the Company's financial statements in 2017 and 2016. Receivables arise from related party transactions as disclosed in Note 14.

There were no receivables pledged or used as collateral for the Company's liabilities as at March 31, 2017 and 2016.

8. PREPAID EXPENSES

This account consists of:

	Note	**2017**	2016
		₱	₱
Prepaid insurance		**2,766,503**	4,189,641
Prepaid rent	18	**2,604,177**	1,283,540
Others		**1,291,437**	1,891,705
		6,662,117	7,364,886

Others include maintenance and subscription in 2016 and advance payment for support services, maintenance, subscription, transportation and travel, and membership fees of the Company in 2017.

9. PROPERTY AND EQUIPMENT - net

Balances and movements of the Company's property and equipment are as follows:

	Leasehold Improvements	Office Equipment	Communication Equipment	Furniture and Fixtures	Total
	₱	₱	₱	₱	₱
2017					
Cost:					
Balance at beginning of year	**22,625,487**	**30,695,088**	**30,990,331**	**5,420,189**	**89,731,095**
Acquisitions during the year	**-**	**5,007,356**	**2,055,864**	**-**	**7,063,220**
Balance at end of year	**22,625,487**	**35,702,444**	**33,046,195**	**5,420,189**	**96,794,315**
Accumulated depreciation:					
Balance at beginning of year	**21,207,220**	**22,013,508**	**14,197,951**	**5,384,068**	**62,802,747**
Depreciation during the year	**916,637**	**5,505,417**	**8,756,478**	**20,458**	**15,198,990**
Balance at end of year	**22,123,857**	**27,518,925**	**22,954,429**	**5,404,526**	**78,001,737**
Net carrying value	**501,360**	**8,183,519**	**10,091,766**	**15,663**	**18,792,578**
2016					
Cost:					
Balance at beginning of year	21,565,633	20,346,208	15,734,909	5,402,751	63,049,501
Acquisitions during the year	1,059,854	10,375,880	15,255,422	17,438	26,708,594
Retirement during the year	-	(27,000)	-	-	(27,000)
Balance at end of year	22,625,487	30,695,088	30,990,331	5,420,189	89,731,095
Accumulated depreciation:					
Balance at beginning of year	19,967,239	17,000,960	9,081,486	5,357,678	51,407,363
Depreciation during the year	1,239,981	5,039,548	5,116,465	26,390	11,422,384
Retirement during the year	-	(27,000)	-	-	(27,000)
Balance at end of year	21,207,220	22,013,508	14,197,951	5,384,068	62,802,747
Net carrying value	1,418,267	8,681,580	16,792,380	36,121	26,928,348

Depreciation is presented as part of the following accounts:

	Notes	**2017**	2016
		₱	₱
Cost of services	16	**7,022,798**	5,355,896
Operating expenses	17	**8,176,192**	6,066,488
		15,198,990	11,422,384

Management believes that there are no indications of impairment on its property and equipment as at March 31, 2017 and 2016.

There were no property and equipment pledged as collateral for any of the Company's debt. Furthermore, the Company has no contractual commitment to purchase property and equipment as at March 31, 2017 and 2016.

10. Investment in a Subsidiary

This account represents investment in vCustomer Philippines (Cebu), Inc. (the Subsidiary), a wholly owned subsidiary incorporated and domiciled in the Philippines.

The Subsidiary was incorporated on January 20, 2011, primarily to carry on the business of providing services to customers in any part of the world through any and all medium of communication including internet and telephone including management services, solutions to business problems, web designing, customer relations, development/production of software and software systems, data warehousing, data mining, processing and analysis of software and software systems, consultancy and advisory services in software and software systems, without operating as public utility; to carry on the business of data processing and analysis including assimilation, sorting, processing and communication of data and graphs, development of computer system, software development, data preparation and verification, data analysis, data transmission and computation through the computer or other devices encompassing digital, analogue and graphic processes and any other medium and processes as may evolve and to deal on all areas relating to information technology; to undertake merchandising and logistic activities in the area of electronic commerce as well as other form of commerce and commercial transactions and to undertake the operation and management of e-mail services centers, customer response centers, computer education and centers for the foregoing operations, loyalty incentive and motivation programmes, direct marketing activities, database management, back office support and all internet and web related work; and in addition, to have shared resources and assets with other entities providing similar services.

The Subsidiary's principal place of business is located at 90 General Maxilom Avenue, Cebu City, Philippines.

The balance as at March 31, 2017 and 2016 amounting to P9,499,950 represents the acquisition cost of the Subsidiary's shares of stocks. The Company's Management had reviewed the carrying value of the investment in the Subsidiary as at March 31, 2017 and 2016. Based on the evaluation, there are no indications that the investment might be impaired.

Summarized financial information of the Subsidiary as at and for the years ended March 31, 2017 and 2016 follows:

	2017	2016
	₱	₱
Current Assets	**146,038,602**	109,869,581
Noncurrent Assets	**135,152,492**	211,933,466
Current Liabilities	**77,685,086**	214,190,553
Noncurrent Liability	**9,907,883**	7,400,854
Equity	**193,598,125**	100,211,640
Revenue	**899,092,434**	544,332,098
Net profit	**86,307,028**	48,193,867

11. Intangible asset - net

The rollforward analysis of this account follows:

	Note	**2017**	2016
Cost:		₱	₱
Balance at beginning and end of year		**1,597,970**	1,597,970
Accumulated amortization:			
Balance at beginning of year		**1,214,269**	917,072
Amortization during the year	17	**289,076**	297,197
Balance at end of year		**1,503,345**	1,214,269
Net carrying value		**94,625**	383,701

Management believes that there are no indication of impairment of the Company's software and that its carrying amount can be recovered through use in operations as at March 31, 2017 and 2016.

12. Refundable Deposits

This account consists of:

`	Note	**2017**	2016
		₱	₱
Current portion		**105,000**	3,773,250
Noncurrent portion		**8,106,501**	4,027,851
	18	**8,211,501**	7,801,101

These deposits are refundable upon permanent termination of the contracts or cessation of related rental service. This includes refundable deposits for rental services amounting to P7,801,101 as at March 31, 2017 and 2016 and IT maintenance services amounting to P410,400 as at March 31, 2017.

Management believes that there are no indication of impairment on deposits as at March 31, 2017 and 2016, respectively.

13. Trade and other payables

This account consists of:

	2017	2016
	₱	₱
Salaries payable	**14,174,701**	19,977,772
Trade payables	**8,204,185**	8,872,063
Accrued expenses	**3,771,010**	4,456,815
SSS, Philhealth and HDMF payables	**1,340,639**	1,552,864
Withholding taxes	**1,181,738**	207,490
Fringe benefit tax payable	**31,596**	40,354
	28,703,869	35,107,358

The Company had written off payable to employees amounting to P213,490 in 2017 and P1,915,444 in 2016.

Details of accrued expenses are shown below:

	2017	2016
	₱	₱
Utilities	**1,210,874**	1,603,830
Provision for leave encashment	**1,203,505**	1,509,104
Professional fees	**870,651**	812,942
Contract services	**485,980**	417,480
Others	**-**	113,459
	3,771,010	4,456,815

14. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. For financial statements disclosure purposes, the Company and its affiliates have common stockholders, either direct or indirect.

The summary of the Company's outstanding balances and transactions with related parties as at and for the years ended March 31 2017 and 2016 are as follows:

Category	Amount	Outstanding Balance Asset (Liability)	Terms/ Conditions	Guarantees/ Settlement/ Provisions	Ref
	₱	₱			
2017					
Tech- Mahindra Limited - Ultimate Parent					
Service revenue	**414,909,920**	**37,803,113**	30 days; noninterest-bearing	Unsecured; to be settled in cash; no impairment	a), d)
2016					
Tech Mahindra Limited - Ultimate Parent					
Service revenue	458,936,358	39,133,887	30 days; noninterest-bearing	Unsecured; to be settled in cash; no impairment	a), b), c)
vCustomer Philippines (Cebu), Inc. - Subsidiary					
Advances to or payments received	(20,158,200)	-	Collectible on demand; noninterest-bearing	Unsecured; to be settled in cash; no impairment	e)

Significant related party agreements are summarized below:

a. The Company entered into a Service Agreement with vCustomer Services LLC (vSLLC), a Company incorporated under the laws of the United States of America (USA), an affiliate, for an indefinite period unless mutually terminated, to provide web-based support (chat, email, fax); telephony support (voice); directory assistance; eCRM database management, eCRM database mining; web-based self-help solutions; remote website administration; remote back office support; remote system administration and technical help desk services in the United States through contact center representatives and such other functions as may be required in relation to the performance of its support function. In consideration thereof, the Company bills vSLLC ten percent (10%) mark-up rate on all costs (cost and operating expenses) incurred by the Company in providing the services. Contract receivables are billed by the Company in US dollars on a periodical basis and are settled in the same currency. vSLLC was merged with Tech Mahindra (Americas), Inc., a subsidiary of Tech Mahindra Limited (TML), on February 2, 2015. Accordingly, billings were made to TML subsequently as a result of the merger.

Total billings recognized as revenue relating to the Service Agreement amounted to ₱ 397,935,629 in 2017 and ₱ 458,936,358 in 2016. Outstanding receivables as of March 31, 2017 and 2016 amounted to ₱ 37,803,113 and ₱ 35,188,206, respectively.

b. On May 10, 2013, the Company entered into a Sub-contract Agreement with Satyam Computer Services Limited (SCSL), now TML, to provide agents who will supply dedicated, English inbound contact support for two primary levels of financial transactions. Contract receivables are billed by the Company to TML in the currency specified in the work order on a periodical basis and are settled in the same currency. The sub-contract agreement ended in 2016. Outstanding receivables as of March 31, 2016 amounted to P1,493,281.

c. On October 28, 2013, the Company entered into a Master Agreement with TML to provide services and resources. The agreement ended in 2016. Outstanding receivables as of March 31, 2016 amounted to P2,452,400.

d. On February 14, 2014, the Company entered into Sub-contract Agreement with TML to provide services and resources in connection with the Master Agreement executed between TML and a telecommunication company. Total revenue relative to this agreement amounted to P16,974,291 in 2017.

e. The Company made and received noninterest-bearing and unsecured advances to and from a related party for working capital requirements.

f. Compensation of key management personnel for the years ended March 31, 2017 and 2016 is as follows:

	2017	2016
	₱	₱
Salaries	**18,513,453**	24,725,068
Allowances	**457,500**	597,000
Other employee benefits	**6,612,114**	7,681,569
	25,583,067	33,003,637
Retirement benefits cost	**2,116,277**	615,053

Other employee benefits include 13th month pay, performance bonus, leave encashment and other short-term benefits.

15. Equity

a. Share Capital

Out of the authorized share capital, 1,000,000 ordinary shares at P10 par value, 950,000 ordinary shares have been issued, paid up and outstanding, amounting to P9,500,000 with additional paid-in capital amounting to P156,044 as at March 31, 2017 and 2016, respectively.

b. There is no movement in the number of the Company's authorized and subscribed shares of stock for the year ended March 31, 2017 and 2016.

Retained Earnings

- On March 31, 2017, the Company's BOD approved the additional appropriation of P158 million from its current retained earnings as at March 31, 2017 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2017 until 2020. The said appropriation was approved to be reflected in the financial statements as at and for the year ended March 31, 2017. Also, on the same date, the Company's BOD approved the reversal of the appropriated retained earnings during 2014 and 2015 of P118 million intended for the expansion projects due to the completion of the said projects ahead of its turn-over year.

- On April 18, 2016, the Company's BOD approved the additional appropriation of P37 million from its current retained earnings as at March 31, 2016 to be used by the Company for its expansion projects in the year 2016 until 2019. The said appropriation was approved to be reflected in the financial statements as at and for the year ended March 31, 2016.

- On April 21, 2015, the Company's BOD approved additional appropriation in the amount of P8 million from its current retained earnings as at March 31, 2015 to be used by the Company for its expansion projects in the year 2015 until 2018. The planned expansion consists of renovation of site, establishment of new additional office, installation of other equipment and engagement of additional accounts and increase in employee headcount. The said appropriation shall be reflected in the financial statements as of and for the year ended March 31, 2015.

- On March 28, 2014, the Company's BOD approved the appropriation of retained earnings as of March 31, 2014 amounting to P110 million for business expansion, office renovation and equipment upgrade which are estimated to take place starting April 1, 2014 until March 31, 2016. The planned expansion consists of renovation of site, establishment of new additional office, installation of other equipment and engagement of additional accounts and increase in employee headcount.

16. Cost of Services

This account consists of:

	Notes	**2017**	2016
		₱	₱
Personnel costs		**180,900,895**	213,696,257
IT infrastructure		**45,122,273**	48,182,282
Rent	18	**22,382,036**	22,034,939
Electricity		**9,161,344**	8,953,869
Depreciation and amortization	9, 11	**7,022,798**	5,355,896
		264,589,346	298,223,243

Details of personnel costs are as follows:

	Note	**2017**	2016
		₱	₱
Salaries and wages and other employee benefits		**126,072,526**	146,307,857
Allowance and staff welfare costs		**30,312,768**	38,295,670
13th month pay		**11,853,218**	14,300,454
SSS, PHIC and HDMF premium contributions		**9,665,395**	11,336,869
Retirement benefits costs	19	**2,996,988**	3,455,407
		180,900,895	213,696,257

17. OPERATING EXPENSES

This account consists of:

	Notes	**2017**	2016
		₱	₱
Personnel costs		**63,893,119**	69,511,137
Rent	18	**10,812,899**	10,204,172
Depreciation and amortization	9, 11	**8,465,268**	6,363,685
Facility management services		**6,978,075**	6,877,397
Transportation and travel		**4,488,960**	5,687,621
Security services		**4,206,936**	4,160,507
Outside services		**3,706,633**	3,272,608
Communication, light and water		**2,230,459**	3,576,818
Professional fees		**1,722,675**	1,740,926
Repairs and maintenance		**1,638,831**	859,101
Trainings and recruitments		**1,535,768**	3,468,242
IT infrastructure		**1,396,563**	573,155
Office supplies		**823,212**	818,259
Insurance		**257,300**	226,737
Taxes and licenses		**111,047**	101,930
Bank service charge		**70,044**	101,665
Miscellaneous		**263,700**	852,980
		112,601,489	118,396,940

Miscellaneous includes subscription, freight, office management and corporate apartment expense, and fringe benefit expense.

Details of personnel costs are as follows:

	Note	**2017**	2016
		₱	₱
Salaries and wages and other employee benefits		**43,040,758**	41,616,883
Allowance and staff welfare costs		**11,427,367**	18,913,651
13th month pay		**3,495,732**	4,067,726
SSS, PHIC and HDMF premium contributions		**2,850,504**	3,224,742
Retirement benefits costs	19	**3,078,758**	1,688,135
		63,893,119	69,511,137

Depreciation and amortization are broken down as follows:

	Notes	**2017**	2016
		₱	₱
Property and equipment	9	**P8,176,192**	P6,066,488
Intangible asset	11	**289,076**	297,197
		P8,465,268	P6,363,685

18. Lease Agreements

The Company entered into an agreement that assumes all of the rights and obligations of vCustomer Services India Pvt. Ltd. in its contract of lease dated June 12, 2008, over the leased premises commencing on April 1, 2010. The lease term for the corporate office unit covers five (5) years with a free fitting out period of three (3) months and options to extend for another five (5) years. Future payments under the lease agreement are subject to yearly escalation rate of five percent (5%) starting in the second year. The lease contract was renewed up to September 2018.

On July 10, 2014, the Company entered into a new lease agreement for additional office space. The lease term for the office space covers two years and 2 ½ months from September 1, 2014 to November 15, 2016. This lease was further extended until January 31, 2020.

Total rent expense under operating lease presented as follows:

	Notes	**2017**	2016
		₱	₱
Cost of services	16	**22,382,036**	22,034,939
Operating expenses	17	**10,493,688**	9,993,990
		32,875,724	32,028,929

Advance rental amounted to P2,578,388 and P1,257,750 as of March 31, 2017 and 2016, respectively (see Note 8).

Rental deposits required relative to these contracts amounted to P7,696,101 as of March 31, 2017 and 2016 (Note 12).

Estimated future minimum rental payments follow:

	2017	2016
	₱	₱
Due within one year	**33,764,861**	27,237,475
Due beyond one year but less than five years	**36,974,833**	26,641,650
	70,739,694	53,879,125

Residential units

The Company also entered into lease agreements for the condominium units for residential use by its visitors. The lease term for the condominium units covers one (1) year, renewable upon mutual agreement and consent of both parties. Total rent expense in these agreements presented under "Operating expenses" account amounted to P319,211 in 2017 and P210,182 in 2016(see Note 17).

Rental deposit required relative to this contract amounted to P105,000 as at March 31, 2017 and 2016 (see Note 12).

Advance rental amounted to P25,789 as of March 31, 2017 and 2016 (see Note 8).

Estimated future minimum rental payments subsequent to 2016 and 2015, until end of lease term amounted to P210,000 and 630,000 in 2017 and 2016, respectively.

There are no significant restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.

19. Retirement Benefits Costs

The Company does not have an established retirement plan as at March 31, 2016 but accrued retirement benefit costs in accordance with the minimum regulatory benefit under Republic Act No. 7641 which is of the defined benefit type. Retirement benefits are based on employees' years of service and compensation levels during employment period. Actuarial valuations are made with sufficient regularity. The most recent actuarial valuation which was made for the year ended March 31, 2017 was dated April 12, 2017.

Regulatory framework in which the retirement plan operates

In accordance with the provisions of the RA 7641, the Company is required to pay eligible employees at least minimum regulatory benefit upon normal retirement, subject to age and service requirements.

Responsibilities of Trustee

Since the Company does not have a formal, trusteed Retirement Plan, there are no Trustees yet.

Description of plan characteristics and associated risks

The calculations were based on the provisions of the minimum mandated benefit under RA 7641. However, it should be noted that in the event a benefit claim arises, the benefit shall immediately be due and payable from the Company.

Amounts recognized in the financial statements

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2017	2016
Discount rate	**5.50%**	5.25%
Salary increase rate	**6.00%**	6.00%

Maturity profile of expected future benefit payments

The Company's expected future benefit payments is shown below:

	2017	2016
	₱	₱
Beyond one year not later than 5 years	**87,106**	150,382
Beyond 5 years (6 to 10 years)	**558,044**	688,355

The rollforward of present value of defined benefit obligation follows:

	2017	2016
	₱	₱
Balance at beginning of year	**11,396,156**	9,413,776
Current service cost	**5,477,448**	4,672,853
Remeasurement loss (gain) on obligation	**(6,125,695)**	(3,161,162)
Interest cost	**598,298**	470,689
Balance at end of year	**11,346,207**	11,396,156

The accrued retirement benefits costs recognized in the statements of financial position as at March 31, 2017 and 2016 were determined as follows:

	2017	2016
	₱	₱
Present value of defined benefit obligation (DBO)	**11,346,207**	11,396,156
Less fair value of plan assets	**-**	-
	11,346,207	11,396,156

The retirement benefits costs as part of “Cost of services” and “Operating expenses” in the statements of comprehensive income for the years ended March 31, 2017 and 2016 were determined follows:

	Notes	**2017**	2016
		₱	₱
Current service cost		**5,477,448**	4,672,853
Interest on defined benefit liability		**598,298**	470,689
	16, 17	**6,075,746**	5,143,542

The retirement benefit costs are broken down as follows:

	Notes	**2017**	2016
		₱	₱
Cost of services	16	**2,996,988**	3,455,407
Operating expenses	17	**3,078,758**	1,688,135
		6,075,746	5,143,542

The rollforward of cumulative remeasurement loss (gain) presented in the statements of changes in equity follows:

	2017	2016
	₱	₱
Balance at beginning of year	**(1,613,750)**	1,547,412
Actuarial loss (gain):		
Due to liability experience	**(5,436,118)**	(5,102,584)
Due to liability assumption changes	**(689,577)**	1,941,422
	(6,125,695)	(3,161,162)
Balance at end of year	**(7,739,445)**	(1,613,750)

The movement of the accrued retirement benefit costs recognized in the statements of financial position is as follows:

	Notes	**2017**	2016
		₱	₱
Balance at beginning of year		**11,396,156**	9,413,776
Retirement benefit expense	16, 17	**6,075,746**	5,143,542
Remeasurement gain		**(6,125,695)**	(3,161,162)
Balance at end of year		**11,346,207**	11,396,156

Amount, Timing and Uncertainty of Future Cash Flows

Sensitivity analysis on defined benefit obligation follows:

		Sensitivity Analysis	Effect on DBO
Discount rate	6.50%	1% increase	(21.09%)
Discount rate	4.50%	1% decrease	27.47%
Salary increase rate	7.00%	1% increase	27.03%
Salary increase rate	5.00%	1% decrease	(21.18%)

Methods and assumptions used in sensitivity analysis

All other assumptions were kept constant in determining the sensitivity results above.

Changes since previous period

There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

Description of asset-liability matching strategies

Since the DBO is still unfunded, there are no plan assets to match against the DBO.

Description of funding arrangements and policies

Since the DBO is still unfunded, benefit claims under the DBO are paid directly by the Company when they become due.

Duration of retirement benefit obligation

The average duration of the retirement benefit obligation is 26.90 years.

20. Income Taxes

Components of income tax expense charged to profit or loss are as follows:

	Note	**2017**	2016
		₱	₱
Current tax expense		**7,850,393**	8,884,923
Deferred tax expense relating to:			
Unrealized forex exchange gain	21	**(141,873)**	142,707
		7,708,520	9,027,630

The reconciliation between tax expense (benefit) and the product of accounting profit (loss) multiplied by 5% for Gross Income Tax (GIT) in 2017 and 2016 as follows:

	2017	2016
	₱	₱
Gross Income	**153,623,660**	165,528,120
Less: Other Income subject to RCIT	**(213,490)**	(1,915,444)
Gross Income subject to GIT	**153,410,170**	163,612,676
Tax expense at 5%	**7,670,509**	8,180,633
Non-taxable income:		
Interest Income	**(3,746)**	(2,271)
Movement on unrecognized deferred tax asset	**(22,240)**	231,431
Unrecognized tax related to OCI	**-**	43,204
Tax expense at 30% RCIT	**64,047**	574,633
	7,708,570	9,027,630

The tax rate used for the 2017 and 2016 reconciliation above is the 5% special rate whose tax base is the gross income under the registered activities. Any income earned outside the registered activities are subject to 30% Regular Corporate Income Tax Rate (RCIT).

The available incentives of the Company as an Ecozone IT Enterprise under the Registration Agreement with PEZA includes the following:

1) The current income tax represents the GIT rate of 5% for PEZA-registered activities of the Company (see Note 1), of which 3% will be remitted to BIR and 2% to local government in accordance with pertinent rules. The income tax payable represents the unpaid balance after applying the quarterly income tax payments against the annual income tax due.

2) Incentives under Book VI of Executive Order No. 226 which include the following:

   a) Corporate income tax holiday (ITH) for four (4) years for original project effective on the date of start of commercial operations, or the actual date of the start of commercial operations, whichever is earlier; ITH entitlement for the original project can also be extended for another three (3) years provided specific criteria are met for each additional year and prior PEZA approval is obtained; duly approved and registered "Expansion" and "New" Projects are entitled to a three-year and four-year Income Tax Holiday, respectively.

b) Tax and duty free importation of merchandise which include raw materials, capital equipment, machinery and spare parts;

c) Exemption from wharfage dues and export tax, impost or fees;

d) VAT zero-rating of local purchases subject to compliance with BIR and PEZA requirements; and,

e) Exemption from payment of any and all local government imposts, fees, licenses and taxes except real estate tax; however, machineries installed and operated in the eco-zone for manufacturing, processing or for industrial purposes shall not be subject to payment of real estate taxes for the first three (3) years of operations of such machineries; production equipment not attached to real estate shall be exempt from real property taxes.

3) After the lapse of the ITH, the following incentives shall apply:

a) Exemption from national and local taxes, in lieu thereof, payment of 5% final tax on gross income as provided in Section 24 of R. A. 7916 and Rule XX of the Rules and Regulations to Implement R. A. 7916; and,

b) Additional deduction for training expenses (1/2 of value) against the 5% tax on gross income earned, but not to exceed 3%, subject to guidelines to be formulated by PEZA in coordination with the Department of Labor and Employment and the Department of Finance (Section 42 of R. A. 7916).

4) Pursuant to BIR's Revenue Regulations No. 14-2002 (Amending Further Pertinent Provisions of Revenue Regulations No. 2-98, as amended), income payments to PEZA registered enterprises under the ITH and 5% GIT incentives are exempt from expanded withholding tax.

5) Non-fiscal incentives shall include the following:

a) Permanent resident status within the eco-zone for foreign investors with initial investment of at least US $150,000;

b) Employment of foreign nationals; and,

c) Simplified import and export procedures.

21. DEFERRED TAX

The following composed of deferred tax recognized by the Company:

	Balance in 2016	Charged to Profit or Loss	**Balance in 2017**
Deferred Tax Liability Unrealized foreign exchange gain	(P142,707)	P141,873	**(P834)**

Deferred tax assets arising from various provisions amounting to P529,352 and P551,592 as at March 31, 2017 and 2016, respectively, were not recognized by the Company as the Management does not expect that there will be sufficient taxable profits against which the assets can be utilized before their expiry.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Company's financial instruments is to fund the Company's operations and to acquire and improve property and equipment. The main risks arising from the use of financial instruments are credit risk, liquidity risk, and market risk. These are summarized below:

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

With respect to credit risk arising from the Company's financial assets, which comprise of cash and cash equivalents, receivables, advances to a related party and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Company controls this risk through monitoring procedures and regular coordination with the debtors. Receivable balances are monitored on an ongoing basis with the result that its exposure to bad debts is not significant.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Company as at March 31, 2017 and 2016, without considering the effects of credit risk mitigation techniques.

	Notes	**2017**	2016
		₱	₱
Cash and cash equivalents	6	**175,819,082**	124,886,220
Trade receivables	7	**37,803,113**	39,133,887
Refundable deposits	12	**8,211,501**	7,801,101
		221,833,696	171,821,208

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the entity's performance to developments affecting a particular industry or geographical location.

The Company's normal course of business is to provide services to the customers of certain related parties which are being billed based on the Service Agreements as discussed in Note 14. The Company does not enter into contracts directly with external customers including the related parties' customers. Hence, the related parties serve as the direct sole customer of the Company. Despite the related parties being the direct sole customer, it is considered that there is no significant concentration of credit risks due to the continuing agreement to serve the related parties' customers who are from different industries and geographic regions. The related parties manage the associated credit risks from their customers' accounts by individual assessment and regular monitoring of past due receivables in order to take appropriate actions when needed. These actions include but are not limited to sending demand letters to customers based on the aging of past due accounts, or placing new sales order on hold from credit customers with past due accounts.

c. Credit quality of financial assets

Below is the credit quality by class of financial assets as at March 31, 2017 and 2016.

		Neither past due nor impaired			Total
	Notes	High Grade	Standard Grade	Substandard Grade	
		₱	₱	₱	₱
2017					
Cash and cash equivalents	6	175,819,082	-	-	175,819,082
Trade receivables	7	37,803,113	-	-	37,803,113
Refundable deposits	12	8,211,501	-	-	8,211,501
		221,833,696	**-**	**-**	**221,833,696**
2016					
Cash and cash equivalents	6	124,886,220	-	-	124,886,220
Trade receivables	7	39,133,887	-	-	39,133,887
Refundable deposits	12	7,801,101	-	-	7,801,101
		171,821,208	-	-	171,821,208

The Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary High grade are financial assets which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security is readily enforceable. Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have a probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up and extended payment terms.

d. Impairment assessment

The Company recognizes impairment losses based on the results of the specific/individual assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is inability to pay principal or interest overdue beyond a certain threshold. These and other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The methodology applied by the Company in assessing and measuring impairment is specific/individual assessment.

Under specific/individual assessment, the Company assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and, (f) the existing realizable value of collateral, if any. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

Liquidity risk

Liquidity is the risk arising from the shortage of funds due to unexpected events or transactions. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company maintains a level of cash deemed sufficient to finance operations. To cover its financing requirements, the Company obtains advances from its Company, when necessary. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The table below summarizes the maturity profile of the Company's financial assets and liabilities as at March 31, 2017 and 2016 on undiscounted contractual cash flows.

	Notes	On Demand	Due within 30 days	Due within 1 year	Due beyond 1 year but not more than 5 years	Total
		₱	₱	₱	₱	₱
2017						
Cash and cash equivalents	6	**75,625,082**	**100,194,000**	**-**	**-**	**175,819,082**
Receivables - trade	7	**-**	**37,803,113**	**-**	**-**	**37,803,113**
Refundable deposits	12	**-**	**-**	**105,000**	**8,106,501**	**8,211,501**
		75,625,082	**137,997,113**	**105,000**	**8,106,001**	**221,833,696**
Trade and other payables*	13	14,174,701	11,975,195	-	-	26,149,896
*Excluding statutory payables amounting to 2,553,973.in 2017						
2016						
Cash and cash equivalents	6	5,831,860	119,054,360	-	-	124,886,220
Receivables - trade	7	-	39,133,887	-	-	39,133,887
Refundable deposits	12	-	-	3,773,250	4,027,851	7,801,101
		5,831,860	158,188,247	3,773,250	4,027,851	171,821,208
Trade and other payables*	13	19,977,772	13,328,878	-	-	33,306,650

*Excluding statutory payables amounting to P=1,800,708 in 2016.

Foreign currency risk

The Company's foreign currency denominated monetary asset as of March 31, 2017 and 2016, and its Philippine Peso equivalent follows:

	Notes	**2017**	2016
		$	$
In United States Dollar (USD or $)			
Assets			
Cash and cash equivalents	6	**1,551,596**	2,177,152
Receivables - trade	7	**753,140**	848,744
		2,304,736	3,025,896
Liability			
Trade and other payables	13	**90,525**	108,705
Net foreign currency denominated assets		**2,214,211**	2,917,191
In Philippine Peso (Php)			
Assets			
Cash and cash equivalents	6	**77,880,810**	100,384,124
Receivables - trade	7	**37,803,109**	39,133,887
		115,683,919	139,518,011
Liability			
Trade and other payables	13	**4,543,812**	5,012,170
Net foreign currency denominated assets		**111,140,107**	134,505,841

The Company's foreign currency denominated financial assets and liability are translated to Philippine Peso equivalents using an exchange rate of P50.194/$1.00 and P46.108/$1.00 as at March 31, 2017 and 2016, respectively.

Details of realized and unrealized gain (loss) are shown below:

	2017	2016
	₱	₱
Realized forex gain (loss) - net	**11,477,486**	(1,308,503)
Unrealized forex gain	**16,684**	2,854,145
Unrealized forex loss	**-**	(1,373,773)
	11,494,170	171,869

The following table demonstrates the sensitivity to a reasonable possible change in foreign currency exchange rates with all other variables held constant on the Company's profit before tax for the year ended March 31, 2017.

Increase (decrease) in foreign currency	Effect on profit before tax Increase (decrease)	Effect on equity Increase (decrease)
	₱	₱
7%	7,574,815	7,196,074
(7%)	(7,574,815)	(7,196,074)

23. Financial Instruments

Financial Asset and liabilities not measured at fair value

Management believes that the carrying amounts of cash and cash equivalents, trade and other receivables, due from related parties, short term loans, trade and other payables, due to related parties and obligation under finance leases approximate their fair values. The impact of discounting refundable deposits is not material, hence, their carrying amounts are also considered their fair values. Accordingly, fair value of the financial assets and liabilities are not disclosed.

24. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, maximize shareholder value, maintain various stakeholders' confidence and sustain future development of the business. The Company manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may issue stock dividend to shareholders, return or issue capital. No significant changes have been made in the capital management approach as they have been applied in previous years. The Company has not been subjected to externally imposed capital requirements. No major changes were made in the objectives, policies and procedures in 2017 and 2016. The Company considers the following as its capital:

	2017	2016
	₱	₱
Share capital	**9,500,000**	9,500,000
Additional paid-in capital	**156,044**	156,044
Retained earnings	**197,532,806**	155,739,659
Cumulative remeasurement gain on retirement benefits-net	**7,739,445**	1,613,750
	214,928,295	167,009,453

The debt to equity ratio at year-end was as follows

	2017	2016
	₱	₱
Debt	**26,149,896**	33,306,650
Equity	**214,928,295**	167,009,453
	12.17	19.94

25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 amending certain provisions of RR No. 21-2002, as amended and implementing Section 6 (H) of the Tax Code of 1997 which authorize the Commissioner of Internal Revenue to prescribe additional procedural and/or documentary requirements in connection with the preparation and submission, filing of financial statements accompanying the tax returns.

The following information on taxes, duties and license fees paid or accrued during the taxable years ended March 31, 2017 and 2016 is presented for purposes of compliance with the disclosure requirements by the BIR as provided for in its RR No. 15-2010 and is not a required part of the basic financial statements in accordance with PFRS.

Net sales/receipts declared in the Company's Value added tax (VAT) returns filed.

	Net Sales/ Receipts	Output VAT
	₱	₱
2017		
Zero-rated sales	**397,935,630**	**-**
VATable sales	**16,974,291**	**2,036,915**
	414,909,921	2,036,915
2016		
Zero-rated sales	458,936,358	-

In accordance with pertinent tax laws and revenue regulations, zero-rated sale of services consists of export sales.

As a PEZA-registered enterprise the Company is entitled to tax and duty free importations of merchandise which include raw materials, capital equipment, machinery and spare parts.

Documentary stamp tax paid

	₱	₱
Lease	**320**	1,080

Other taxes lodged under operating expenses

	₱	₱
Business permit	**99,227**	81,087
Community tax certificate	**10,500**	10,500
Annual registration fee	**1,000**	1,000
Documentary stamp taxes (see item c. above)	**320**	1,080
Miscellaneous	**-**	8,263
	111,047	101,930

Withholding taxes

	₱	₱
Compensation	**15,533,673**	20,570,739
Expanded	**2,202,458**	2,124,218
Fringe benefit tax	**128,824**	142,941
	17,864,955	22,837,898

Tax assessments and cases

The Company has no deficiency tax assessments and tax cases as at March 31, 2017 and 2016.

The Company has no transactions for the years ended March 31, 2017 and 2016 that were subject to the following taxes:

- Excise taxes
- Capital gains tax

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved and authorized for issuance by the Board of Directors on May 19, 2017.

vCUSTOMER PHILIPPINES (CEBU), INC.

Board of Directors

Mr. Anand Achuthan
Mr. Uttiya Sengupta
Mr. Narinder Singh Sethi
Ms. Lynette De Guzman
Ms. Jeane R.T Montes

Registered Office

4th Floor, JESA Building,
90 General Maxilom Ave.,
Cebu City, Philippines

Bankers

Union Bank of the Philippines

Auditors

Navarro Amper & Co.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of vCustomer Philippines (Cebu), Inc. (vCPCI) for the year ended March 31, 2017.

Financial Results (PHP)

For the years ended	**March 31, 2017**	March 31, 2016
Revenue	**Php 899,092,434**	Php 544,332,098
Profit	**Php 93,386,485**	Php 45,769,857

Review of Operations:

For the fiscal year ended March 31, 2017, vCPCI reported revenue amounted to Php 899,092,434. An increase of 65% over the last reporting period year ended March 31, 2016. Profit for the fiscal year ended March 31, 2017 amounted to Php 93,386,485, 104% increase over the last reporting period. vCPCI is still entitled to Income Tax Holiday (ITH).

Future Plans and Appropriations

vCPCI made a reversal of the Appropriated Retained Earnings of Php 42 million intended for the expansion projects in the year 2014 and 2015 due to the completion of the said projects ahead of its turn-over year. Additional appropriation of the amount of Php 127 million of retained earnings for office renovations and equipment upgrade which is estimated to take place starting April 1, 2017 until March 31, 2020. vCPCI is expecting engagement of additional account/clients and increase and employee headcount.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Anand Achuthan

President

Lynette De Guzman

Chief Finance Office

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

vCUSTOMER PHILIPPINES (CEBU), INC.

(A Wholly Owned Subsidiary of vCustomer Philippines, Inc.)

90 General Maxilom Avenue, Cebu City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of vCustomer Philippines (Cebu), Inc., (the "Company"), which comprise the statements of financial position as at March 31, 2017 and 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with PSA, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

By:

Marites B. Landicho
Partner
CPA License No. 0090833
TIN 151561118
BIR A.N 08-002552-15-2014, issued on October 3, 2014; effective until October 3, 2017
PTR No. A-3264641, issued on January 5, 2017, Taguig City

Taguig City, Philippines
May 19, 2017

STATEMENTS OF FINANCIAL POSITION

	Notes	March 31 2017	2016
		₱	₱
ASSETS			
Current Assets			
Cash and cash equivalents	6	**64,196,079**	37,517,058
Trade and other receivables	7	**65,979,309**	66,400,388
Prepaid expenses and other current assets	8	**15,863,214**	5,952,135
Total Current Assets		**146,038,602**	109,869,581
Noncurrent Assets			
Property and equipment - net	9	**122,009,085**	199,579,526
Intangible assets-net	10	**558,452**	2,056
Refundable deposits	11	**12,584,955**	12,351,884
Total Noncurrent Assets		**135,152,492**	211,933,466
Total Assets		**281,191,094**	321,803,047
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**77,637,240**	106,361,481
Loans payable	13	**-**	107,585,334
Income tax payable	20	**47,846**	243,738
Total Current Liabilities		**77,685,086**	214,190,553
Noncurrent Liability			
Retirement benefit obligation	19	**9,907,883**	7,400,854
Total Liabilities		**87,592,969**	221,591,407
Equity			
Share capital	15	**9,500,000**	9,500,000
Retained earnings			
Appropriated	15	**175,000,000**	90,000,000
Unappropriated		**4,700,508**	3,393,480
Total Retained Earnings		**179,700,508**	93,393,480
Cumulative remeasurement loss (gain) on retirement benefits - net	19	**4,397,617**	(2,681,840)
Total Equity		**193,598,125**	100,211,640
Total Liabilities and Equity		**281,191,094**	321,803,047

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	For the Years Ended March 31 **2017**	2016
		₱	₱
Service Revenue	14	**899,092,434**	544,332,098
Cost of Services	16	**648,058,878**	368,812,005
Gross Profit		**251,033,556**	175,520,093
Operating Expenses	17	**169,297,879**	125,086,260
Income from Operation		**81,735,677**	50,433,833
Other Income (Charges) - net			
Foreign exchange gain (loss) - net	21	**5,048,288**	(1,573,043)
Interest expense	13	**(649,520)**	(1,277,856)
Interest income	6	**60,944**	42,211
Other income		**159,485**	**812,460**
		4,619,197	**(1,996,228)**
Profit Before Income Tax		**86,354,874**	**48,437,605**
Income Tax Expense	20	**47,846**	**243,738**
Net Income		**86,307,028**	**48,193,867**
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods			
Remeasurement loss (gain) on retirement benefits - net	19	**7,079,457**	(2,424,010)
Total Comprehensive Income		**93,386,485**	45,769,857

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

	Notes	For the Years Ended March 31 2017 ₱	2016 ₱
SHARE CAPITAL - ₱10 par value			
Authorized - 1,000,000 shares			
Issued and outstanding - 950,000 shares			
Balance at beginning and end of year	15	**9,500,000**	9,500,000
RETAINED EARNINGS			
Appropriated			
Balance at beginning of year	15	**90,000,000**	42,000,000
Reversal of appropriation	15	**(42,000,000)**	-
Appropriation for business expansion	15	**127,000,000**	48,000,000
Balance at end of year		**175,000,000**	90,000,000
Unappropriated			
Balance at beginning of year		**3,393,480**	3,199,613
Net income during the year		**86,307,028**	48,193,867
Reversal of appropriation		**42,000,000**	-
Appropriation for business expansion		**(127,000,000)**	(48,000,000)
Balance at end of year		**4,700,508**	3,393,480
Total Retained Earnings		**179,700,508**	93,393,480
CUMULATIVE REMEASUREMENT LOSS ON RETIREMENT BENEFITS			
Other Comprehensive Loss not to be Reclassified to Profit or loss in the Subsequent Periods			
Balance at beginning of year		**(2,681,840)**	(257,830)
Remeasurement gain (loss) during the year	19	**7,079,457**	(2,424,010)
Balance at end of year		**4,397,617**	(2,681,840)
		193,598,125	100,211,640

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

	Notes	For the Years Ended March 31 2017	2016
		₱	₱
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**86,354,874**	48,437,605
Adjustments for:			
Depreciation and amortization	16, 17	**92,253,636**	51,220,568
Retirement benefits costs	19	**9,586,486**	2,609,555
Interest expense	13	**649,520**	1,277,856
Unrealized foreign exchange loss	21	**44,978**	553,190
Write off of payables	12	**(159,485)**	(812,460)
Interest income	6	**(60,944)**	(42,211)
Net profit before working capital changes		**188,669,065**	103,244,103
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables		**316,060**	(15,888,881)
Prepaid expenses		**(9,911,079)**	(398,962)
Increase (decrease) in:			
Trade and other payables		**(22,171,345)**	35,791,266
Cash generated from operations		**156,902,701**	122,747,526
Interest paid	13	**(649,520)**	(1,277,856)
Income tax paid		**(243,738)**	-
Interest received	6	**60,944**	42,211
Net cash generated from operating activities		**156,070,387**	121,511,881
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	9	**(21,030,854)**	(170,624,549)
Additions to intangible assets	10	**(600,128)**	-
Additions to refundable deposits	11	**(233,071)**	(4,973,955)
Net cash used in investing activities		**(21,864,053)**	(175,598,504)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	13	**-**	138,879,000
Payment of loans	13	**(107,585,334)**	(31,293,666)
Payments made to a related party	14	**-**	(20,158,200)
Net cash generated from (used in) financing activities		**(107,585,334)**	87,427,134
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	21	**58,021**	(588,463)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**26,679,021**	32,752,048
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	**37,517,058**	4,765,010
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**64,196,079**	37,517,058

See accompanying Notes to Financial Statements.

VCUSTOMER PHILIPPINES (CEBU), INC.

(A Wholly Owned Subsidiary of vCustomer Philippines, Inc.)

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

1. CORPORATE INFORMATION

vCustomer Philippines (Cebu), Inc. (the "Company") was incorporated on January 20, 2011 primarily to carry on the business of providing services to customers in any part of the world through any and all medium of communication including internet and telephone including management services, solutions to business problems, web designing, customer relations, development/ production of software and software systems, data warehousing, data mining, processing and analysis of software and software systems, consultancy and advisory services in software and software systems, without operating as public utility; to carry on the business of data processing and analysis including assimilation, sorting, processing and communication of data and graphs, development of computer system, software development, data preparation and verification, data analysis, data transmission and computation through the computer or other devices encompassing digital, analogue and graphic processes and any other medium and processes as may evolve and to deal on all areas relating to information technology; to undertake merchandising and logistic activities in the area of electronic commerce as well as other form of commerce and commercial transactions and to undertake the operation and management of e-mail services centers, customer response centers, computer education and centers for the foregoing operations, loyalty incentive and motivation programmes, direct marketing activities, database management, back office support and all internet and web related work; and in addition, to have shared resources and assets with other entities providing similar services.

The Company is a wholly owned subsidiary of vCustomer Philippines, Inc. (the "Parent Company"), a Company incorporated in the Philippines, and located at 3rd Floor eCommerce Plaza, Eastwood Cyberpark, Quezon City. The Parent Company is formerly a wholly owned subsidiary of New vC Services Private Limited (formerly Value Fincon Private Limited), a Company organized and existing under the laws of India. New vC Services Private Limited is a subsidiary of Tech Mahindra Limited (TML), a corporation also organized and existing under the laws of India. Effective March 29, 2016, the Parent Company directly became a wholly owned subsidiary of TML as a result of merger of New vC Services Private Limited and TML.

The Company's registered business address is located at 90 General Maxilom Avenue, Cebu City and the Parent Company's registered principal office address is at 3rd Floor, eCommerce Plaza, Eastwood Cyberpark, Quezon City, Philippines.

Registration with the Philippine Economic Zone Authority (PEZA)

On February 8, 2011, the Company was registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone IT enterprise. As a PEZA-registered enterprise, the Company is entitled to incentives granted to non-pioneer projects under Republic Act (RA) 7916, the Special Economic Zone Act of 1995, as amended, and the PEZA IT Guidelines, which include the corporate Income Tax Holiday (ITH) for four years for original project effective on the date of start of commercial operations and after the lapse of ITH, a 5% Gross Income Tax (5% GIT) incentive, in lieu of all national and local taxes. The Company has started its commercial operations as a registered Ecozone IT Enterprise on July 1, 2011 and is entitled to ITH up to June 30, 2015.

On February 20, 2015, PEZA approved the Company's application for extension of ITH based on Net Foreign Exchange Earnings (NFEE) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A(6) of the PEZA Rules. ITH extension was for the period July 1, 2015 to June 30, 2016.

On February 26, 2015, PEZA approved the Company's application for its additional activities entitled to ITH up to March 31, 2019.

On October 18, 2016, PEZA approved the Company's application for extension of ITH based on Net Foreign Exchange Earnings (NFEE) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A(6) of the PEZA Rules. ITH extension was for the period July 1, 2016 to June 30, 2017.

Authorization for the issuance of financial statements

The Company's financial statements as at and for the years ended March 31, 2017 and 2016 were authorized for issue by the Board of Directors (BOD) on May 19, 2017.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy (BOA), and adopted by the SEC.

Basis of Preparation

The financial statements of the Company have been prepared on the historical cost basis, except for certain financial instruments carried at amortized cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statements is determined on such a basis, except leasing transactions that are within the scope of PAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2 or value in use in PAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentational Currency

These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

Separate Financial Statements

These are the Company's separate financial statements. Separate financial statements are those presented by a parent, an investor in an associate or a venture in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

In addition, the Parent Company also prepares consolidated financial statements as its primary financial statements.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2016

The Company adopted all applicable accounting standards as at March 31, 2017. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Company and were assessed to have no impact on the Company's financial statements.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2017

The Company will adopt the following PFRS once these become effective:

PFRS 9, Financial Instruments (2014)

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write done for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. On major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

<u>Phase 2: Impairment methodology</u>

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The future adoption of the standard shall result in initial measurement of financial assets at amortized cost, net of expected credit losses.

<u>Phase 3: Hedge accounting</u>

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

Based on the Company's assessment, the recognition and measurement of the Company's financial assets at amortized cost and financial liabilities would be the same under both PFRS 9 and PAS 39.

PFRS 16, Leases

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is not permitted, until PFRS 15, Revenue from Contracts with Customers, is adopted.

Future adoption of this standard will result in recognition of right-of-use of asset and lease liability and additional disclosure in the Company's financial statements.

Amendment to PAS 7, *Disclosure Initiative*

The amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

The Management is still evaluating the impact of the amendment on the Company's financial statements.

Amendments to PAS 12, Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements.

Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions

The amendments to PFRS 2 include:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

- On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.
- Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements, as the Company does not have shared-based payment arrangements.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2017 - Adopted by Financial Reporting Standards Council (FRSC) but pending publication in the Official Gazette by the Board of Accountancy

The Company will adopt the following once these standards become effective.

Amendments to PFRS 4, Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and
- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018.

The future adoption of the standard will not have an impact on the Company's financial statements.

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, First-time Adoption of International Financial Reporting Standards

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company is no longer a first time adopter of PFRS.

Amendments to PFRS 12, Disclosure of Interests in Other Entities

The amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those disclosures needed in the summarized financial for subsidiaries, joint ventures and associates, apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

The amendments are effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company does not have interests in other entities.

Amendments to PAS 28, Investments in Associates and Joint Ventures

The amendments clarify that the election to measure at FVTPL an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company does not have investments in associates and joint ventures.

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*

The amendments in transfers of investment property are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

Future adoption of these amendments will not have an impact on the Company's financial statements as the Company does not have an investment property.

Philippine Interpretations IFRIC 22, Foreign Currency Transactions and Advance Consideration

The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The Interpretation is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

Future adoption of this interpretation will not have an impact on the Company's financial statements.

PFRS 15, Revenue from Contracts with Customers

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standards. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The Company's initial assessment of potential impact of adopting PFRS 15 to its financial statements in the future provides that its current revenue recognition policy will not be significantly affected. The Company will continue its assessment and will finalize the same upon the effective date of the new standard.

PIC Q&A No. 2016-04: Application of PFRS 15, Revenue from Contracts with Customers on Sale of Residential Properties under Pre-completion Contracts

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

Future adoption of this interpretation will not have an impact on the Company's financial statements as the Company's revenues do not arise from sale of residential properties.

4. SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Initial recognition

Financial assets are recognized in the Company’s financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company’s financial assets, except for any financial assets classified at FVTPL.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Currently, all of the Company’s financial assets are classified under loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company’s financial assets classified under this category include cash and cash equivalents, trade and other receivables, due from related parties and rental deposits.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For all other financial assets measured at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the lender, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

For certain categories of financial assets, such as trade and other receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss with the exception of trade receivables, wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risk and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss.

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current asset when the cost of services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, items of property and equipment are measured at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

	Number of years
Office equipment	5
Communication equipment	3
Furniture and fixtures	3

Leasehold improvements are depreciated over the improvements' useful life of three years or when shorter, the term of the relevant lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Intangible Assets

Intangible asset acquired separately

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its property and equipment and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

Financial Liabilities

Initial recognition

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities, except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

The Company's financial liabilities measured at amortized cost consist of trade and other payables excluding government payables, accrued rent and advances from customers, due to related parties and bank borrowings.

Subsequent measurement

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contigent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Ordinary shares

Ordinary shares is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Retained earnings

Retained earnings and deficit represent accumulated profits and losses earned and incurred by the Company. Retained earnings and deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation. Its carrying amount is the present value of those cash flows.

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Employee Benefits

Short-term benefits

The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

The Company classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are reflected immediately in the statements of financial position with a charge or credit recognized in OCI in the period in which they occur. Remeasurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurements.

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘retirement benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statements of financial position represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Rendering of services

Revenue from a contract to provide management services is recognized based on a costs plus fee basis. Under this method, revenue is recognized in the accounting periods in which the expenses are incurred. Revenue from a contract to provide services is recognized when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;

- The stage of completion of the transaction can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service fees are recognized monthly based on actual expenses incurred plus 10% mark up.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Direct costs are expenses incurred that are associated with the services rendered and includes salaries and wages, other employee benefits, outside services, supplies and other direct costs. Operating expenses are costs attributable to administrative, marketing and other business activities of the Company.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currency

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in profit or loss for the year. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using 5% of gross income earned from registered activities. For income other than its registered activities, tax rate is 30%.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Events after the Reporting Period

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Assessment of classification of financial instrument

The management classifies a financial instrument on initial recognition as a financial asset and a financial liability in accordance with the substance of the contractual arrangement and the definitions of a financial asset and a financial liability.

Assessment whether the lease agreement is a finance or operating lease

Management assesses at the inception of the lease whether the arrangement is finance or operating lease based on who bears substantially all the risks and benefits incidental to ownership of the leased item. The Company as a lessee has entered into a lease contract for its office where it has determined that the risks and rewards related to the property are retained by the lessor. As such, the agreement is accounted for as operating lease.

Assessment of impairment of nonfinancial asset

Impairment review is performed on property and equipment and software when certain impairment indicators are present. Determining fair value of the assets requires estimation of future economic benefit or cash flows expected to be generated from the continued use and ultimate disposition of such assets and requires the Company to make estimates and assumptions that can materially affect the Company's financial statements. Future events could cause the Company to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations. An increase in provision for impairment losses would increase operating expense and decrease related assets.

No impairment loss is recognized in the Company's financial statements in 2017 and 2016 as management has not identified any impairment indicators.

Measurement of refundable deposits

The future cash flows of rental deposits from the lease of office space cannot be readily determined nor reliably measured because the actual timing of payment cannot be reasonably predicted as these deposits are generally redeposited every renewal of lease contracts, the new terms and conditions thereof are not yet known. Further, the deposits that will actually be repaid to the Company are also attached to a conditional repayment provision that is the faithful performance by the Company as lessee of its obligations under the lease contracts. Accordingly, rental deposits are carried at cost less any impairment.

The future cash flows of utility deposits recorded under deposits are not readily determinable nor reliably measured because the actual timing of receipt is linked to the cessation of the service of the utility or service entities to the Company which cannot be reasonably predicted. Accordingly, the utility deposits are carried at cost less any impairment.

Discount rate used to determine the carrying amount of the company's defined benefit obligation

The Company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the report period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

Key Sources of Estimation Uncertainties

The key estimates concerning the future and other key sources of estimation uncertainty as at end of reporting period that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Estimation of allowance for doubtful accounts or impairment of receivables and rental and utility deposits

The Company maintains allowance for doubtful accounts or impairment at a level adequate to provide for potential uncollectible receivables and rental deposits. The level of this allowance is evaluated by management on the basis of factors that affect the collectability or realizability of the accounts. These factors include, but not limited to, the length of the Company's relationship with the customers/debtors, the customers/debtors' payment behavior and known market factors.

The Company reviews the age and status of receivables, and identifies accounts that are to be provided by allowance on a continuous basis. The amount and timing of impairment for any period would therefore differ based on the judgment or estimates made. Any increase in allowance for impairment losses would increase operating expenses and decrease the related assets.

No allowance for doubtful accounts is provided as at March 31, 2017 and 2016. The carrying value of receivables amounted to P65,979,309 and P66,400,388 as at March 31, 2017 and 2016, respectively as disclosed in Note 7. Refundable deposits amounted to P12,584,955 and P12,351,884 as at March 31, 2017 and 2016, respectively as disclosed in Note 11.

Estimation of useful lives of property and equipment and software

Useful lives of property and equipment and software are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment and software may differ from previous estimate due to physical wear and tear. Any reduction in the estimated useful lives of property and equipment and software would increase the Company's recorded cost of services and operating expenses and decrease property and equipment and software.

The carrying values of property and equipment and software as at March 31, 2017 and 2016 are shown in Notes 9 and 10, respectively.

Estimation of retirement benefits costs

The determination of the Company's obligation and cost for retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts.

The assumptions for retirement benefits costs are described in Note 19, and include among others, rates of compensation increase. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement obligations in the future. Any changes in the estimate would increase or decrease the amount recognized as accrued retirement liability and amount recognized in total comprehensive income.

Accrued retirement benefits costs amounted to ₱ 9,907,883 and ₱ 7,400,854 as at March 31, 2017 and 2016, respectively. Additional information is disclosed in Note 19 to financial statements.

Estimation of provisions

The estimate of the probable costs for possible third party claims, including tax liabilities, if any, has been developed based on management's analysis of potential results and in consultation with its legal counsel handling the Company's defense. When management believes that the eventual liabilities under these claims, if any, will not have a material effect on the Company's financial statements, no provision for probable losses is recognized. Any increase in provision would increase operating expenses and the related liabilities.

No provision is recognized in the Company's financial statements as at March 31, 2017 and 2016 as management has not identified any probable costs for possible third party claims.

Deferred tax assets/liabilities

The Company reviews the carrying amounts at the end of each accounting period and reduces deferred tax assets 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 assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company opted not to recognize deferred tax assets since management believes that it is unlikely that future taxable income will be available from which these deferred income tax assets will be utilized.

6. CASH AND CASH EQUIVALENTS

This account consists of:

	Note	**2017**	2016
		₱	₱
Cash on hand		**40,000**	40,000
Cash in banks		**39,059,079**	23,477,058
Time deposits		**25,097,000**	14,000,000
	21	**64,196,079**	37,517,058

Cash in banks pertain to the savings and current accounts which earned interest at prevailing respective bank rates. Time deposits with maturities of three months or less, earned interest based on interest rates indicated in the certificates. The average interest rate ranges from 0.16% to 0.38% per annum during 2017 and 2016.

Interest income on cash and cash equivalents amounted to P60,944 in 2017 and P42,211 in 2016.

7. TRADE AND OTHER RECEIVABLES

This account consists of:

	Note	**2017**	2016
		₱	₱
Trade	14	**65,077,976**	61,136,017
Advances to employees		**901,333**	655,990
Others		**-**	4,608,381
		65,979,309	66,400,388

Advances to employees pertain to Company's claims for refund from SSS for the health benefits advanced by the Company to the employees on behalf of SSS and business expenses that are subject to liquidation.

Others pertain to claims for refund from supplier to be applied in subsequent billings in 2017.

All of the Company's receivables have been reviewed for indication of impairment. No allowance for impairment loss is recognized in the Company's financial statements in 2017 and 2016. Receivables arise from related party transactions as disclosed in Note 14.

The carrying values of financial assets included in receivables amounted to P65,077,976 and P65,744,398 as at March 31, 2017 and 2016, respectively as disclosed in Note 21.

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

This account consists of:

	2017	2016
	₱	₱
Prepaid insurance	**10,390,047**	5,356,676
Others	**5,473,167**	595,459
	15,863,214	5,952,135

Others consist of payments for insurance, maintenance fees and over remittance of payroll taxes in 2017 and desktop rentals and accommodation in 2016.

9. PROPERTY AND EQUIPMENT - net

The roll forward analysis of this account follows:

	Office equipment	**Communication equipment**	**Leasehold improvements**	**Furniture and fixture**	**Construction - in-progress**	**Total**
	₱	**₱**	**₱**	**₱**	**₱**	**₱**
2017						
Cost:						
Balance at beginning of year	**93,320,663**	**36,063,568**	**147,604,472**	**18,373,528**	**-**	**295,362,231**
Acquisitions	**7,244,736**	**12,936,118**	**804,868**	**45,132**	**-**	**21,030,854**
Adjustment	**-**	**-**	**(3,761,463)**	**(2,629,928)**		**(6,391,391)**
Balance at end of year	**100,565,399**	**48,999,686**	**144,647,877**	**15,788,732**	**-**	**310,001,694**
Accumulated depreciation:						
Balance at beginning of year	**31,692,503**	**19,074,589**	**32,440,894**	**12,574,719**	**-**	**95,782,705**
Depreciation	**29,129,680**	**11,776,015**	**51,731,646**	**1,880,565**		**94,517,906**
Adjustment	**-**	**-**	**(1,358,306)**	**(949,696)**		**(2,308,002)**
Balance at end of year	**60,822,183**	**30,850,604**	**82,814,234**	**13,505,588**	**-**	**187,992,609**
Net carrying value	**39,743,216**	**18,149,082**	**61,833,643**	**2,283,144**	**-**	**122,009,085**

	Office equipment	Communication equipment	Leasehold improvements	Furniture and fixture	Construction - in-progress	Total
	₱	₱	₱	₱	₱	₱
2016						
Cost:						
Balance at beginning of year	19,296,963	23,876,462	17,394,847	8,499,989	55,669,421	124,737,682
Acquisitions during the year	74,023,700	12,187,106	74,540,204	9,873,539	-	170,624,549
Reclassification	-	-	55,669,421	-	(55,669,421)	-
Balance at end of year	93,320,663	36,063,568	147,604,472	18,373,528	-	295,362,231
Accumulated depreciation:						
Balance at beginning of year	13,007,684	12,555,906	10,550,740	8,461,155	-	44,575,485
Depreciation	18,684,819	6,518,683	21,890,154	4,113,564	-	51,207,220
Balance at end of year	31,692,503	19,074,589	32,440,894	12,574,719	-	95,782,705
Net carrying value	61,628,160	16,988,979	115,163,578	5,798,809	-	199,579,526

The adjustment of costs and depreciation for the year 2017 amounting to P6,391,391 resulted from the unapplied credit memo from the supplier as reassessed in 2017.

The depreciation is presented as part of the following accounts:

	Notes	**2017**	2016
		₱	₱
Cost of services	16	**88,041,870**	36,601,042
Operating expense	17	**4,168,034**	14,606,178
		92,209,904	51,207,220

Construction-in-progress pertains to the renovation and construction of office space for business expansion as disclosed in Note 12.

Management believes that there is no indication of impairment of the Company's property and equipment and that its carrying amount can be recovered through use in operations.

There were no property and equipment pledged as collateral for any of the Company's debt.

10. INTANGIBLE ASSETS - net

The roll forward analysis of this account follows:

	2017	2016
	₱	₱
Cost:		
Beginning Balance	**80,340**	80,340
Additions	**600,128**	-
Balance at year end	**680,468**	80,340
Accumulated amortization:		
Balance at beginning of year	**78,284**	64,936
Amortization during the year	**43,732**	13,348
Balance at end of year	**122,016**	78,284
Net carrying value	**558,452**	2,056

The amortization is presented as part of operating expense amounting to P43,732 in 2017 and P13,348 in 2016.

Management believes that there is no indication of impairment of the Company's software and that its carrying amount can be recovered through use in operations.

11. REFUNDABLE DEPOSITS

This account consists of:

	Note	**2017**	2016
		₱	₱
Rental deposits	18	**12,109,475**	11,861,404
Utilities deposits		**475,480**	490,480
		12,584,955	12,351,884

These deposits are refundable upon termination of the contract or cessation of the related services.

Management believes that there is no indication of impairment on the Company's deposits and their carrying amounts can be recovered.

12. TRADE AND OTHER PAYABLES

This account consists of:

	2017	2016
	₱	₱
Trade payables	**20,239,006**	23,702,775
Salaries payable	**46,021,483**	32,093,955
Accrued expenses	**8,293,425**	43,221,919
SSS, Philhealth and HDMF payables	**2,943,098**	3,351,420
Withholding taxes	**140,228**	566,790
Deferred output VAT	**-**	3,424,622
Total	**77,637,240**	106,361,481

The Company had written off payable to employees amounting to P159,485 and P812,460 as at March 31, 2017 and 2016, respectively.

Accrued construction in progress pertains to the unpaid costs of renovation and construction of office space for business expansion, as discussed in Note 9.

Deferred output VAT represents output VAT included in receivables arising from services which are not yet collected.

Details of accrued expenses are shown below:

	2017	2016
	₱	₱
Provision for expenses	**5,258,223**	40,759,547
Provision for leave encashment	**3,035,202**	2,444,400
Provision for tax	**-**	17,972
	8,293,425	43,221,919

The carrying amounts of financial liabilities included in accounts payable and other current liabilities amounted to P74,553,914 and P99,018,649 as at March 31, 2017 and 2016, respectively, as disclosed in Note 21.

13. LOANS PAYABLE

In 2016, the Company obtained short-term and unsecured loans totaling $3,000,000 with peso equivalent of P138,879,000. The loans bear interest ranging from 1.75% to 1.93% payable on various dates in 2016. In 2017, the Company paid all its outstanding loans payable as at March 31, 2016. Outstanding balance of the short-term loans amounted to nil and $2,333,333 with peso equivalent of nil and P107,585,334 as at March 31, 2017 and 2016, respectively, as disclosed in Note 21. Loan amount was fully paid in 2017.

Interest expense incurred in connection with the loans amounted to P649,520 and P1,277,856 in 2017 and 2016 respectively.

14. RELATED PARTY TRANSACTIONS

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. For financial statement disclosure purposes, the Company and its related parties have common stockholders, either direct or indirect.

The summary of the Company's outstanding balances and transactions with related parties as at and for the years ended March 31, 2017 and 2016 are as follows:

Category	Amount	Outstanding Balance Asset (Liability)	Terms and Condition	Guaranty/ Settlement/ Provision	Ref
	₱	₱			
2017					
Tech Mahindra Limited - Ultimate Parent					
Service revenue	**P899,092,434**	**P65,077,976**	30 days; noninterest-bearing	Unsecured; to be settled in cash; no impairment	a), b)
vCustomer Philippines, Inc. - Parent Company					
Advances to or payments received	**-**	**-**	Payable on demand; noninterest-bearing	Unsecured; to be settled in cash	d)
2016					
Tech Mahindra Limited - Ultimate Parent					
(Parent company of Satyam Computer Services Limited)					
Service revenue	544,332,098	61,136,017	30 days; noninterest-bearing	Unsecured; to be settled in cash; no impairment	a), b), c)
vCustomer Philippines, Inc. - Parent Company					
Advances to or payments received	(20,158,200)	-	Payable on demand; noninterest-bearing	Unsecured; to be settled in cash	d)

a. The Company entered into a Service Agreement with vCustomer Services LLC (vSLLC), a Company incorporated under the laws of the United States of America (USA), an affiliate, for an indefinite period unless mutually terminated, to provide web-based support (chat, email, fax); telephony support (voice); directory assistance; eCRM database management, eCRM database mining; web-based self-help solutions; remote website administration; remote back office support; remote system administration and technical help desk services in the United States through contact center representatives and such other functions as may be required in relation to the performance of its support function. In consideration thereof, the Company bills vSLLC ten percent (10%) mark-up rate on all costs (cost and operating expenses) incurred by the Company in providing the services. Contract receivables are billed by the Company in US dollars on a periodical basis and are settled in the same currency. vSLLC was merged with Tech Mahindra (Americas), Inc., a subsidiary of Tech Mahindra Limited (TML), on February 2, 2015. Accordingly, billings were made to TML subsequently.

   Total billings recognized as revenue relating to the Service Agreements amounted to ₱ 827,286,378 in 2017 and ₱ 219,682,796 in 2016. Outstanding receivables as at March 31, 2017 and 2016 amounted to P65,077,976 and P2,867,331, respectively. There are no outstanding payables as at March 31, 2017.

b. The Company entered into a Sub-contract Agreement with Tech Mahindra Limited (TML) to provide the services required in the Master Service Agreement between TML and a local telecommunication company. Total revenue relative to this Agreement amounted to ₱ 71,806,056 in 2017 and ₱ 88,771,528 in 2016. Outstanding receivables amounted to ₱ 16,251,915 as at March 31, 2016.

c. On April 1, 2015, the Company entered into a Service Agreement with Tech Mahindra BPO to provide services and resources. Tech Mahindra BPO was merged with TML on March 29, 2016 and billings were made to TML subsequently. Total revenue relative to this Agreement amounted to ₱ 235,877,774 in 2016. Outstanding receivables amounted to ₱ 42,016,771 as at March 31, 2016. The service agreement was terminated in 2016.

d. The Company received non-interest-bearing and unsecured advances from vCustomer Philippines, Inc., for capital expenditure requirements amounting to P20,158,200.

e. Compensation of key management personnel for the years ended March 31, 2017 and 2016 is as follows:

	2017	2016
	₱	₱
Salaries	**17,839,150**	12,401,512
Allowance	**606,305**	418,085
Other employee benefits	**5,825,646**	4,262,010
	24,271,101	17,081,607
Retirement benefits costs (Note 19)	**950,888**	562,156

Other employee benefits include 13th month pay, performance bonus, leave encashment and other short-term benefits.

There are no other related party transactions.

15. EQUITY

a. Share capital

There is no movement in the number of the Company's authorized and subscribed shares of capital stock for the years ended March 31, 2017 and 2016.

b. Retained earnings

- On March 31, 2017, the Company's BOD approved the additional appropriation of P127 million from its current retained earnings as at March 31, 2017 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2017 until 2020. Also, on the same date, the Company's BOD approved the reversal of the appropriated retained earnings during 2014 and 2015 of P42 million intended for the expansion projects due to the completion of the said projects ahead of its turn-over year.
- On April 18, 2016, the Company's BOD approved the additional appropriation of P48 million from its current retained earnings as at March 31, 2016 to be used by the Company for its expansion projects in the year 2016 until 2019. The said appropriation shall be reflected in the financial statements as at and for the year ended March 31, 2016.
- On April 21, 2015, the Company's BOD approved the additional appropriation of P15 million from its current retained earnings as at March 31, 2015 to be used by the Company for its expansion projects in the year 2015 until 2018. The said appropriation was approved to be reflected in the financial statements as at and for the year ended March 31, 2015. The planned expansion consists of set up of new site, expansion project, installation of other equipment for new and existing clients, and engagement of additional account.
- On March 28, 2014 the Company's BOD approved the appropriation of retained earnings as at March 31, 2014 amounting to P27 million for business expansion, office renovation and equipment upgrade which are estimated to take place starting April 1, 2014 until March 31, 2016. The planned expansion consists of renovation of Cebu site, installation of other equipment for new and existing clients, and engagement of additional accounts and increase in employee headcount.

16. COST OF SERVICES

This account in consists of:

	Notes	**2017**	2016
		₱	₱
Personnel costs		**478,443,962**	281,967,068
Depreciation and amortization	9, 10	**88,041,870**	36,601,042
Rent	18	**38,247,104**	21,682,216
IT infrastructure		**29,737,423**	18,120,231
Electricity		**13,588,519**	10,441,448
		648,058,878	368,812,005

Details of personnel costs are as follow:

	Note	**2017**	2016
		₱	₱
Salaries, wages and other employee benefits		**288,471,143**	185,070,947
Allowances and staff welfare costs		**128,712,874**	61,492,676
SSS, PHIC and HDMF premium contributions		**27,624,521**	16,737,649
13th month pay		**27,193,245**	16,665,429
Retirement benefits costs	19	**6,442,179**	2,000,367
		478,443,962	281,967,068

18. OPERATING EXPENSES

This account consists of:

	Notes	**2017**	2016
		₱	₱
Personnel costs		**114,228,128**	50,388,686
Facility management services		**16,516,638**	10,950,980
Security services		**9,965,715**	7,531,506
Trainings and recruitment		**8,606,583**	7,816,655
Depreciation and amortization	9, 10	**4,211,766**	14,619,526
Outside services		**3,709,980**	3,746,276
Office supplies		**2,981,979**	2,435,844
Professional fees		**2,153,786**	1,917,816
Rent	18	**1,829,673**	8,660,511
Transportation and travel		**1,433,054**	4,057,365
IT infrastructure		**1,383,780**	1,420,425
Repairs and maintenance		**674,518**	1,971,834
Insurance		**599,668**	6,075,869
Bank service charge		**121,681**	186,305
Taxes and licenses		**70,250**	881,483
Communication, light and water		**-**	2,241,249
Miscellaneous		**810,680**	183,930
		169,297,879	125,086,260

Miscellaneous include office management, postage and courier, and membership fees.

Details of personnel costs are as follow:

	Note	2017	2016
		₱	₱
Salaries, wages and other employee benefits		**69,857,756**	27,826,394
Allowances		**19,527,293**	9,245,748
Staff welfare		**11,297,127**	7,685,027
SSS, PHIC and HDMF premium contributions		**5,241,740**	2,516,594
13th month pay		**5,159,905**	2,505,735
Retirement benefits costs	19	**3,144,307**	609,188
		114,228,128	50,388,686

Depreciation and amortization are broken down as follow:

	Notes	2017	2016
Property and equipment	9	**P6,476,036**	P14,606,178
Intangible assets	10	**43,732**	13,348
		P6,519,768	P14,619,526

18. LEASE AGREEMENTS

The Company entered into lease agreements for the corporate office unit it occupies. The lease term for the corporate office unit cover ten years with a free fitting out period of three months and an option to extend for another ten years. Future payments under these lease agreements are subject to escalation rate of fifteen percent (15%) per year starting on April 1, 2016 until on April 1, 2020. The Company entered into an extension of the lease contract for additional spaces in the same building starting May 1, 2014 up to March 31, 2021. Escalation of three percent (3%) per year is effective starting May 1, 2015. Rent free construction period is for two months.

During the quarter ended September 30, 2014, the Company entered into a new lease agreement to occupy additional office unit. The lease term for the unit covers six years and nine months from July 1, 2014 to March 31, 2021 with a rent free construction period from July 1, 2014 to August 31, 2014.

The Company also entered into a lease agreement for the office unit and parking space for its expansion project. The lease term for office unit cover eight years from January 6, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date.

Total rent expense under operating lease presented as follows:

	Notes	2017	2016
		₱	₱
Cost of services	16	**38,247,104**	21,682,216
Operating expenses	17	**1,829,673**	8,660,511
		/40,076,777	30,342,727

Rental deposits relative to these contracts amounted to P12,109,475 and P11,861,404 as at March 31, 2017 and 2016, respectively, as disclosed in Note 11.

Estimated future minimum rental payments follow:

	2017	2016
	₱	₱
Due within one year	**41,691,315**	40,084,170
Due beyond one year but less than five years	**176,515,773**	178,358,847
Due beyond five years	**31,935,249**	71,654,547
	250,142,337	290,097,564

19. RETIREMENT BENEFITS COSTS

The Company does not have an established formal retirement plan as at March 31, 2017 and 2016 but accrued retirement benefits costs in accordance with the minimum regulatory benefit under Republic Act No. 7641 which is of the defined benefit type. In the absence of a formal established retirement plan, the retirement benefit obligation is not yet funded. Retirement benefits are based on employees' years of service and compensation levels during employment period. Actuarial valuations are made with sufficient regularity. The most recent actuarial valuation which was made for the year ended March 31, 2017 was dated April 12, 2017. The principal actuarial assumptions used to determine retirement benefits were as follows:

Regulatory framework in which the retirement plan operates

In accordance with the provisions of the RA 7641, the Company is required to pay eligible employees at least minimum regulatory benefit upon normal retirement, subject to age and service requirements.

Responsibilities of trustee

Since the Company does not have a formal, trusteed Retirement Plan, there are no Trustees yet.

Description of plan characteristics and associated risks

The calculations were based on the provisions of the minimum mandated benefit under RA 7641. However, it should be noted that in the event a benefit claim arises, the benefit shall immediately be due and payable from the Company.

Amounts recognized in the financial statements

The principal actuarial assumptions used to determine retirement benefits were as follows:

	2017	2016
Discount rate	**5.50%**	5.25%
Salary increase rate	**6.00%**	6.00%

Maturity profile of expected future benefit payments

The Company's expected future benefit payments is shown below:

	2017	2016
	₱	₱
Beyond five years (6 to 10 years)	**981,587**	952,080

The roll forward of present value of defined benefit obligation (DBO) follows:

	2017	2016
	₱	₱
Balance at beginning of year	**7,400,854**	2,367,289
Current service cost	**9,197,941**	2,491,191
Remeasurement (gain) loss	**(7,079,457)**	2,424,010
Interest cost	**388,545**	118,364
Balance at end of year	**9,907,883**	7,400,854

The accrued retirement benefits costs recognized in the statements of financial position as at March 31, 2017 and 2016 was determined as follows:

	2017	2016
	₱	₱
Present value of defined benefit obligation (DBO)	**9,907,883**	7,400,854

The retirement benefits costs recognized as part of "Cost of services" and "Operating expenses" in the statements of comprehensive income for the years ended March 31, 2017 and 2016 were determined as follows:

	Notes	**2017**	2016
		₱	₱
Current service cost		**9,197,941**	2,491,191
Interest on net defined benefit liability		**388,545**	118,364
	16, 17	**9,586,486**	2,609,555

The retirement benefits costs are broken down as follows:

	Notes	2017	2016
		₱	₱
Cost of services	16	**6,442,179**	2,000,367
Operating expenses	17	**3,144,307**	609,188
		9,586,486	2,609,555

The roll forward of cumulative remeasurement loss presented in the statements of changes in equity follows:

	2017	2016
	₱	₱
Balance at beginning of year	**2,681,840**	257,830
Actuarial loss:		
Due to liability assumption changes	**(6,360,988)**	1,409,604
Due to liability experience	**(718,469)**	1,014,406
	(7,079,457)	2,424,010
Balance at end of year	**(4,397,617)**	2,681,840

The movement of the accrued retirement benefit costs recognized in the statements of financial position is as follows:

	Notes	2017	2016
		₱	₱
Balance at beginning of year		**7,400,854**	2,367,289
Retirement benefit expense	16, 17	**9,586,486**	2,609,555
Remeasurement loss		**(7,079,457)**	2,424,010
Balance at end of year		**9,907,883**	7,400,854

Amount, timing and uncertainty of future cash flows

Sensitivity analysis on the defined benefit obligation is as follows:

		Sensitivity Analysis	Effect on DBO
Discount rate	6.50%	1% increase	(24.12%)
Discount rate	4.50%	1% decrease	32.63%
Salary increase rate	7.00%	1% increase	32.10%
Salary increase rate	5.00%	1% decrease	(24.22%)

Methods and assumptions used in sensitivity analysis

All other assumptions were kept constant in determining the sensitivity results above.

Changes since previous period

There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

Description of asset-liability matching strategies

Since the DBO is still unfunded, there are no plan assets to match against the DBO.

Description of funding arrangements and policies

Since the DBO is still unfunded, benefit claims under the DBO are paid directly by the Company when they become due.

20. INCOME TAXES

The available incentives of the Company as an Ecozone IT Enterprise under the Registration Agreement with PEZA include the following:

1) Incentives under Book VI of Executive Order No. 226 which include the following:

   a) Corporate income tax holiday (ITH) for four (4) years for original project effective on the date of start of commercial operations, or the actual date of the start of commercial operations, whichever is earlier; ITH entitlement for the original project can also be extended for another three (3) years provided specific criteria are met for each additional year and prior PEZA approval is obtained; duly approved and registered "Expansion" and "New" Projects are entitled to a three-year and four-year Income Tax Holiday, respectively;

b) Tax and duty free importation of merchandise which include raw materials, capital equipment, machinery and spare parts;

c) Exemption from wharfage dues and export tax, impost or fees;

d) VAT zero-rating of local purchases subject to compliance with BIR and PEZA requirements; and

e) Exemption from payment of any and all local government imposts, fees, licenses and taxes except real estate tax; however, machineries installed and operated in the ecozone for manufacturing, processing or for industrial purposes shall not be subject to payment of real estate taxes for the first three (3) years of operations of such machineries; production equipment not attached to real estate shall be exempt from real property taxes.

2) After the lapse of the ITH, the following incentives shall apply:

a) Exemption from national and local taxes, in lieu thereof, payment of 5% final tax on gross income as provided in Section 24 of R. A. 7916 and Rule XX of the Rules and Regulations to Implement R. A. 7916, and

b) Additional deduction for training expenses (1/2 of value) against the 5% tax on gross income earned, but not to exceed 3%, subject to guidelines to be formulated by PEZA in coordination with the Department of Labor and Employment and the Department of Finance (Section 42 of R. A. 7916).

3) Pursuant to BIR's Revenue Regulations No. 14-2002 (Amending Further Pertinent Provisions of Revenue Regulations No. 2-98, as amended), income payments to PEZA registered enterprises under the ITH and 5% GIT incentives are exempt from expanded withholding tax.

4) Non-fiscal incentives shall include the following:

a) Permanent resident status within the ecozone for foreign investors with initial investment of at least US $150,000;

b) Employment of foreign nationals; and

c) Simplified import and export procedures.

The Company's current tax expense related to other income, which is composed of write-off of salaries payable, amounted to P47,851 and P243,738 in 2017 and 2016, respectively.

The reconciliation between tax expense and the product of accounting profit multiplied by 30% in 2017 and 2016 follows:

	2017	2016
	₱	₱
Accounting profit	**86,354,874**	48,437,605
Tax expense at 30%	**25,906,462**	14,531,282
Income subject to income tax holiday	**(25,840,333)**	(14,274,880)
Income subject to final tax	**(18,283)**	(12,664)
Balance at end of year	**47,846**	243,738

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Company's financial instruments is to fund the Company's operations and to acquire and improve property and equipment. The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk which includes interest rate risk and foreign currency risk. These are summarized below:

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

With respect to credit risk arising from the Company's financial assets, which comprise of cash and cash equivalents, receivables, advances to a related party and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Company controls this risk through monitoring procedures and regular coordination with the debtors. Receivable balances are monitored on an ongoing basis with the result that its exposure to bad debts is not significant.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Company as at March 31, 2017 and 2016, without considering the effects of credit risk mitigation techniques.

	Notes	2017	2016
		₱	₱
Cash and cash equivalents*	6	**64,196,079**	37,517,058
Receivables	7		
Trade		**65,077,976**	61,136,017
Others		**-**	4,608,381
Refundable deposits	11	**12,584,955**	12,351,884
		141,859,010	115,613,340

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company's normal course of business is to provide services to the customers of certain related parties which are being billed based on the Service Agreements, as discussed in Note 14. The Company does not enter into contracts directly with external customers including the related parties' customers. Hence, the related parties serve as the sole customer of the Company. Despite the related parties being the direct sole customer, it is considered that there is no significant concentration of credit risks due to the continuing agreement to serve the related parties' customers who are from different industries and geographic regions. The related parties manage the associated credit risks from their customers' accounts by individual assessment and regular monitoring of past due receivables in order to take appropriate actions when needed. These actions include but are not limited to sending demand letters to customers based on the aging of past due accounts, or placing new sales order on hold from credit customers with past due accounts.

c. Credit quality of financial assets

Below is the credit quality by class of financial assets as at March 31, 2017 and 2016.

		Neither past due nor impaired			**Total**
	Notes	**High Grade**	**Satisfactory Grade**	**Low Grade**	
2017		**₱**	**₱**	**₱**	**₱**
Cash and cash equivalents	6	**64,196,079**	**-**	**-**	**64,196,079**
Receivables	7				
Trade		**65,077,976**	**-**	**-**	**65,077,976**
Refundable deposits	11	**12,584,955**	**-**	**-**	**12,584,955**
		141,859,010	**-**	**-**	141,859,010
2016					
Cash and cash equivalents	6	37,517,058	-	-	37,517,058
Receivables	7				
Trade		61,136,017	-	-	61,136,017
Others		4,608,381	-	-	4,608,381
Refundable deposits	11	12,351,884	-	-	12,351,884
		115,613,340	-	-	115,613,340

High grade are financial assets which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security is readily enforceable. Satisfactory grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Low grade accounts are accounts which have a probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up and extended payment terms.

d. Impairment assessment

The Company recognizes impairment losses based on the results of the specific/individual assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is inability to pay principal or interest overdue beyond a certain threshold. These and other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The methodology applied by the Company in assessing and measuring impairment is specific/individual assessment.

Under specific/individual assessment, the Company assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and, (f) the existing realizable value of collateral, if any. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

Liquidity risk

Liquidity pertains to the risk arising from the shortage of funds due to unexpected events or transactions.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company maintains a level of cash deemed sufficient to finance operations. To cover its financing requirements, the Company obtains advances from its Company, when necessary. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The table below summarizes the maturity profile of the Company's financial assets and liabilities as at March 31, 2017 and 2016 on undiscounted contractual cash flows.

2017

	Notes	**On Demand**	**Due Within 30 days**	**Due within 1 year**	**Due beyond 1 year but not more than 5 years**	**Total**
		₱	**₱**	**₱**	**₱**	**₱**
Cash and cash equivalents	6	**39,099,079**	**25,097,000**	**-**	**-**	**64,196,079**
Receivables						
Trade	7	**-**	**65,077,976**	**-**	**-**	**65,077,976**
Refundable deposits	11	**-**	**-**	**-**	**12,584,955**	**12,584,955**
		39,099,079	**90,174,976**	**-**	**12,584,955**	**141,859,010**
Trade and other payables*	12	**20,239,006**	**54,314,908**	**-**	**-**	**74,553,914**

*Excluding statutory payables amounting to P3,083,326.

2016

	Notes	On Demand	Due Within 30 days	Due within 1 year	Due beyond 1 year but not more than 5 years	Total
		₱	₱	₱	₱	₱
Cash and cash equivalents	6	23,517,058	14,000,000	-	-	37,517,058
Receivables	7					
Trade		-	61,136,017	-	-	61,136,017
Others		-	4,608,381	-	-	4,608,381
Refundable deposits	11	-	-	-	12,351,884	12,351,884
		23,517,058	79,744,398	-	12,351,884	115,613,340
Trade and other payables*	12	23,702,775	75,315,874	-	-	99,018,649
Loans payable	13	-	-	107,585,334	-	107,585,334
		23,702,775	75,315,874	107,585,334	-	206,603,983

*Excluding statutory payables amounting to P7,342,832.

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term borrowings. Management manages its exposure to interest rate risk by closely monitoring bank interest rates and maximizing borrowing period based on market volatility of interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax as at and for the year ended March 31, 2017.

	Increase (decrease) in interest peso rate	**Increase (decrease) in profit before income tax**
		₱
2017	**+0.09**	**(P96,827)**
	-0.09	**96,827**

Foreign currency risk

The Company's foreign currency denominated monetary assets and liabilities as at March 31, 2017 and 2016, and its Philippine Peso equivalent follows:

	Notes	**2017**	2016
		$	$
In United States Dollar (USD or $)			
Assets			
Cash and cash equivalents	6	**741,834**	479,131
Receivables – trade	7	**1,296,529**	973,456
		2,038,363	1,452,587
Liabilities			
Loans payable	13	**-**	2,333,333
Trade and other payables	12	**25,172**	-
		25,172	2,333,333
Net foreign currency denominated assets/ (liabilities)		**2,013,191**	(880,746)

In Philippine Peso (PhP)			
		₱	₱
Assets			
Cash and cash equivalents	6	**37,235,619**	22,091,772
Receivables - trade	7	**65,077,976**	44,884,102
		102,313,595	66,975,874
Liabilities			
	13	**-**	107,585,334
Trade and other payables	12	**1,263,477**	-
		1,263,477	107,585,334
Net foreign currency denominatedassets/(liabilities)		**101,050,118**	(40,609,460)

The Company's foreign currency denominated monetary assets and liability are translated to Philippine Peso equivalents using an exchange rate of P50.194/$1.00 and P46.108/$1.00 as at March 31, 2017 and 2016, respectively.

	2017	2016
	₱	₱
Realized gain (loss)	**5,093,266**	(1,019,853)
Unrealized foreign exchange loss	**(44,978)**	(553,190)
	5,048,288	(1,573,043)

The following table demonstrates the sensitivity to a reasonable possible change in foreign currency exchange rates with all other variables held constant on the Company's profit before tax for the year ended March 31, 2017.

Increase (decrease) in foreign currency	**Effect on profit before tax Increase (decrease)**	Effect on equity Increase (decrease)
	₱	₱
+0.07%	**6,887,127**	6,542,771
(0.07%)	**(6,887,127)**	(6,542,771)

22. FINANCIAL INSTRUMENTS

Financial asset and liabilities not measured at fair value

Management believes that the carrying amounts of cash and cash equivalents, trade and other receivables, due from related parties, short term loans, trade and other payables, due to related parties and obligation under finance leases approximate their fair values. The impact of discounting refundable deposits is not material, hence, their carrying amounts are also considered their fair values. Accordingly, fair value of the financial assets and liabilities are not disclosed.

23. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, maximize shareholder value, maintain various stakeholders' confidence and sustain future development of the business. The Company manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may issue stock dividend to shareholders, return or issue capital. No significant changes have been made in the capital management approach as they have been applied in previous years. The Company has not been subjected to externally imposed capital requirements. No major changes were made in the objectives, policies and procedures in 2017 and 2016.

The Company considers the following as its capital:

	2017	2016
	₱	₱
Share capital	**9,500,000**	9,500,000
Retained earnings	**179,700,508**	93,393,480
Cumulative remeasurement (gain) loss on retirement benefits	**4,397,617**	(2,681,840)
	193,598,125	100,211,640

The debt to equity ratio at year-end was as follows:

	2017	2016
	₱	₱
Debt	**74,553,914**	206,603,983
Equity	**193,598,125**	100,211,640
	0.39	2.06

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 15-2010 amending certain provisions of RR No. 21-2002, as amended and implementing Section 6 (H) of the Tax Code of 1997 which authorize the Commissioner of Internal Revenue to prescribe additional procedural and/or documentary requirements in connection with the preparation and submission, filing of financial statements accompanying the tax returns.

On January 24, 2014, RR No. 2-2014 was issued to prescribe the new BIR forms that will be used for income tax filing covering and starting with December 31, 2013.

The following information on taxes, duties and license fees paid or accrued during the taxable years ended March 31, 2017 and 2016 is presented for purposes of compliance with the disclosure requirements by the BIR as provided for in its RR 15-2010:

Net sales/receipts declared in the Company's Value Added Tax (VAT) returns filed

	Net sales/ Receipts	Output VAT
	₱	**₱**
2017		
Zero-rated sales	**827,286,378**	**-**
Vatable Sales	**86,316,694**	**10,358,003**
	913,603,072	**10,358,003**
2016		
Zero-rated sales	455,560,570	-
Vatable Sales	88,771,528	10,652,583
	544,332,098	10,652,583

In accordance with pertinent tax laws and revenue regulations, zero-rated sale of services consists of export sales.

Documentary stamp tax paid

	2017	2016
	₱	₱
Loans	**-**	689,549
Lease	**-**	128,274
Certified true copy of audited financial statements	**-**	90
Others	**-**	180
	-	818,093

Other taxes and licenses lodged under operating expenses

Nature	**2017**	2016
	₱	₱
Documentary stamp taxes	**-**	818,093
Business permit	**58,350**	43,918
BIR and PEZA registration, community tax certificate and others	**11,900**	19,472
	70,250	881,483

Withholding taxes

	2017	2016
	₱	₱
Withholding taxes on compensation	**31,378,502**	16,305,488
Expanded withholding taxes	**3,720,363**	4,408,643
Fringe benefit	**516,471**	-
	35,615,336	20,714,131

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved and authorized for issuance by the Board of Directors on May 19, 2017.

SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED

Board of Directors

Mr. C. P. Gurnani- Director
Mr. Jayaraman Ganapathy- Director
Mr. Karthikeyan Natarajan- Director
Mr. Rakesh Soni- Director
Mr. Shivanand Raja- Director
Mr. V. Venkata Kumar Raju- Director
Mr. Subramanyam Reddy Chelikam- Independent Director
Mr. Venkateswarlu Jonnalagadda- Independent Director

Registered Office:

1-8-301-306, 3rd Floor, Ashoka MyHome Chambers,
S. P Road, Secunderabad- 500 003,
Telangana, INDIA

Auditors

M/s. M. Bhaskara Rao & Co., Chartered Accountants

Bankers

ICICI Bank Limited
HSBC Bank Limited
Kotak Mahindra Bank Limited

DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting the Seventeenth Annual Report together with audited Statement of accounts of the Company for the year ended March 31, 2017.

The Company's Standalone financial results for the year under review along with previous year's results are presented hereunder:

Financial Highlights

INR in Millions

Particulars	**2016-17**	**2015-16**
Income	**3,464.77**	2,681.42
Other Income	**49.71**	72.07
Total Income	**3,514.48**	2,753.49
Operating Profit (EBITDA)	**514.98**	420.27
Operating Margin	**15%**	15%
Depreciation	**72.78**	59.03
EBT	**491.90**	414.53
Net Income (PAT)	**435.25**	343.14
Current Tax	**166.70**	158.95
Tax relating to earlier years	**123.21**	(72.00)
Deferred Tax	**13.06**	(14.06)
Cash & Cash Equivalents	**211.84**	212.75
Long Term Debt	**-**	-
Capital Expenditure	**74.88**	94.72

Business Overview

During the year under review, the Company secured business orders from 12 new Customers. With the improvement in the Automotive Industry in USA, Germany, China and Japan markets, and with sustained efforts from the marketing, delivery and enabling teams, the Company recorded an impressive growth of 30% (INR) in the financial year 2016-17. Ford has become the No. 1 customer in terms of revenues earned and with a growth of 34% in Dollar terms. The Company has successfully retained all its Customers, renewed contracts, and acquired new businesses. On the strength of prompt delivery of services, the Company was able to expand the size of existing engagements with key Customers. The Company conducted a Customer Satisfaction survey and secured a good score of 4.1 out of 5.

As the demand for value added services has been steadily growing, the Company successfully entered into new areas such as Quality Engineering, Digital Manufacturing, Mechatronics, and Light-weighting Technologies, among others, which have good growth potential for Satven. A pilot project involving Mechatronics was successfully demonstrated to the top leadership of ZF and the Company received high level of appreciation from the customer. Pilot projects with a couple of customers are in progress in the area of Digital Manufacturing. Discussions for tie-ups/collaboration with research institutes are in progress in areas such as light-weighting & bundling of CAE and testing services.

The Company intensified its focus on Innovation and future-proofing the organization and conducted several "Innovation Days" around the globe in FY17. It has also adopted a unique 3-Box framework to help in this cause. Customers have been appreciative of our approach & the specific initiatives that we have been presenting to them over the past one year as it has dovetailed well with their own line of thinking.

The Company revised its Vision statement to ***'Creating "Intelligent Mechanical Systems" together with automotive customers through flexible business models using the 3-Box framework'*** to meet the next generation of Automotive Engineering requirements.

There was a significant increase in the Company's engagement with new customers as below:

- Two (2) of the OEM's from China were added as Customers.
- Long term partnership for offshoring was signed with an OEM from Japan.
- The Company was also selected as a preferred partner for Mechanical Engineering by a German based Tier-1 supplier, for the development of its Engineering Center in Hyderabad, India.

The Company celebrated long-term partnership journeys with notable customers along with key customer representatives.

The Company achieved ISO 14001:2015 (Environment Management System) & OHSAS 18001:2007 (Occupational Health & Safety Management System) certifications. The Company organized various "Health & Wellness" awareness sessions & health checks for its associates.

During the year under review, 433 associates were added globally. Associate attrition during the year was 8.4%. The Company continues to adopt various industry leading retention measures, such as associate engagement initiatives, implementation of rewards & recognition schemes, and unique people development initiatives.

The Company conducted a workshop for its Management and the Sales & Marketing team on "Negotiation Strategies" at ISB, Hyderabad and an "Out Bound Leadership Program" during its Annual Business Plan meeting in March 2017. Focused sessions on "Value Creation to Customers through Innovation" and "Leadership Development" were also conducted for the Project Management team in March 2017 by Change School, UK. The Company organized several Associate connect events such as team outings and open houses in the US, Japan, Germany & India.

Marketing & Communication

The Company participated in various Industry events to increase its visibility in the automotive market. Some events are listed below:

North America

- Co-sponsored the annual Ford Asian Indian Association (FAIA) Event, held at the Ford Performing Arts Center. Mark Fields, President and CEO was the special guest for the evening. Raj Nair EVP & CTO, presented the keynote address and talked about four important megatrends which are driving Ford's thinking around mobility and the enablers.
- Sponsored the 10th Annual Automotive Seating Innovators Summit held from July 25 to 27, 2016 in Novi, Michigan. Senior representatives from some of the top automotive companies from NA & Europe, consultants and several other key stakeholders were an integral part of this event. Satven, which was well represented by domain experts, garnered much attention & mileage during this 3-day event.
- Participated in the "2016 SAE World Congress" held in Detroit from 12th to 14th of April 2016.

Europe

- Participated in the "Stuttgart Global Automotive Components and Supplier Expo" (GACS), Germany from 31st of May to 2nd of June 2016.

APAC

- Participated in the SAECCE event in China (26th to 28th Oct'16) by setting up a booth. The booth attracted many OEM and Tier-1 customers and visitors showed a lot of interest in understanding Satven's capabilities.
- Co-sponsored the 2016 NASSCOM Engineering Summit held in Bangalore on the 5th & 6th Oct'16. The Company also set up a stall to showcase its Engineering Capabilities and services offered to the global auto industry.
- Participated in the 'Connected Vehicles 2017' conference held in Chennai on 18th January 2017. This conference was organized by Telematics Wire.
- Presented technical papers in the Project Evaluation and Recognition Program 2016 conducted by Frost & Sullivan on 10th & 11th of Nov'16. Topics covered by the team included "Small Overlap Rigid Barrier (SORB) Frontal Crash Simulation – Saving Lives" in the "Customer Value Leadership" category, and "Operational Efficiency in Design Optimization of Suspension Arm" in the "Operational Excellence" category.
- Participated in the Conference on the Future of Automotive Design, Chennai on 19th of August 2016. A senior representative from the company gave a technical presentation on "Upcoming Crashworthiness & Safety Regulations".
- Presented the keynote address, titled "Transformation of CAE from an Uncertain Companion to an Innovation Partner" at the Simulation Powers Innovation seminar conducted by Dassault Systems in Hyderabad on 3rd of June 2016.

Future Prospects

For long term sustenance and growth, the Company plans to develop more offsite engineering centers in developed markets, and enter into Mexico and other countries in the APAC region. This coupled with several upcoming and niche solution areas such as Mechatronics, Digital Manufacturing, Light-weighting, thermal management of electronics, complete Program Management for Interiors and Body, bundling of CAE and testing services, Development of Intellectual Property in specific automotive areas, usage of unique tools and technologies (such as SFE Concept® and Beam-Shell representation) for CAE-driven development, Accident Data Analysis and Reconstruction, High Frequency phenomenon, Model Based Development (MBD) will propel the growth of the Company.

Auditors

M/s. M. Bhaskara Rao & Co, Chartered Accountants, Hyderabad were appointed as statutory auditors of the Company for a period of five (5) years from the conclusion of 14th AGM held on 22nd September, 2014, subject to ratification in every Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for continuing in the office of auditors for the financial year 2017-18. The Board recommends ratification of the appointment of auditors for financial year 2017-18.

Auditors' Report

There are no qualifications, reservations or adverse remarks made by the Auditor's in their report.

In respect of Emphasis of Matters (EOM) made in the Auditors' Report, the disclosures made at point no. 24 and 30.2 in notes to accounts are self-explanatory.

Internal Financial Controls

The Company had engaged external consultant for conducting Information Systems audit and design of IFC framework in F.Y. 2016-17. The IFC frame work so designed by the consultants has been implemented and the same is working effectively.

The controls are adequate for ensuring the orderly & efficient conduct of the business, including adherence to the company's policies, the safe guarding of assets, the prevention & detection of frauds & errors, the accuracy & completeness of accounting records and timely preparation of reliable financial information.

Fixed Deposits

Your Company has not accepted any deposits.

Dividends

No dividend is recommended by the Board of Directors for F.Y. 2016-17 in view of the requirements of funds for the growing operations of the Company. No amount was transferred to reserves.

Directors

The Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 for F.Y. 17-18.

Pursuant to the provisions of Section 152(6) (c) of the Companies Act 2013, Mr. C. P. Gurnani & Mr. Jayaraman Ganapathy, Directors, are liable to retire by rotation and being eligible, offer themselves for reappointment.

Meetings of the Board

The Company held a minimum of one board meeting in every quarter. During the year ended 31st March, 2017, five Board Meetings were held on, 21st April, 2016, 22nd July, 2016, 9th September, 2016, 19th October, 2016 & 19th January, 2017 respectively. The intervening gap between the meetings was as prescribed under the Companies Act, 2013.

Committees of the Board

Audit Committee

The Audit Committee comprise following directors:

Mr. Venkateswarlu Jonnalagadda, Chairman

Mr. Subramanyam Reddy Chelikam

Mr. V. Venkata Kumar Raju

Nomination and Remuneration Committee

Nomination and Remuneration Committee comprise following directors:

Mr. Rakesh Soni, Chairman

Mr. Shivanand Raja

Mr. Venkateswarlu Jonnalagadda

Mr. Subramanyam Reddy Chelikam

Corporate Social Responsibility Committee

Corporate Social Responsibility Committee comprise following directors:

Mr. Shivanand Raja, Chairman

Mr. Jayaraman Ganapathy

Mr. V. Venkata Kumar Raju

Mr. Venkateswarlu Jonnalagadda

Key Managerial Personnel

Section 203 of the Companies Act, 2013, for appointment of Key Managerial Personnel, is not applicable to Company.

Internal auditor

The Company appointed M/s. J. S. S. Sivarama Prasad., Chartered Accountants as Internal auditor of the company for a period of one year from 19th October, 2016 to 18th October, 2017 to carry out the Internal Audit services.

Board Evaluation

Pursuant to the provisions of Sec 178 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014, the Board has carried out an annual performance of the directors individually for F.Y. 2016-17.

Remuneration Policy

The Board upon the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration during F.Y. 2014-15. The annexures to the policy (Evaluation forms) were modified during the F.Y. 2016-17. Extract of the Remuneration Policy is annexed as **Annexure 'B'**.

Corporate Social Responsibility (CSR)

Pursuant to the guidelines prescribed under section 135 of the Companies Act 2013, the Board has formed a Committee viz, Corporate Social Responsibility (CSR) Committee on March 27, 2014. Subsequently the CSR Policy as recommended by the CSR Committee was approved by the Board.

Company organized various CSR activities such as Summer Water camp, Blood donation, Note books donation to schools, etc.

Details of CSR activities undertaken during the year and the policy is annexed herewith as **Annexure 'C'**.

Related party transactions

All related party transactions that were entered into during the financial year were at arm's length basis and were in the ordinary course of business. No material related party transactions were made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions for the period under review are placed before the Audit Committee and the Board for its approval. Pursuant to clause (h) of subsection (3) of Sec 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, Form AOC 2 is annexed to this report as **Annexure D**.

Risk Management

The Company's risk management is forming part of the risk management framework adopted by the Holding Company, wherein the elements of risks are overviewed for the organization as a whole including its subsidiaries.

Whistle Blower Mechanism

Whistle Blower mechanism is a part of the Company's Code of Ethical Business Conduct Policy which is applicable to all its Subsidiaries & Branches. The policy sets out ways through which the stakeholders can raise concerns that relate to actual or suspected violations to the Corporate Ombudsman office.

Sustainability

The Company has taken several steps to support the Green Initiative and can be summarized as follows:

- Environment Day was celebrated on 3rd June, 2016 in collaboration with "Green peace".
- Electrical Safety Week was conducted on 5th May, 2016.
- Plantation Drive was organized on 26th July, 2016 wherein saplings were distributed to the associates.

Anti-Sexual Harassment Policy

The Company has Anti sexual harassment policy in which it formalized a free and fair enquiry process with clear timeline. Also the company has formed an internal Redressal committee to which employees can write their complaints. During the year under review, the company has not received any such complaints in this regard and no cases were filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure 'E'**.

Particulars of Employment

Particulars of employees as required to be furnished under section 197 (12) of the Companies Act, 2013, read with the Companies (Remuneration of Managerial Personnel) Rules 5, 2013 forms part of this report as enclosed in Annexure 'F'.

Form of Statement containing salient features of financial statements of subsidiaries

The statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures under the first proviso to sub-section (3) of section 129 in Form AOC-1 is annexed herewith as **Annexure 'G'**

Secretarial Audit

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 Ms. M. Gayathri, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure 'H'.

There were no qualifications in the Secretarial Audit report for the FY 2016-17.

Details of Subsidiaries:

During the year under review, Company had two Subsidiaries namely Satven GmbH at Germany and Satyam Venture Engineering Services (Shanghai) Co., Ltd. at China.

Company has not incorporated any new Subsidiaries.

Particulars of loans, guarantees or investments under Section 186:

Company did not provide/give any loans, guarantees or investments under Section 186.

Conservation of Energy, Technology Absorption and Foreign Exchange

The particulars prescribed as per Sec 134 (3) (m) of Companies Act 2013 read with Companies (Accounts) Rules 2014 made thereunder Rule 8.

A. Conservation of Energy:

Company uses electrical energy for its equipment such as air-conditioners, computer terminals, lighting and utilities at work places. As an on -going process, the Company continued to undertake the following measures to conserve energy:

- Incorporating new technologies in the air conditioning system in the upcoming facilities, to optimize power consumption.

- Identification and replacement of low efficient machinery.
- Identification and replacement of outdated and low efficient UPS systems.
- Conducting continuous conservation awareness and training sessions for operational personnel.
- Periodical maintenance of all the equipment and machinery.

B. **Research and Development:** The Company has not undertaken any R&D activity in any specific area during the year under review, and hence no cost has been incurred towards the same.

C. **Technology Absorption:** The Company has continued its endeavor to adopt technologies for its product range to meet the requirements of a globally competitive market. All Company products are compliant with the prevalent regulatory norms. Company also develops the technology which is registered as patents by the Customers and the Company. The Company also participates in various global automotive forums to acquaint with the latest trends in the technology areas.

D. **Foreign Exchange Earnings and outgo**

(Rs. In Million)

	March 31, 2017	March 31, 2016
I) Foreign Exchange Earnings	**2,629.21**	**2,457.87**
II) Foreign Exchange outgo	**1,791.57**	**1,306.16**

Directors' Responsibility Statement

As required by the provisions of Section 134 of the Companies Act, 2013, Directors' Responsibility Statement is attached as **Annexure 'A'.**

Acknowledgement

Directors take this opportunity to place on record the valuable contribution and support received from the customers, members, banks, suppliers, consultants and associates and also acknowledges gratefully the shareholders for their support and confidence reposed on your company.

For and on behalf of the Board of Directors

C. P. Gurnani
Chairman

Place: Hyderabad
Date: 21st April, 2017

ANNEXURE 'A'

Directors' Responsibility Statement

To the Members,

We, the Directors of Satyam Venture Engineering Services Private Limited, confirm the following:

i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. that the Directors had 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. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. That the directors had prepared the annual accounts on a going concern basis.

v. The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

For and on behalf of the Board of Directors

C. P. Gurnani
Chairman

Place: Hyderabad
Date: 21st April, 2017

ANNEXURE B

Extract of Nomination and Remuneration Policy

1. OBJECTIVE

In compliance with the provisions of Section 178 of Companies Act 2013, following policies are formalized:

1.1 Policy on appointment and removal of Directors, and Senior Management;

1.2 Policy on Remuneration to the Directors, Senior Management and other Employees

1.3 Policy on Evaluation of performance of the Board of Directors, Committees and individual Directors,

2. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means the Satyam Venture Engineering Services Private Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in Senior Management Team of the Company.

"HR' means the Human Resource department of the Company.

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management"

The expression ‘‘senior management’’ means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

3. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, AND SENIOR MANAGEMENT

3.1 Directors

- The NRC determines the criteria for appointment to the Board and is vested with the authority to identify candidates for appointment to the Board of Directors. In evaluating the suitability of individual Board member, the NRC will take into account multiple factors, including general understanding of the business, education, professional background, personal achievements, professional ethics and integrity.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made there under.

3.2 Senior Management personnel

The NRC based on the business need and the suitability of the candidate, either on suo motto or upon the proposal of CEO supported by HR, will consider and recommend the appointment or removal of the Senior Management personnel to the Board of Directors. Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Senior Management Personnel.

The details of the appointment made and the personnel removed / relieved during a quarter shall be presented to the Board by CEO as part of update during their quarterly meetings.

3.3 Removal of Board of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board, removal of a Director subject to the compliance of the applicable statutory provisions.

4. REMUNERATION TO DIRECTORS, & SENIOR MANAGEMENT PERSONNEL :

4.1 Directors:

The sitting fee for the Board and Committee meetings will be recommended by NRC to the Board.

The members on the Board, who has been nominated by the Holding Company, will not be paid any sitting fee for the Board and Committee meetings.

However, if necessary, NRC may recommend to the Board for such payments to any of the directors.

4.2 Remuneration to Senior Management personnel

- The NRC either on the recommendation of CEO supported by HR or suo motto on its own, may consider the profiles for the positions of senior management personnel to fix the remuneration. The Company follows an extensive performance management system to review the performance of the Senior Management and provide rewards on the basis of meritocracy.
- The CEO shall make a presentation to the NRC on the proposed annual increments based on the performance of the company, general trends in the Industry etc. the annual performance appraisal process of the employees conducted by the Human Resources department, during the financial year. Eligible employees will be rewarded with the annual increment. Before taking the proposal to the NRC, the CEO shall obtain the approval of Chairman.
- However, if any internal candidate is nominated by Holding Company from their rolls for any of these positions, the remuneration for such candidate(s) will be fixed by the holding company.

ANNEXURE 'C'

Report on CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Company's CSR Policy is stated herein below.
2. Composition of the CSR Committee:

   Mr. Shivanand Raja - Director

   Mr. Jayaraman Ganapathy - Director

   Mr. V Venkata Kumar Raju - Director

   Mr. Venkateswarlu Jonnalagadda - Independent Director
3. Average net Profit of the Company for the last three financial years: Rs. 319,426,249/-
4. Prescribed CSR Expenditure (two percent of the amount as an item 3 above) Rs. 63,88,525/-
5. Details of CSR spend for the financial year:
   a) Total amount spent for the financial year: 63,88,525/-
   b) Amount unspent, if any : NIL

INR

S. no	Projects NGO Partner	Sector	Location	Amount Outlay (Budget-program wise)	Amount Spent on the project	Cumulative expenditure upto reporting period	Amount Spent or through implementing agency
1	Association Saikorian (Krsuhi Home)	Arise	Hyderabad	1391300	1391300	1391300	Tech Mahindra Foundation
2	CADRE - Uppal	SMART	Hyderabad	2684725	2684725	2684725	Tech Mahindra Foundation
3	CADRE - ECIL	SMART	Hyderabad	2312500	2312500	2312500	Tech Mahindra Foundation

For and on behalf of the Board of Directors

C. P. Gurnani
Chairman

Place: Hyderabad
Date: 21st April, 2017

CSR POLICY (APPROVED BY THE BOARD OF DIRECTORS ON JULY 21, 2014)
CORPORATE SOCIAL RESPONSIBILITY POLICY & VISION DOCUMENT

Abstract:

The document outlines the Vision and Policy of Satyam Venture Engineering Services Private Limited (SATVEN) towards Corporate Social Responsibility, in accordance with Section 135 of the Companies Act 2013 and the Rules thereunder.

Introduction

Satyam Venture Engineering Services Private Limited is a high-end Automotive Engineering Solutions provider offering services ranging from Design Engineering, CAE & CFD Simulation, Process Engineering, Reverse Engineering, Product Data Management (PDM), Knowledge Based Engineering and Software Customization. With sales and marketing offices located in United States, Germany, Japan and China, SATVEN is a preferred solutions provider for several top global automotive OEMs and Suppliers.

Satyam Venture Engineering Services Pvt. Ltd. is a Joint Venture Company between erstwhile Satyam Computer Services Ltd., now Tech Mahindra Limited and Venture Global Engineering LLC. SATVEN has been a socially responsible company and has been contributing for CSR activities through its employees to benefit the socially & economically disadvantaged communities.

Vision

The CSR vision of SATVEN is **"Community development through Education."**

For SATVEN, Corporate Social Responsibility means responsible business practices through the involvement of all stakeholders in the decision making process and in operations. It entails having business policies that are ethical, equitable, environmentally conscious, gender sensitive and sensitive towards the differently abled.

SATVEN shall implement this primarily through Tech Mahindra Foundation (TMF) (Section 25 Company set up under the Companies Act 1956).

→ TMF, through vibrant and innovative partnerships with the government, NGOs, CBO's and other organisations, will promote quality education and employability for vulnerable sections of the society.

Objectives

The **objectives** of this Policy are to:-

- Demonstrate commitment to the common good through responsible business practices and good governance.
- Actively support and be part of the state's development agenda to ensure sustainable change.
- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models.
- Engender a sense of empathy and equity among employees of SATVEN to motivate them to give back to the society.

Applicability and Commencement

1. Satyam Venture Engineering Services Pvt. Ltd's (hereinafter referred to as the Company) CSR Policy has been developed in consonance to Section 135 of the Companies Act 2013 (referred to as the Act in this Policy) on CSR and in accordance with the CSR Rules (hereinafter referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India in 2014.
2. The Policy shall apply to all CSR Projects/Programmes undertaken by the Company in India as per Schedule VII of the Companies Act, 2013.
3. This Policy shall be applicable to SATVEN with effect from 1st April, 2014.

Budget

CSR Committee will recommend the annual budgeted expenditure to the Board for its consideration and approval.

Focus Areas

SATVEN will implement its CSR activities in accordance with Section 135 of the Companies Act 2013 and the Rules notified thereunder.

CSR focus area for SATVEN shall be primarily promotion of Education. Within this broad theme specific areas such as school education, education for employment and technical education are included. Persons with disability and Women's Empowerment are cross-cutting themes in these focused areas. The interventions in these thematic areas will be prioritized to reach the underserved segments of the population like women, economically and geographically disadvantaged and vulnerable and marginalized population.

Implementation

The Company's CSR Programmes will be identified and implemented according to the Board's approved CSR Policy. This CSR Policy builds on the learnings from and good practices of the Company's ongoing CSR activities. The CSR Policy would have its monitoring and evaluation mechanism so as to ensure every programme has:

I. clearly defined objectives (developed out of existing societal needs determined through baselines/studies/research), targets and timelines.

II. a robust progress monitoring system

III. impact assessments

IV. a reporting framework and system in alignment with the Act and Rules.

The Company will implement its CSR Programs primarily through Tech Mahindra Foundation (TMF) (Section 25 Company set up under the Companies Act 1956).

Roles and Responsibilities

Board

The Board of SATVEN would be responsible for:

- approving the CSR Policy as formulated by the CSR Committee
- ensuring that in each financial year the Company spends at least 2% of the average net profit before taxation excluding profits arising from Overseas Branches made during the three immediate preceding financial years.
- ensuring that every financial year funds committed by the Company for CSR activities are utlized effectively and monitored regularly.
- disclosing in its Annual Report the composition of CSR Committee, details of CSR spent during the year and such other information in the format prescribed under the Companies (Corporate Social Responsibilty Policy) Rules 2014.

CSR Committee

I. Composition of the CSR Committee: The Committee will consist of three or more Directors.

II. The CSR Committee of the Company would be responsible for:

    - formulating the CSR Policy in accordance with the Section 135 of the Companies Act, 2013.
    - identifying activties to be undertaken as per Schedule VII of the Companies Act, 2013.
    - recommending to Board the CSR expenditure to be incurred.
    - recommonding to Board, modifications/amendments to the CSR Policy as and when required.
    - regularly monitoring the implemention of the CSR Policy/Programmes.

III. The Company Secretary will act as Secretary to the Committee and assist the committee in discharge of its functions.

Monitoring and Reporting Framework

SATVEN's CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities done by TMF. The Committee would, in turn, recommend this to the SATVEN Board for its final approval.

In compliance with the Companies Act, 2013 and to ensure the funds spent on CSR programs are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework would be put in place. The Monitoring and Reporting mechanism is divided into three distinct areas:

I. Programme Monitoring

II. Evaluation

III. Reporting and Documentation

Programme Monitoring

I. Programme monitoring mechanism will ensure:

→ the CSR Policy is implemented in accordance with the provisions of the Companies Act, 2013 and its Rules.

→ The CSR Policy is implemented ensuring that all projects / programs as budgeted are duly carried out.

II. CSR spends would be closely monitored and funds shall be released against verified utilizations as per the approved work plans.

III. CSR spends would be subject to audit.

IV. Quarterly Report and Review by the CSR Committee and half yearly reviews by the Board.

MIS monitoring mechanism and evaluation plan will be put in place.

V. Expected outcomes would be clearly defined for each programme as per stated timelines.

Documentation and Reporting

The CSR Committee will ensure preparation of the annual CSR Report for inclusion in the Board's Report. This report will be in compliance to the prescribed format given under the Companies (Corporate Social responsibility Policy) Rules 2014.

ANNEXURE 'D'

FORM AOC 2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2017, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis are as follows:**

   (a) Name(s) of the related party and nature of relationship

   Holding Company - Tech Mahindra Limited

   Subsidiaries of Holding Company–

   - Tech Mahindra Technologies Inc.
   - Tech Mahindra BPO Limited (merged into Tech Mahindra Ltd., w.e.f 29th March, 2016)
   - Satyam Computer Services (Shanghai) Co. Limited
   - Tech Mahindra GmbH
   - Tech Mahindra Foundation

   Subsidiaries-

   - Satyam Venture Engineering Services (Shanghai) Co. Ltd, China
   - Satven GmbH, Germany

   Associate Companies- (Group Companies of Venture Global Engineering LLC)

   - Venture Global Engineering LLC
   - Mahindra & Mahindra Ltd
   - Jiangyin Venture Interior System
   - Millard design
   - Metro Tool & Die
   - Peguform
   - Venture Diversified Products
   - Candence Innovation
   - Venture Mould & Engg Co
   - Venture Otto South Africa (Prop) Ltd
   - Venture Auto Design(Shanghi)Co. Ltd

   (b) Nature of contracts/arrangements/transactions: Providing IT enabled Engineering Services & contribution towards CSR

   (c) Duration of the contracts / arrangements/transactions: Varies from 1 to 3 years and arrangement is through Master Service Agreements and Purchase orders.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any

Description	Transactions during the year ended March 31, 2017 (INR in Lakhs)					Transactions during the year Ended March 31, 2016 (INR in Lakhs)				
	Holding Company	**Subsidiaries Company**	**Associate Company**	**Subsidiaries of Holding Company**	**Key Management Personnel**	**Holding Company**	**Subsidiaries Company**	**Associate Company**	**Subsidiaries of Holding Company**	**Key Management Personnel**
Sales / Services rendered to	320.51	178.88	149.34	7143.07		286.45	1.15	144.86	6783.30	-
Remuneration	-		-	-	96.06	-		-	-	95.56
Advances from /(to)	-		-	-	-	-		-	-	-
Services received / Purchases #	202.41	12.96	-	55.21	-	211.91	24.33	-	37.28	-
CSR Expenses	-		-	63.89	-	-		-	55.45	-

(e) Date(s) of approval/discussion by the Board, if any: 21st April, 2016, 22nd July, 2016, & 19th January, 2017.

(f) Amount paid as advances, if any: NA

Reimbursement of Salary Cost & Other Expenditure

For and on behalf of the Board of Directors

Place: Hyderabad **C. P. Gurnani**

Date: 21st April, 2017 **Chairman**

ANNEXURE 'E'

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2017

[Pursuant to section 92(3) of the companies act, 2013, and rule 12(1) of the Companies (Management and Administration) rules, 2014]

Form no. MGT – 9

I. REGISTRATION AND OTHER DETAILS:

i) CIN:- U72200AP2000PTC033213

ii) Registration Date: 03/01/2000

iii) Name of the Company: SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED

iv) Category / Sub-Category of the Company: Company limited by Shares/ Indian Non-Government Company

v) Address of the registered office and contact details: 1-8-301-306, 3rd Floor, Ashoka MyHome Chambers, S. P Road, Secunderabad- 500 003, Telangana, INDIA

vi) Whether listed company: No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the company
1	IT Enabled Engineering Services	**62099**	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	Tech Mahindra Limited	L64200MH1986PLC041370	Holding	50%	2(46)
2	Venture Global Engineering LLC		Associate	50%	2(6)
2	Satyam Venture Engineering Services (Shanghai) Co. Ltd.	-	Subsidiary	100%	2(87)
3	Satven GmbH	-	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual/ HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.	NIL	35,44,480	35,44,480	50	NIL	35,44,480	35,44,480	50	NIL
k) Banks / FI									
l) Any Other….									
Sub-total									
(A) (1):-									
(2) Foreign									
a) NRIs – Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….	NIL	35,44,480	35,44,480	50	NIL	35,44,480	35,44,480	50	NIL
Sub-total									
(A) (2):-									
Total shareholding of Promoter									
(A) = (A)(1)+(A)(2)									
B. Public Shareholding									
1 Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total									
(B)(1):-									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital in excess ₹ 1 lakh									
c) Others (specify)									
Sub-total									
(B)(2):-									
Total Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total	**NIL**	**70,88,960**	**70,88,960**	**100**	**NIL**	**70,88,960**	**70,88,960**	**100**	**NIL**
(A+B+C)									

(ii) Shareholding of Promoters

Sl no	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year		
		No. of shares	% of total shares of the company	%of shares pledged/ shares encumbered to total shares	No. of shares	% of total shares of the company	%of shares pledged/ shares encumbered to total shares
1	Tech Mahindra Limited	35,44,480	50	NA	35,44,480	50	NA
2	Venture Global Engineering LLC	35,44,480	50	NA	35,44,480	50	NA
Total		**70,88,960**	**100%**		**70,88,960**	**100%**	

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allotment / transfer /bonus/sweat equity etc.):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	70,88,960	100%	70,88,960	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allotment / transfer /bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	70,88,960	100%	70,88,960	100%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NA	NA	NA	NA
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allotment / transfer /bonus/sweat equity etc.):	NA	NA	NA	NA
	At the End of the year	NA	NA	NA	NA

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured	Deposits Loans	Total Indebtedness	
Indebtedness at the beginning of the financial Year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL		NIL	
Total (i+ii+iii)	NIL	NIL		NIL	
Change in Indebtedness during the financial year · Addition · Reduction	NIL	NIL		NIL	
Net Change	NIL	NIL		NIL	
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not Due	NIL	NIL		NIL	
Total (i+ii+iii)	NIL	NIL		NIL	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager:	Total Amount ₹
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit		-
	- others, specify…	-	
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	-	-

B. Remuneration to other directors: *All the Directors except the Independent Directors are employees of the holding company and was nominated them on the subsidiary Board.*

J.Venkateswarlu and Chelikam Subramanyam Reddy are appointed as independent directors and the sitting fee paid during the year under review are mentioned below:

Sl. no.	Particulars of Remuneration	Non- Executive Directors						Independent Directors		Total Amount ₹
		C P Gurnani	Sujit Baksi	Shivanand Raja	Jayaraman Ganapathy	V Venkata Kumar Raju	Karthikeyan Natarajan	Chelikam Subramanyam Reddy	J. Venkateswarlu	
1	**Independent Directors Fee for attending board / committee meetings** **· Commission· Others, please specify**	-	-	-	-	-	-	**80,000**	**65,000**	**1,45,000**
	Total (1)	-	-	-	-	-	-	**80,000**	**65,000**	**1,45,000**
2	**Other Non-Executive Fee for attending board / committee meetings** **· Commission· Others, please specify**	-	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-	**80,000**	**65,000**	**1,45,000**
	Total Managerial Remuneration	-	-	-	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key managerial Personnel			Total Amount ₹
		Whole time Director	Company secretary	CFO	
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			-	
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission			-	-
	- as % of profit	-	-	-	-
	- Others, specify…				
5	Others, please specify	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 21st April, 2017

C. P. Gurnani
Chairman

ANNEXURE 'F'

Report u/s. 197(12)

Particulars of Employees forming part of the Directors' Report for the year ended March 31, 2016. Information pursuant to section 197 (12) of the Companies Act, 2013, read with the Companies (Remuneration of Managerial Personnel) Rules 5, 2013.

Sl. No	Name	Designation	Location	Remuneration (₹)	Qualification	Nature of employment (Contractual or Permanent)	DOJ	Experience	Age	Last employment	% of equity shares held by employee	Relative of Director or manager
1	Jose. Xavier	Asst.Vice President	Germany	10,681,328	B.E	Permanent	12-Aug-02	24 Years	48	DSQ Software, Bangalore	NIL	No
2	Jagadeesan Periyathambi Neelakandan	Senior Manager	Germany	9,158,750	B.E	Permanent	31-May-11	19 Years	43	Semcon Rhein - Main GmBh. Russelsheim,		
	NIL	No										
3	Mahesh Mahendrakar	Account Manager	Germany	7,131,088	B.E	Permanent	2-Jul-01	16 Years	44	Onward Technologies Ltd	NIL	No
4	Sreedhar Reddy T	Asst.Vice President	USA	12,701,410	B.Tech	Permanent	7-Mar-97	21 Years	46	Kelton Graphics (India) Pvt Ltd., Hyderabad, India	NIL	No
5	Srinivasa Rao Davuluri	Asst.Vice President	USA	11,868,610	M.E	Permanent	4-May-11	21 Years	46	Computer Sciences Corporation (CSC), US	NIL	No
6	Navin Gundlur	Manager-BD	USA	8,787,490	B.E	Permanent	25-Sep-08	21 Years	45	Emergent Systems Inc US	NIL	No
7	Ramasudhakar	Account Manager	USA	7,011,591	B.E	Permanent	14-Dec-00	16 Years	43	Lakshmi Machine Works	NIL	No
8	Narendra Sudhakar Patil	Consultant	USA	6,835,008	B.E	Permanent	18-Mar-14	17 years	38	TATA Auto comp Tech center Pune	NIL	No
9	Kishore Kumar Mocherla	Dy GM	Japan	7,458,946	B.E MBA	Permanent	11-Apr-11	16 Years	37	Ramsyinfo	NIL	No
10	Arunkumar Pesala	Consultant	USA	6,701,000	B.Tech	Permanent	3-Apr-06	13.0 Years	35	Sridevi Tool Engineers Pvt Ltd	NIL	No
11	Pam Pothen	Asst.General Manager	USA	6,164,920	B.Sc	Permanent	1-Oct-04	32 Years	59	Collins & Aikman, US	NIL	No
12	Ramesh Naradasu	Manager-BD	Germany	6,374,490	M.E	Permanent	7-Jun-04	12 Yrs 10 Months	40	Joined as GET	NIL	No
13	Ramesh Choudary Yendluri	Consultant	USA	6,030,900	M.E	Permanent	25-Sep-14	18 Years	42	Chryslser Automotive India	NIL	No
14	Mihir Kumar Sahoo	Consultant	USA	6,164,920	M.S	Permanent	25-Sep-15	11 Years 9 Months	32	Detroit Engineering Products	NIL	No
15	Nilam Kumar Deshpande	Consultant	USA	6,030,900	B.E	Permanent	5-Oct-15	12 Yrs 5 Months	36	Honda R&D ,America	NIL	No
16	Krishna Kumar P V	Vice President	India	6,739,893	B.Tech	Permanent	6-Sep-05	33 Years	56	Harita Inforserve Limited	NIL	No
17	Mohan Sankararao Desu	Vice President	India	6,939,307	M.Tech	Permanent	9-Aug-04	26 Years	48	Automotive Composite	NIL	No
18	Scott Adams	Consultant	USA	6,689,198	B.E	Permanent	24-Nov-14	27.5 Yrs	57	Webasto, US	NIL	No
19	Vadlamudi Srinivas Rao	CEO	India	81,93,600	MS CAD/CAM		1.02.2000	24	50	Venture Industires	NIL	No

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 21st April, 2017

C. P. Gurnani
Chairman

ANNEXURE 'G'

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

1. Sl. No. **1**
2. Name of the subsidiary: **Satven GmbH**
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **EURO (69.2610)**
5. Share capital: **1,731,525 Rs**
6. Reserves & surplus: **1,474,500 Rs**
7. Total assets: **15,453,414 Rs**
8. Total Liabilities: **12,247,389 Rs**
9. Investments: **NIL**
10. Turnover: **38.927,658 Rs**
11. Profit before taxation: **1,459,437 Rs**
12. Provision for taxation: **485,820 Rs**
13. Profit after taxation: **973,617 Rs**
14. Proposed Dividend: **NIL**
15. % of shareholding: **100%**

1. Sl. No. **2**
2. Name of the subsidiary: **Satyam-Venture Engineering Services (Shanghai) Co., Ltd.**
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **January 1st to December 31st**
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **CNY (9.4131)**
5. Share capital: **9,355,798 Rs**
6. Reserves & surplus: **1,992,841 Rs**
7. Total assets: **29,673,526 Rs**
8. Total Liabilities: **34,087,071 Rs**
9. Investments**: NIL**
10. Turnover**: 68,622,569 Rs**
11. Profit before taxation: **(749,913) Rs**
12. Provision for taxation: **NIL Rs**
13. Profit after taxation: **(749,913) Rs**
14. Proposed Dividend: **NIL**
15. % of shareholding: **100%**

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	**Name 1**	**Name 2**	**Name 3**
1. Latest audited Balance Sheet Date	-	-	-
2. Shares of Associate/Joint Ventures held by the company on the year end	-	-	-
No. of shares	-	-	-
Amount of Investment in Associates/Joint Venture	-	-	-
Extend of Holding %	-	-	-
3. Description of how there is significant influence	-	-	-
4. Reason why the associate/joint venture is not consolidated	-	-	-
6. Networth attributable to Shareholding as per latest audited Balance Sheet	-	-	-
7. Profit / Loss for the year	-	-	-
i. Considered in Consolidation	-	-	-
i. Not Considered in Consolidation	-	-	-

1. Names of associates or joint ventures which are yet to commence operations. NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year. NIL

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 21st April, 2016

C. P. Gurnani
Chairman

ANNEXURE 'H'

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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,
SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED
1-8-301-306, 3rd Floor
Ashoka My Home Chambers
Secunderabad, Telangana- 500003

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED (Company Identification Number (CIN): U72200AP2000PTC033213) (hereinafter called "the Company") during the financial year 1st April 2016 to 31st March, 2017 ("Audit period/ Period under review/ the year"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Issuing this report based on my verification of the Satyam Venture Engineering Services Private Limited books, papers, minutes books and other records maintained by the company , forms/ returns filed, Compliance related action taken by the Company, during the year ending 31st March, 2017, and the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit.

I hereby report that:

1. In my opinion, the Company has, during the audit period covering the financial year from 1st April 2016 to 31st March, 2017 ("Audit period/ Period under review/ the year") 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. The members are requested to read this report along with our letter of even date annexed to this report as Annexure - A.

2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of;

   i) The Companies Act, 2013 (the Act) and the rules made there under;

   ii) The Secretarial Standards issue by the Institute of Company Secretaries of India.

3. I have been informed during /in respect of the year :

   The Company was not required to comply with the following laws/regulations/agreements/ guide lines and consequently not required to maintain any books, papers, minutes books or other records or file any form / returns under:

   a) The Securities Contracts (Regulation) Act, 1956(SCRA) and the rules made there under;

   b) The Depositories Act, 1996 and the Regulations and Bye-law framed there under;

   c) Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992;

   d) Listing agreement , since the company is not listed entity

4. Management has identified and made internal control mechanism for complying the following laws as being specifically applicable to the Company :

   i. Employee State Insurance Act, 1948

   ii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952

iii. The Payment of Bonus Act, 1965

iv. The Payment of Gratuity Act, 1972

v. The Contract Labour(Regulation and Abolition) Act, 1970

vi. The Maternity Benefits Act, 1961

vii. The Income Tax Act, 1961

viii. Shops and Establishments Act, 1948

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

I further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
2. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
3. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and
4. A system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
5. Share holders of the company have not adopted financial statements at Annual General Meeting held on 29/07/2016 and the same was recorded as part of the Annual General Meeting minutes. The provisional unadopted financial statements were filed with Registrar of Companies, Hyderabad on 15/11/2016.
6. There were Related Party transactions which in the opinion of the management, are within the Arms Length basis and in the normal course business.
7. 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.
8. During the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

(Motati Gayathri)
Practicing Comapny Secretary
ACS: 24428
CP: 8947

Place: Hyderabad
Date:

Note: This report is to be read with our letter of even date which is annexed as “ANNEXURE A” and forms an integral part if this report.

“ANNEXURE A”- TO THE SECRETARIAL AUDIT REPORT

To,
The Member,
SATYAM VENTURE ENGINEERING SERVICESPRIVATE LIMITED
1-8-301-306, 3rd Floor
Ashoka My Home Chambers
Secunderabad, Telangana- 500003

Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance with provisions of corporate and other applicable laws , rules regulations and standards is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records produced for audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
3. I have verified records on the test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. Where ever required, I have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
6. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
7. Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

(Motati Gayathri)
Practicing Company Secretary
ACS: 24428
CP No.: 8947

Place: Hyderabad
Date:

INDEPENDENT AUDITORS' REPORT

To
The Members of
Satyam Venture Engineering Services Private Limited
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Satyam Venture Engineering Services Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2017, and its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following notes in the financial statements:

a) Note 30.2 regarding reckoning of Rs.11,217.14 Lakhs as contingent liability, towards any possible charge that may arise in respect of ongoing dispute between the promoters, for the period from 01 April 2012 to 31 March 2017 based on legal advice and for reasons stated in the said note notwithstanding the status of litigation between the promoters on various issues relating to the Shareholders Agreement, the outcome of which is not determinable at this stage; and

b) Note 31 regarding drawing up of accounts for the year incorporating opening balances based on the financial statements of previous years which have not been adopted by the shareholders.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable;

   e. The matter relating to contingent liability described in paragraph (a) under the Emphasis of Matters above, in our opinion, may have an adverse effect on the functioning of the Company;

   f. On the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164 (2) of the Act;

   g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. the Company has disclosed the impact of all pending litigations on its financial position in its financial statements - Refer note 30 to the financial statements;

      ii. no provisioning is required under any law or accounting standards, for material foreseeable losses on long term contracts except for the contingent liability described under note 30.2 for which provision is not made since the matters involving these litigations are sub-judice at present, the impact of these pending litigations on its financial position could not be stated in the financial statements. Further, according to the information and explanations given to us and in our opinion, there were no derivative contracts entered into by the Company as at 31 March 2017;

      iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2017; and

      iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016 - Refer Note 36.

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

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

M. V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 21 April 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Satyam Venture Engineering Services Private Limited** ("the Company") as of 31 March 2017, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 its business, including adherence to 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

M. V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 21 April 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Satyam Venture Engineering Services Private Limited)

(i) In respect of its Fixed Assets:

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

(b) According to the information and explanations given to us, the fixed assets have been physically verified during the year by the Management in accordance with a programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of their assets, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

(c) The Company does not have any immovable properties.

(ii) The Company is a service company, primarily rendering engineering services. It did not deal in any inventory during the year and accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act and accordingly paragraph 3(iii) of the Order are not applicable, at present.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect to grant of loans, investments made and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits to which the directions issued by the Reserve Bank of India and provisions of Section 73 to Section 76 or any other relevant provision of the Act and the Rules framed there under, where applicable, during the year.

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) (d) of the Act for the Company.

(vii) According to the information and explanations given to us and according to the books and records as produced and examined by us in accordance with the generally accepted auditing practices in India, in respect of statutory dues:

(a) The Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, sales-tax, service tax, custom duty, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year. The provisions of employees' state insurance and excise duty are not applicable to at present.

(b) There were no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, customs duty, value added tax and cess which were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of income tax and service tax which have not been deposited as on 31 March 2017 on account of disputes are given below:

Statute	**Nature of dues**	**Forum where dispute is pending**	**Period to which the amount relates**	**Amount involved** (₹ in Lakhs)
Income Tax Act 1961	Income Tax	Income Tax Appellate Tribunal	2004-05 to 2009-10	1,336.29
Finance Act, 1994	Service tax and penalty	CESTAT	2007-08 to 2013-14	665.72

(viii) The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year; accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) During the course of our examination of the books and other records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided during the year. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) According to the information and explanations given to us and based on our examination of the records, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not entered into non-cash transactions with directors or directors of its holding or persons connected with them and hence provisions of Section 192 of the Act, are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

M. V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 21 April 2017

STANDALONE BALANCE SHEET AS ON 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	5	**430.34**	477.40	329.41
(b) Capital work-in-progress	6	**5.79**	2.13	12.31
(c) Other Intangible assets	7	**699.10**	635.32	426.52
(d) Financial Assets				
(i) Investments	8	**114.36**	114.36	114.36
(ii) Other Financial Assets Measured at amortised cost	9	**359.00**	538.32	376.65
(e) Deferred tax assets (net)	10	**792.77**	910.50	754.90
(f) Other non-current asset	11	**4,244.14**	3,154.81	2,041.36
Total Non-Current Assets		**6,645.50**	5,832.84	4,055.51
Current assets				
(a) Financial Assets				
(i) Investments	8	**972.64**	35.94	-
(ii) Trade receivables	12	**9,487.71**	7,299.40	5,229.41
(iii) Cash and cash equivalents	13	**2,118.37**	2,127.57	1,109.14
(iv) Bank balances other than (iii) above	14	**1,736.93**	888.68	2,395.54
(v) Other Financial Assets Measured at amortised cost	9	**1,670.48**	1,870.25	1,121.36
(b) Other current assets	11	**1,621.81**	2,023.11	1,646.35
Total Current Assets		**17,607.94**	14,244.95	11,501.80
Total Assets		**24,253.44**	20,077.79	15,557.31
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	15	**708.90**	708.90	708.90
(b) Other Equity	16	**14,123.62**	9,796.02	6,363.15
Total Equity		**14,832.52**	10,504.92	7,072.05
LIABILITIES				
Non-Current Liabilities				
(a) Provisions	17	**978.62**	774.49	615.91
Total Non-Current Liabilities		**978.62**	774.49	615.91
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	18	**1,356.02**	1,817.74	1,333.44
(ii) Other Financial Liabilities	19	**14.28**	15.13	69.12
(b) Other current liabilities	20	**743.60**	544.95	203.60
(c) Provisions	17	**5,625.36**	5,573.76	5,430.75
(d) Current Tax Liabilities (Net)	21	**703.04**	846.80	832.44
Total Current Liabilities		**8,442.30**	8,798.38	7,869.35
Total Equity and Liabilities		**24,253.44**	20,077.79	15,557.31
Corporate Information and	1			
Significant accounting policies	2			

Accompanying notes form an intergral part of the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 21 April 2017

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Rakesh Soni
Director
DIN: 02973741

Shivanand Raja
Director
DIN: 00130694

V.Venkata Kumar Raju
Director
DIN: 02958816

G.Jayaraman
Director
DIN: 01461157

J.Venkateswarlu
Director
DIN: 00051001

C.Subramanyam Reddy
Director
DIN: 07089237

Rao.S.Vadlamudi
CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Income from operations	22	**34,647.76**	26,814.21
Other income	23	**497.04**	721.64
Total Income		**35,144.80**	27,535.85
Expenses			
Sub contracting costs		**422.18**	988.62
Employee benefits expense	24	**23,539.66**	17,535.41
Depreciation and amortisation expense	25	**727.82**	590.32
Other expenses	26	**5,536.12**	4,231.88
Total Expenses		**30,225.78**	23,346.23
Profit before tax		**4,919.02**	4,189.62
Tax Expense	27		
Current tax		**1,667.00**	1,589.50
Earlier years tax		**(1,231.21)**	(720.00)
Deferred tax		**130.68**	(140.60)
Total tax expense		**566.47**	728.90
Profit for the year		**4,352.55**	3,460.72
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		**(29.02)**	(43.33)
Income tax on items that will not be reclassified to profit or loss	27	**(10.04)**	(15.00)
		(18.98)	(28.33)
B. Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations	16	**(8.89)**	0.47
Income tax on items that may be reclassified to profit or loss	27	**(2.92)**	-
		(5.97)	0.47
Total comprehensive income for the year		**4,327.60**	3,432.86
Total comprehensive income for the year attributable to:			
Owners of the Company		**4,327.60**	3,432.86
Non controlling interests			
Earnings per equity share	37		
Basic - (In Rs. per share)		**61.05**	48.43
Diluted - (In Rs. per share)		**61.05**	48.43
Corporate Information and Significant accounting policies	1 2		

Accompanying notes form an intergral part of the financial statements

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AVP-Finance

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Company Secretary

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

		Year Ended 31 March 2017	Year Ended 31 March 2016
A.	**Cash flow from operating activities**		
	Profit for the period	**4,327.60**	3,432.86
	Adjustments for		
	Income tax expense recognised in profit or loss	**553.51**	713.90
	Interest income recognised in profit or loss	**(123.19)**	(187.73)
	Loss / (Profit) on sale of fixed assets	**(2.49)**	(9.33)
	Depreciation and amortisation of non-current assets	**727.82**	590.32
	Net foreign exchange (gain) / loss	**46.52**	23.26
	Net (Gain) / Loss on sale of investments	**(7.29)**	-
	Provision for doubtful receivables		
	Fair value measurements	**(15.93)**	(0.94)
	Operating profit / (loss) before working capital changes	**5,506.55**	4,562.34
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	**(2,188.31)**	(2,069.99)
	Other Non-Current Assets	**0.29**	(2.27)
	Other Non-Current Financial Assets	**(21.52)**	(59.87)
	Other Current Financial Assets	**232.14**	(823.38)
	Other Current Assets	**401.30**	(376.75)
	Adjustments for increase / (decrease) in operating liabilities:		
	Non-Current Provisions	**204.13**	158.58
	Trade Payables	**(461.72)**	484.29
	Current Provisions	**51.60**	143.01
	Other Financial Liabilities	**(0.85)**	(53.98)
	Other Current Liabilities	**198.65**	341.36
	Cash generated from operations	**3,922.26**	2,303.34
	Income Tax paid (Net)	**(1,669.17)**	(1,966.32)
	Net cash flow from operating activities (A)	**2,253.09**	337.02
B.	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including Capital Work in Progress)	**(752.49)**	(937.03)
	Proceeds from disposal of property, plant and equipment	**6.78**	9.43
	Bank balances not considered as cash and cash equivalents		
	- Placed	**(1,846.81)**	(1,557.73)
	- Matured	**1,199.40**	2,962.79
	Current Investments		
	- Purchased	**(2,600.00)**	(35.00)
	- Proceeds from sale / redemption	**1,686.53**	-
	Interest received	**90.82**	262.21
	Net cash flow from / (used in) investing activities (B)	**(2,215.77)**	704.67

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

	Year Ended 31 March 2017	Year Ended 31 March 2016
C. Cash flow from financing activities	-	-
Net cash flow from / (used in) financing activities (C)	**-**	-
Net increase / (decrease) in cash and cash equivalents	37.32	1,041.69
Cash and cash equivalents at the beginning of the year	2,127.57	1,109.14
Effect of exchange difference on cash and cash equivalents held in foreign currency	(46.52)	(23.26)
Cash and cash equivalents at the end of the year	2,118.37	2,127.57

Accompanying notes form an intergral part of the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 21 April 2017

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

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G.Jayaraman Director DIN: 01461157	**J.Venkateswarlu** Director DIN: 00051001	**C.Subramanyam Reddy** Director DIN: 07089237
Rao.S.Vadlamudi CEO	**Srinivas R** AVP-Finance	**Aradhana R.** Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

A. Equity Share Capital

	Amount
Issued and paid up equity share capital	
Balance as at 01 April 2015	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2016	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2017	708.90

B. Other Equity

Particulars	Reserves & Surplus		Foreign Currency Translation Reserve	Attributable to Owners of the Parent	Non Controlling Interests	Total
	General Reserve	Retained Earnings				
Balance as at 01 April 2015	12.50	6,350.65	-	6,363.15	-	6,363.15
Profit for the year	-	3,460.72	-	3,460.72	-	3,460.72
Other Comprehensive Income (net of income tax)	-	(28.33)	0.47	(27.86)	-	(27.86)
Total comprehensive income for the year	**-**	**3,432.39**	**0.47**	**3,432.86**	**-**	**3,432.86**
Balance as at 31 March 2016	**12.50**	**9,783.04**	**0.47**	**9,796.01**	**-**	**9,796.01**
Profit for the year	-	4,352.55	-	4,352.55	-	4,352.55
Other Comprehensive Income (net of income tax)	-	(18.98)	(5.97)	(24.95)	-	(24.95)
Total comprehensive income for the year	**-**	**4,333.57**	**(5.97)**	**4,327.60**	**-**	**4,327.60**
Balance as at 31 March 2017	**12.50**	**14,116.61**	**(5.50)**	**14,123.61**	**-**	**14,123.61**

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 21 April 2017

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

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CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Corporate Information

Satyam Venture Engineering Services Private Limited ("the Company") was incorporated in March 2000 as a 50:50 joint venture between erstwhile Satyam Computer Services Limited (SCSL) and Venture Global Engineering LLC. SCSL has been merged with Tech Mahindra Limited in the year consequent to a scheme of amalgamation and arrangement as approved by the then Hon'ble High Court of Judicature Andhra Pradesh and Hon'ble High Court of Bombay.

The Company provides engineering services such as product design, tool design and computer aided engineering simulation services to automotive industry across the globe, through its Indian operations and through its foreign branches in USA, Germany, Canada, United Kingdom and Japan. The standalone financial statements reflect the results of its operations carried on by Indian operations and overseas branches.

2. Significant Accounting Policies

2.1 Statement of Compliance:

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First time adoption of Indian Accounting Standards has been applied.

2.2 Basis for preparation of financial statements:

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India on accrual basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Use of Estimates:

The preparation of these standalone financial statements requires the management of the Company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

2.4 Property, Plant & Equipment and Other Intangible assets:

Property, Plant & Equipment and Other intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortisation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as assessed based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Plant & Machinery (including Computers)	3 years
Office Equipment	3 years
Furniture, Fixtures and Interiors	3 years
Vehicles	3 years
Intangible assets – Software	License period or 3 years whichever is less

The estimated useful lives and residual values of the tangible and intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

i) Finance lease:

Where the Company, as a lessor, leases assets under finance lease, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on constant rate of return on the outstanding net investment. Assets taken on finance lease are accounted as Property, Plant & Equipment at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

ii) Operating lease:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

2.6 Impairement of Assets

i) Financial assets

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

ii) Non-financial assets

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss

2.7 Revenue recognition:

Revenue from services include revenue earned from services rendered on 'time and material' basis and time bound fixed price engagements.

All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

The Company also performs time bound fixed price engagements, under which revenue is recognised using the proportionate completion method of accounting, unless work completed cannot be reasonably estimated. Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates and can be reasonably estimated.

The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known.

Revenue recognition is based on the terms and conditions as per the contracts entered into with the customers. In respect of expired contracts under renewal or where there are no contracts available, revenue is recognised based on the erstwhile contract / provisionally agreed terms and/or understanding with the customers.

Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customers/unearned revenue.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Company and when there is a reasonable certainty with which the same can be estimated.

Reimbursement / recoveries from customers are separately identified as contractual receivables when no significant uncertainty as to measurability or collectability exists.

Dividend income is recognised when the Company’s right to receive dividend is established. Interest income is recognised on time proportion basis.

2.8 Foreign currency transactions:

The functional currency of the Company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities of foreign operations are restated into the functional currency using exchange rates prevailing on the date of the Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

2.9 Foreign Operations:

For the purpose of these financial statements, the assets and liabilities of the Company’s foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

2.10 Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

i) Non-derivative financial instruments

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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss

Financial liabilities

Financial liabilities at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.11 Employee Benefits:

a) Gratuity:

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for the Company. Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur.

b) Provident fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company. The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

c) Compensated absences:

The Company provides for the encashment of leave subject to certain Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for the Company, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries. The Company does not expect the difference on account of varying methods to be material.

The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the Balance Sheet date.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the period in which they occur.

The Company also offers a short term benefit in the form of encashment of unavailed accumulated compensated absence above certain limit for all of its employees and same is being provided for in the books at actual cost.

d) Other short term employee benefits:

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

2.12 Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised 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 utilised.

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

Tax on distributed profits payable in accordance with the provisions of the Income-Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India (ICAI)

2.13 Earnings per Share:

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.14 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Contingent Assets are not recognized in the financial statements.

3. First-time adoption - mandatory exceptions, options exemptions

The Company has prepared the opening consolidated balance sheet as per Ind AS as of 01 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not remitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind-AS, and applying Ind-AS in measurement of recognised assets and liabilities, However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below:

3.1 Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all its plant and equipment, investment property, and intangible assets recognised as of 01 April 2015 (the transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.2 Deemed cost for investments in subsidiaries:

The Company selected to continue with the carrying value for all its investments in subsidiaries as of April 01, 2015 measured as deemed cost as of transaction date.

3.3 Cumulative translation differences on foreign operation

The Company has elected the option to reset the cumulative translation differences on foreign operations that exist as the transition date to zero.

4. Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statement.

Key sources of estimation uncertainty:

The following are the key assumptions concerning the future , and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Useful lives of property, plant and equipment:

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1inputs are not available, the Company engages third party qualified valuers to perform the valuation . Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Executive Officer reports to the board of fluctuations in the fair value of the assets and liabilities.

Provision for doubtful receivables:

The Company makes a provision for receivables outstanding morethan a year. This is in line with group policy.

Provision for employee benefits:

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period . These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Provision for taxes:

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

5. New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to 31 March 2017

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Ind AS 115:

Ind AS 115 (Revenue from Contracts with Customers) was issued in February 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services.

The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
5. Property, Plant and Equipment			
Carrying amounts of			
Plant and Equipment	**284.98**	350.75	277.07
Office Equipments	**92.01**	70.00	52.22
Furniture and Fixtures	**50.33**	51.61	0.12
Vehicles	**3.02**	5.04	0.00
	430.34	477.40	329.41
6. Capital work-in-progress			
Capital work-in-progress	**5.79**	2.13	12.31
	5.79	2.13	12.31
7. Other Intangible assets			
Carrying amounts of:			
Computer Software	**699.10**	635.32	426.52
(other than internally generated)			
	699.10	635.32	426.52

5A Property, Plant and Equipment

(All amounts are ₹ in lakhs unless otherwise stated)

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block	
	Cost as at 1 April 2016	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2017	Upto 01 April 2016	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2017	As at 31 March 2017	As at 31 March 2016
Tangible Assets												
Plant and Machinery	1,499.96	153.17	24.04	-	1,629.09	1,149.20	214.73	19.83	-	1,344.11	284.98	350.75
Previous year	1,265.78	298.15	63.98		1,499.96	1,011.25	201.93	63.98		1,149.20	350.75	254.53
Office Equipment	258.50	76.18	9.25	-	325.43	188.50	54.12	9.20	-	233.42	92.01	70.00
Previous year	216.15	55.86	13.51		258.50	163.37	38.61	13.49		188.50	70.00	52.77
Furniture, Fixtures & Interiors	271.96	31.98	1.58	-	302.36	220.35	33.24	1.56	-	252.03	50.33	51.61
Previous year	256.05	49.47	33.56		271.96	233.96	19.87	33.48		220.35	51.61	22.10
Vehicles	45.02	-	12.25	-	32.77	39.98	2.02	12.25	-	29.75	3.02	5.04
Previous year	43.23	6.05	4.26		45.02	43.23	1.01	4.26		39.98	5.04	-
Total	**2,075.44**	**261.33**	**47.11**	**-**	**2,289.65**	**1,598.03**	**304.11**	**42.83**	**-**	**1,859.31**	**430.34**	**477.40**
Previous Year	1,781.22	409.53	115.31	-	2,075.44	1,451.81	261.43	115.20	-	1,598.03	477.40	329.41

7A Other Intangible assets

(All amounts are ₹ in lakhs unless otherwise stated)

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block	
	Cost as at 1 April 2016	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2017	Upto 01 April 2016	For the period	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2017	As at 31 March 2017	As at 31 March 2016
Software	2,953.11	487.49	-	-	3,440.60	2,317.79	423.71	-	-	2,741.50	699.10	635.32
Previous year	2,415.42	537.69	-		2,953.11	1,988.90	328.89			2,317.79	635.32	426.52
Total	**2,953.11**	**487.49**	**-**	**-**	**3,440.60**	**2,317.79**	**423.71**	**-**	**-**	**2,741.50**	**699.10**	**635.32**
Previous Year	2,415.42	537.69	-	-	2,953.11	1,988.90	328.89	-	-	2,317.79	635.32	426.52

		As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
		Quantity	**₹ in Lakhs**	Quantity	₹ in Lakhs	Quantity	₹ in Lakhs
8.	**Investments**						
I	**Non-Current Investments**						
	(Trade, Unquoted)						
i)	Investments in Equity Instruments						
	In subsidiaries						
	Satyam Venture Engineering Services (Shanghai) Co. Ltd	**-**	**94.17**	-	94.17	-	94.17
	Satven GmbH	**-**	**20.19**	-	20.19	-	20.19
			114.36		114.36		114.36
(a)	Aggregate amount of quoted investments and market value thereof;		**-**		-		-
(b)	Aggregate amount of unquoted investments; and		**114.36**		114.36		114.36
(c)	Aggregate amount of impairment in value of investments.		**-**		-		-
II	**Current Investments**						
A	**Investment in Mutual Funds - quoted**						
	(at fair value)						
	ICICI Prudential Liquidity Fund - Direct - Growth	**405002**	**972.64**	16056	35.94	-	-
			972.64		35.94		-
(a)	Aggregate amount of quoted investments and market value thereof;		**972.64**		35.94		-
(b)	Aggregate amount of unquoted investments; and		**-**		-		-
(c)	Aggregate amount of impairment in value of investments.		**-**		-		-

8.1 Details Of material subsidiaries

Name of the Subsidiary	**Satyam Venture Engineering Services (Shanghai) Co. Ltd**	**Satven GmbH**
Principal activity	Engineering Services	Engineering Services
Place of incorporation and principal place of business	China	Germany
Proportion of ownership interest / voiting rights held by the Company	100%	100%

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
8.2 Summariesed financial information of material subsidiaries			
Satyam Venture Engineering Services (Shanghai) Co. Ltd			
Non-Current Assets	**16.33**	0.12	0.32
Current Assets	**438.03**	296.62	328.62
Non-Current Liabilities	**-**	-	-
Current Liabilities	**340.87**	165.40	200.31
Revenue	**688.48**	352.45	
Profit or loss for the year	**-7.50**	0.49	
Other Comprehensive income for the year	**-**	-	
Total Comprehensive income for the year	**-7.50**	0.49	
Satven GmbH			
Non-Current Assets	**-**	-	-
Current Assets	**154.53**	150.18	33.41
Non-Current Liabilities	**-**	-	-
Current Liabilities	**122.47**	125.25	16.11
Revenue	**390.93**	164.80	
Profit or loss for the year	**9.74**	5.29	
Other Comprehensive income for the year	**-**	-	
Total Comprehensive income for the year	**9.74**	5.29	
9. Other financial assets measured at amortised cost			
I. Non-Current			
Other bank balances - in deposit accounts	**99.00**	300.85	200.00
Security Deposits	**260.00**	237.47	176.65
	359.00	538.32	376.65
II. Current			
Unbilled revenue	**1,609.26**	1,476.80	786.43
Service tax refund receivable	**-**	364.60	231.59
Interest Receviable on deposits	**61.22**	28.85	103.34
	1,670.48	1,870.25	1,121.36
10. Deferred tax assets			
Deferred tax assets	**792.77**	910.50	754.90
Deferred tax liabilities	**-**	-	-
	792.77	910.50	754.90

Deferred tax assets / (liabilities) in relation to:	**Property, plant and equipment and Intangible assets**	**Provision for doubtful debts**	**Provision for defined benefit obligations**	**Exchange difference in translating the financial statements of foreign operations**	**Total**
Opening balance	**291.00**	**202.40**	**261.50**	**-**	**754.90**
Recognised in profit or loss	18.70	3.60	148.30	-	170.60
Recognised in other comprehensive income	-	-	(15.00)	-	(15.00)
Reclassified from equity to profit or loss	-	-	-	-	-
Balance at 31 March 2016	**309.70**	**206.00**	**394.80**	**-**	**910.50**
Recognised in profit or loss	(76.15)	(108.79)	74.34	-	(110.60)
Recognised in other comprehensive income	-	-	(10.04)	2.91	(7.13)
Balance at 31 March 2017	**233.55**	**97.21**	**459.10**	**2.91**	**792.77**

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
11.	**Other assets**			
I.	**Non-Current**			
	Capital Advances	**2.00**	2.29	0.02
	Advance income tax (net of provisions Rs.7,598.80 Lakhs; [31 March 2016: Rs.8,566.37 Lakhs; 01 April 2015: Rs.4,762.22 Lakhs])	**4,242.14**	3,152.52	2,041.34
		4,244.14	3,154.81	2,041.36
II.	**Current**			
	MAT Credit Entitlement	**-**	-	336.84
	Loans and Advances to Employees	**507.26**	544.21	258.92
	Balance with government authorities	**129.62**	449.13	452.56
	Prepaid expenses	**486.63**	740.58	496.62
	Others	**498.30**	289.19	101.41
		1,621.81	2,023.11	1,646.35
12.	**Trade receivables**			
(a)	Unsecured, considered good	**9,487.71**	7,299.40	5,229.41
(b)	Doubtful	**280.89**	595.34	595.34
	Less: provision for doubtful receivables	**(280.89)**	(595.34)	(595.34)
		9,487.71	7,299.40	5,229.41
12.1	**Of the above, trade receivables from:**			
(a)	Related parties [Refer note 33]	**2,096.20**	2,049.71	2,514.08
(b)	Others	**7,391.51**	5,249.69	2,715.33
	Total	**9,487.71**	7,299.40	5,229.41
12.2	**Classification of trade receivables**			
	Non-Current	**-**	-	-
	Current	**9,487.71**	7,299.40	5,229.41
	Total	**9,487.71**	7,299.40	5,229.41

12.3 The Average credit period on Sale of Services 60 days. No interest is charged on trade receivables even if it collected after credit period.

Age of Trade Receivables

	Age of receivables	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
a)	Within the credit period			
b)	less than 180 days past due	**9,022.05**	6,700.78	4,757.20
c)	More than 180 days past due	**746.54**	1,193.97	1,067.55

Based on the advise from Tech M Group, Provision for doubtful debts is made in books for Trade receivables (other than related parties) which are more than 1 year past due except few debtors cofirmed through e-mail that they are going to pay the dues in near future.

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
13.	**Cash and cash equivalents**			
	Balances with Banks			
(a)	with Scheduled banks			
	in Current account	**670.27**	515.57	547.49
	in Deposit account	**248.00**	125.00	-
(b)	with Other banks			
	in Current account	**1,200.10**	1,486.51	561.65
	Cash on hand	**-**	0.49	-
	Cash and cash equivalents as per balance sheet	**2,118.37**	2,127.57	1,109.14

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
14. Other Bank Balances			
Balances with Banks			
with Scheduled banks			
in Deposit account	**1,736.93**	888.68	2,395.54
Total	**1,736.93**	888.68	2,395.54

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	Amounts	Number of Shares	Amounts	Number of Shares	Amounts
15. Equity Share capital						
Authorised Share Capital						
Equity share capital of Rs.10 each	**7,500,000**	**750.00**	7,500,000	750.00	7,500,000	750.00
Issued, Subscribed and Fully Paid up						
Equity share capital of Rs.10 each	**7,088,960**	**708.90**	7,088,960	708.90	7,088,960	708.90

15.1 **Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.**

Equity share capital of Rs.10 each						
Balance as at beginning of the period	**7,088,960**	**708.90**	7,088,960	708.90	7,088,960	708.90
Issued during the period	**-**	**-**	-	-	-	-
Balance as at end of the period	**7,088,960**	**708.90**	7,088,960	708.90	7,088,960	708.90

15.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

Equity shares of Rs.10 each fully paid held by						
Tech Mahindra Limited	**3,544,480**	**354.45**	3,544,480	354.45	3,544,480	354.45
Venture Global Engineering Services LLC	**3,544,480**	**354.45**	3,544,480	354.45	3,544,480	354.45

15.3 Details of shares held by each shareholders holding more than 5% shares in the Company

Equity shares of Rs.10 each fully paid held by						
Tech Mahindra Limited	**3,544,480**	**50%**	3,544,480	50%	3,544,480	50%
Venture Global Engineering Services LLC	**3,544,480**	**50%**	3,544,480	50%	3,544,480	50%

15.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The percentage of shareholding shall be maintained as set out in Article 4 of Articles of Association and the fresh issue to be offered to both the shareholders in proportion to their shareholding. Any shares not accepted shall in the first instance be offered to the other remaining member and affiliates nominated by thereof.

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
16.	**Other Equity**			
	General Reserve	**12.50**	12.50	12.50
	Retained Earnings	**14,116.62**	9,783.04	6,350.65
	Fair Value through OCI (FVTOCI)	**-**	-	-
	Foreign Currency Translation Reserve	**(5.50)**	0.47	-
		14,123.62	9,796.02	6,363.15
A.	**General Reserve**			
	Balance at beginning of year	**12.50**	12.50	12.50
	Movements	**-**	-	-
	Balance at end of year/Period	**12.50**	12.50	12.50
B.	**Retained Earnings**			
	Balance at beginning of year	**9,783.05**	6,350.65	5,629.63
	Profit attributable to ownes of the Company	**4,352.55**	3,460.72	721.02
	Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	**(18.98)**	(28.33)	-
	Balance at end of year/Period	**14,116.62**	9,783.04	6,350.65
C.	**Fair Value through OCI (FVTOCI)**			
	Balance at beginning of year	**-**	-	-
	Movements	**-**	-	-
	Balance at end of year/Period	**-**	-	-
D.	**Foreign Currency Translation Reserve**			
	Balance at beginning of year	**0.47**	-	-
	Movements	**(8.89)**	0.47	-
	Income tax relating to gains arising on translating the net assets of foreign operations	**2.91**	-	-
	Balance at end of year/Period	**(5.50)**	0.47	-
17.	**Provisions**			
I	**Non-Current**			
	Provision for Employee Benefits [Refer note 32]			
	Compensated Absences	**352.90**	305.42	224.00
	Gratuity	**625.72**	469.07	391.91
		978.62	774.49	615.91
II	**Current**			
	Provision for Employee Benefits [Refer note 32]			
	Compensated Absences	**212.80**	184.92	121.37
	Gratuity	**121.14**	97.42	17.96
	Provision for Contingencies [Refer note 30.2]	**5,291.42**	5,291.42	5,291.42
		5,625.36	5,573.76	5,430.75
18.	**Trade Payables**			
	Acceptances	**-**	-	-
	Trade payables other than acceptances	**1,356.02**	1,817.74	1,333.44
		1,356.02	1,817.74	1,333.44

18.1 Includes Rs. 29.72 Lakhs [31 March 2016 : Rs.29.54 Lakhs; 01 April 2015 : Rs.31.26 Lakhs] dues to related parties [Refer note 33]

18.2 The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the MSMED Act, 2006) claiming their status as micro or small enterprises. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by management and the required disclosures are given below:

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
a)	Principal amount remaining unpaid	**Nil**	Nil	Nil
b)	Interest due thereon	**Nil**	Nil	Nil
c)	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	**Nil**	Nil	Nil
d)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	**Nil**	Nil	Nil
e)	Interest accrued and remaining unpaid	**Nil**	Nil	Nil
f)	Further interest remaining due and payable even in the succedding years, until such date when the interest dues as above are acually paid to the small enterprises.	**Nil**	Nil	Nil

19. Other Financial Liabilities			
Dues for Capital assets	**14.28**	15.13	69.12
	14.28	15.13	69.12
20. Other Current Liabilities			
Statutory payables	**743.60**	544.95	202.61
Others	**-**	-	0.99
	743.60	544.95	203.60
21. Current tax liabilities			
Income tax payables	**703.04**	846.80	832.44
(net of advance tax Rs.3,179.08 Lakhs [31 March 2016 : Rs.1,632.32 Lakhs; 01 April 2015 : Rs.4,588.05]			
	703.04	846.80	832.44

(All amounts are ₹ in lakhs unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
22. Income from operations		
Income from Services		
- export of services	**26,292.14**	24,841.37
- domestic services	**8,291.86**	1,972.84
Other operating income	**63.76**	-
Total	**34,647.76**	26,814.21

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2017	Year ended 31 March 2016
23.	**Other income**		
	Interest Income		
	Deposits with Banks (at amortised cost)	**123.19**	187.73
	Income tax refund	**211.75**	-
	Net Gain / (Loss) on sale of investments	**7.29**	-
	Profit on sale of assets (net)	**2.49**	9.33
	Forex gain	**-**	502.07
	Fair value measurements	**15.93**	0.94
	Liability no longer required written back	**127.94**	17.56
	Miscellaneous Income	**8.45**	4.01
	Total	**497.04**	721.64
24.	**Employee benefits expense**		
	Salaries and Bonus	**22,661.55**	16,846.48
	Contribution to Provident and Other Funds	**521.95**	392.50
	Gratuity	**169.74**	136.40
	Staff Welfare	**186.42**	160.03
	Total	**23,539.66**	17,535.41
25.	**Depreciation and amortisation expense**		
	On tangible assets	**304.11**	261.43
	On intangible assets	**423.71**	328.89
		727.82	590.32
26.	**Other expenses**		
	Rent	**428.01**	384.69
	Rates and taxes	**103.69**	21.33
	Power and fuel	**131.88**	132.72
	Travelling and Conveyance	**1,647.72**	1,542.43
	Communication	**120.94**	103.19
	Marketing expenses	**120.52**	122.59
	Repair and Maintenance	**235.12**	131.66
	Computer Hire Charges	**17.18**	23.46
	Security Services	**43.48**	39.31
	Recruitment, Training and Development	**280.99**	180.35
	General Office Expenses	**29.89**	30.90
	Legal and professional	**436.59**	346.42
	Auditors' Remuneration [Refer note 26.1]	**22.70**	31.26
	Miscellaneous expenses	**104.42**	60.71
	CSR Expenses	**63.89**	55.45
	Provision for doubtful debts	**384.35**	-
	Bad Debts Written off	**690.65**	-
	Less: Provision	**-690.65**	-
	Forex loss	**298.43**	-
	Bank Charges	**39.54**	64.64
	Office Maintenance	**137.81**	99.78
	Computer Maintenance	**887.52**	859.34
	Directors Sitting Fees	**1.45**	1.65
		5,536.12	4,231.88

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
26.1 Auditors' remuneration includes		
for statutory audit	**9.63**	9.63
for taxation matters	**2.30**	2.30
for other matters	**10.77**	19.33
	22.70	31.26

27 Income taxes relating to continuting operations

27.1 Income tax recognised in profit or loss

	As at 31 March 2017	As at 31 March 2016
Current tax		
In respect of the current year	**1,667.00**	1,589.50
In respect of the prior years	**(1,231.21)**	(720.00)
	435.79	869.50
Deferred tax		
In respect of the current year	**130.68**	(140.60)
Deferred tax reclassified from equity to profit or loss	**-**	-
	130.68	(140.60)

27.2 Reconciliation of income tax expense for the year to the accounting profit is as follows:

	Year Ended 31 March 2017	Year Ended 31 March 2016
Profit before tax from continuing operations	**4,919.02**	4,189.62
Income tax expense calculated at 34.608% [2015-2016: 34.608%]	**1,702.38**	1,449.94
Effect of income that is exempt from tax	**(0.86)**	(3.23)
Effect of expenses that are not deductible in determining taxable profit	**(34.52)**	142.78
Deferred tax charge / (credit) accounted in statement of Profit & Loss	**130.68**	(140.60)
	1,797.68	1,448.89
Adjustment recognised in the current year in relation to the current tax of prior years	**(1,231.21)**	(720.00)
Income tax expense recognised in profit or loss	**566.47**	728.89

27.3 Income tax recognised in other comprehensive income

Deferred tax arising on income and expenses recognised in other comprehensive income

	Year Ended 31 March 2017	Year Ended 31 March 2016
A. Items that will not be recycled to profit or loss		
Remeasurements of the defined benefit liabilities / (asset)	**(10.04)**	(15.00)
	(10.04)	(15.00)
B. Items that may be reclassified to profit or loss		
Exchange differences in translating the financial statements of foreign operations	**(2.91)**	-
	(2.91)	-
	(12.95)	(15.00)

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2017	As at 31 March 2016
28.	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**43.58**	61.83

29. Operating Leases

Rental expenses of Rs.428.00 Lakhs [31 March 2016 : Rs.384.69 Lakhs] has been charged to Statement of Profit and Loss in respect of cancellable operating lease.

		As at 31 March 2017	As at 31 March 2016
30.	**Contingent Liabilities**		
A	**Claims against the Company not acknowledged as debt**		
i	Disputed income tax matters [Refer Note 30.1]	**1,740.67**	1,372.70
ii	Disputed service tax liability for which the Company preferred appeal	**707.48**	598.51
iii	Disputed interest liability on service tax for which the Company preferred appeal	**Not Ascertained**	Not Ascertained
iv	Others [Refer Note 30.2]	**11,271.14**	7,797.80

30.1 Disputed income tax matters

The Company is in appeal before various appellate authorities for AY 2009-10 to 2012-13. The dispute relates to the determination of arm's length price and disallowances of reimbursements to the parent company without deduction of tax. The Company is confident of defending these appeals and pending disposal of these appeals the demands raised against these assessment are shown under contingent liability. Income tax assessments from AY 2004-05 to 2008-09 which are in appeal are decided in favour of the Company. The Company during the year received refund to the extent of Rs.1220 lakhs in respect of AY 2002-03 and AY 2003-04 decided in its favour. The consequential orders resulting in refunds for the AY 04-05 to 08-09 are yet to be received.

30.2 Contingent Liability - Others

The Company was promoted as 50:50 Joint Venture by Satyam Computer Services Ltd ("Satyam") and Venture Global Engineering LLC US ("Venture"). The joint venture partners entered into a Shareholders' Agreement (SHA) dated October 20, 1999 that provided for a royalty payment from the Company to both the joint venture partners in terms of a separate Royalty Agreement to be entered into between the Company and the joint venture partners. The Royalty Agreement was not entered into between the Company and the joint venture partners as envisaged in the SHA.

The Company and joint venture partners entered into separate Sales Commission Agreements that provided for payment of sales commission to the joint venture partners as per terms and conditions contained in the said agreements. In line with the provisions contained therein, the Company has been accruing and paying commission to its joint venture partners up to the year 2005-06.

During the year 2005-06, Satyam commenced arbitration proceedings against Venture in the London Court of International Arbitration ("LCIA") by invoking the arbitration clause in the SHA. Satyam's claims were upheld by the LCIA in its award dated April 2006 ("the Award"). Since then both the joint venture partners have raised numerous claims against each other resulting in multiple legal proceedings both in India and the USA that are still ongoing.

On January 7, 2009, the then Chairman of Satyam vide his letter addressed to then existing Board of Directors of Satyam, the stock exchanges and SEBI admitted to several financial irregularities in Satyam. Consequent to a global bidding process to take over the management of Satyam, M/s Venturbay Consultants Private Limited (the successful bidder) took over the management of Satyam.

Notwithstanding the dispute, the Company under its erstwhile management, continued to accrue the sales commission in its books. The newly reconstituted Board approved the accounts of the Company for the years 2008-09, 2009-10 and 2010-11, with continued accrual of sales commission. This was based on a view taken by the newly constituted Board that the matter is sub-judice that was corroborated by legal opinion and continued as prudent measure.

During the meetings held in 2011-12, the Board discussed the need to accrue the sales commission, as Venture did not render any services to the Company either during the year or during the past many years since the dispute. Further, in so far as the Company was concerned, Venture had not, till that point of time, claimed any amounts towards sales commission. The Board also took note of the fact (based on an updated legal opinion) that the issue of sales commission is not a disputed matter before the Courts either in India or in USA and not sub judice, as per original view.

Under the circumstances, the Board took the view on May 14, 2012 when the financial statements for the year ended March 31, 2012 was tabled for approval, that the accrual of sales commission from FY 05-06 to FY 10-11 of Rs.3,594.07 Lakhs be written back as other income in the Statement of Profit and Loss and the sales commission for the period from April 2011- December 2011 be reversed. However, as a prudent measure, the Board directed that the Company provide an amount of Rs.5,291.41 Lakhs as a provision for contingency, covering the period from FY 05-06 to FY 11-12 which in its opinion would be adequate to cover any possible outflow that may arise in respect of the aforesaid matter and adjustments to the financial statements if any, to be made on final disposal of legal proceedings.

Subsequent to the adoption of accounts by the Board, the Company was served a suit filed by Venture before the City Civil Court, Secunderabad inter alia seeking a direction to the Company to pay sales commission that it was entitled to under the Shareholders Agreement. In the said suit, two ex-parte orders were passed by the City Civil Court , directing the Company, Venture and Satyam to maintain status quo with regard to transfer of 50% shares of Venture and with regard to taking major decisions which are prejudicial to interest of Venture . The Company has challenged the ex-parte orders of the City Civil Court Secunderabad, before the Hon'ble High Court of Andhra Pradesh ("the High Court").

In a related development, the City Civil Court, Hyderabad set aside the Award in January 2012, against which Satyam has filed an appeal before the High Court.

The High Court by its Judgement dated August 23, 2013 has allowed the appeals filed by the Company and set aside the ex-parte interim orders against the Company. The High Court has also set aside the Order of the City Civil Court, Hyderabad setting aside the Award and upheld the Award in favour of Satyam. The High Court as an interim measure ordered status quo with regard to transfer of shares, originally given by Supreme Court to be maintained for four (4) weeks which was extended for a further period of 3 weeks by High Court on 19th September, 2013

Venture filed an SLP before the Supreme Court of India which was heard by the Apex Court on 21st October, 2013 and Supreme Court as an interim measure ordered status quo with regard to transfer of shares. TechM has filed a Special leave Petition before the Supreme Court of India challenging the judgement of the High Court only on the limited issue as to whether the Civil Court has jurisdiction to entertain VGE’s challenge to the Award. The said petition is pending before the Supreme Court.

The Company has not modified the the provision for contingencies amounting to Rs.5,291.42 Lakhs as on 31 March 2012. The Company has also disclosed an amount of Rs.11,217.14 Lakhs [31 March 2016 : Rs.7,797.80 Lakhs] as contingent liability, to cover any possible charge that may arise in respect of the above said matter, in the financial statements for the year ended 31 March 2017 by way of abundant caution notwithstanding the Board's view that there is no need to accrue sales commission since Venture did not provide any services to the Company.

31. Preparation of financial statements:

At the Annual General Meetings of the Company held on 29.10.2012, 10.09.2013, 22.09.2014, 07.09.2015 and 29.07.2016 one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the years ended 31 March 2012, 2013, 2014, 2015 and 2016 respectively. In terms of Article 66 of the Articles of Association of the Company, the adoption of audited financial statements requires unanimous consent of both the shareholders of the Company. Therefore, the said financials have not been approved by the shareholders. The financial statements as at and for the year ended 31 March 2017 have been drawn up incorporating the opening balances based on above said financial statements which have not been adopted by the Shareholders. Adjustments required, if any, will be made in accounts as and when determined.

32. Employee benefit plans

The gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benfits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design meand the risks commonly affecting the liabilities and the financial results are expected to:

a) **Interest rate risk :** the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

b) **Salary inflation risk :** Higher than expexted increases in salary will increase the defined benefit obligation

c) **Demographic risk :** For example, as plan is open to new entrants, an increase in membership will increase the defined benefit obligation. Also, the plan only provides benefits upon completion of a vesting criteria. Therefore, if tunover rates increase, then the liability will tend to fall as fewer employees reach vesting period.

(All amounts are ₹ in lakhs unless otherwise stated)

Details		31-Mar-17	31-Mar-16
I	**The Principal Assumptions used for the purposes of the acturial valuation as follows**		
1	Discount Rate(s)	**7.40%**	7.90%
2	Expected Rate(s) of salary increase	**9.00%**	9.00%
3	Demographic Assumptions		
	Mortality Rate	**Indian Assured lives Mortality (2006-08) Ult.**	Indian Assured lives Mortality (2006-08) Ult.
	Withdrawal Rate Age: 21-44	**2.00%**	2.00%
	Withdrawal Rate Age: 45-57	**1.00%**	1.00%

Details		Year ended 31 March 2017	Year ended 31 March 2016
II	**Disclosure of defined benefit cost :**		
A	**Amounts Recongnised in statement of Profit & Loss**		
1	Current Service Cost	**123.62**	105.12
2	Past service cost - plan amendements	**-**	-
3	Curtailment cost / (credit)	**-**	-
4	Settlement cost / (credit)	**-**	-
5	Service Cost	**123.62**	105.12
6	Net interest on net defined benefit liability / (asset)	**44.11**	31.08
7	Immediate recognition of (gains)/losses - other long term employee benefit plans	**-**	-
8	Cost of Termination Benefits	**-**	-
9	Cost recognised in P&L	**167.73**	136.20
B	**Amounts Recongnised in Other Comprehensive Income (OCI)**		
1	Actuarial (gain)loss due to DBO experience	**(19.31)**	51.00
2	Actuarial (gain)loss due to DBO assumption changes	**48.34**	(7.67)
3	**Actuarial (gain)loss arising during the period**	**29.02**	43.33
4	Return on plan assets (Greater)/Less than discount rate	**-**	-
5	Actuarial (gains)/losses recognised in OCI	**29.02**	43.33
6	Adjustment for limit on net asset	**-**	-
7	Cumulative Actuarial (Gain)/ Loss Recogni zed via OCI at Prior Period End	**-**	-
8	**Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End**	**29.02**	43.33
C	**Defined benefit cost**		
1	Service Cost	**123.62**	105.12
2	Net interest on net defined benefit liability / (asset)	**44.11**	31.08
3	Actuarial (gains)/losses recognised in OCI	**29.02**	43.33
4	Immediate recognition or (gains)/losses - other long term employee benefit plans	**-**	-
5	**Defined Benefit Cost**	**196.75**	179.53

(All amounts are ₹ in lakhs unless otherwise stated)

Details			As at 31 March 2017	As at 31 March 2016
III	**Changes in benefit obligation and assets**			
	A.	**Changes in defined benefit obligation:**		
	1	Defined benefit obligation(DBO) at the end of prior period	**566.49**	409.87
	2	Current service cost	**123.62**	105.12
	3	Interest cost on the DBO	**44.11**	31.08
	4	Curtailment (credit)/ cost	**-**	-
	5	Settlement (credit)/ cost	**-**	-
	6	Past service cost - plan amendments	**-**	-
	7	Acquisitions (credit)/ cost	**-**	-
	8	Actuarial (gain)/loss - experience	**(19.31)**	51.00
	9	Actuarial (gain)/loss - demographic assumptions	**-**	-
	10	Actuarial (gain)/loss - financial assumptions	**48.34**	(7.67)
	11	Benefits paid directly by the Company	**(16.37)**	(22.91)
	12	Benefits paid from plan assets	**-**	-
	13	**DBO at end of current period**	**746.86**	566.49
	B.	**Changes in fair value of assets:**		
	1	Fair value of assets at end of prior period	**-**	-
	2	Acquisition adjustment	**-**	-
	3	Interest income on plan assets	**-**	-
	4	Employer contributions	**-**	-
	5	Return on plan assets greater/(lesser) than discount rate	**-**	-
	6	Benefits paid	**-**	-
	7	**Fair Value of assets at the end of current period**	**-**	-

(All amounts are ₹ in lakhs unless otherwise stated)

			31 March 2017	31 March 2016
IV	**Additional Disclosures**			
	A.	**Expected benefit payments for the Period ending**		
		2018	**125.55**	8.79
		2019	**10.94**	11.90
		2020	**24.25**	25.76
		2021	**31.73**	34.03
		2022	**26.67**	-
		2022 to 2026	**-**	248.82
		2023 to 2027	**329.36**	-
	B.	**Current and Non current breakup**		
		Current liability	**121.14**	97.42
		Non current liability	**625.72**	469.07
		Total Liability	**746.86**	566.49

(All amounts are ₹ in lakhs unless otherwise stated)

Details			As at 31 March 2017	As at 31 March 2016
V	**Sensitivity Analysis**			
	A	**Discount rate**		
		Discount rate as at year end	**7.40%**	7.90%
		Effect on DBO due to 0.5% increase in discount rate	**(48.34)**	(35.99)
		Effect on DBO due to 0.5% decrease in discount rate	**53.78**	40.02

(All amounts are ₹ in lakhs unless otherwise stated)

Details	As at 31 March 2017	As at 31 March 2016
V Sensitivity Analysis (Contd.)		
B Salary escalation rate		
Salary escalation rate as at year end	**9.00%**	9.00%
Effect on DBO due to 0.5% increase in salary escalation rate	**44.71**	32.72
Effect on DBO due to 0.5% decrease in salary escalation rate	**(41.62)**	(30.38)
C Withdrawal Rate		
Withdrawal rate as at period / year end	**21 - 44 years 2%**	21 - 44 years 2%
	45 - 57 years 1%	45 - 57 years 1%
Effect on DBO due to 0.5% increase in withdrawal rate	**(56.78)**	(31.10)
Effect on DBO due to 0.5% decrease in withdrawal rate	**32.36**	17.59

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directons, while the Plan's sensitivity to such changes can vary over time.

33. Related Party Transactions

33.1 Following is the list of related parties and their relationships

A. Joint Venture Partner

1. Tech Mahindra Limited
2. Venture Global Engineering LLC

B. Subsidiaries

3. Satyam Venture Engineering Services (Shanghai) Co. Ltd
4. Satven GmbH

C. Holding Company of Tech Mahindra Limited

5. Mahindra & Mahindra Ltd

D. Under control of Tech Mahindra Limited

6. Tech Mahindra Technologies Inc.
7. Tech Mahindra BPO Limited (merged into Tech Mahindra Ltd., w.e.f 29th March, 2016)
8. Satyam Computer Services (Shanghai) Co. Limited
9. Tech Mahindra GmbH
10. Tech Mahindra Foundation

E. Under control of Venture Global Engineering LLC

11. Jiangyin Venture Interior System
12. Millard design
13. Metro Tool & Die
14. Peguform
15. Venture Diversified Products
16. Candence Innovation
17. Venture Mould & Engg Co
18. Venture Otto South Africa (Prop) Ltd
19. Venture Auto Design(Shanghi)Co. Ltd

F. Key Managerial Personnel

20. Rao S Vadlamudi - Chief Executive Officer
21. Aradhana Rewatkar - Company Secretary

(All amounts are ₹ in lakhs unless otherwise stated)

	31 March 2017	31 March 2016
33.2 Related party transactions for the year ended 31 March 2017 are as follows:		
Tech Mahindra Limited		
Revenue	**320.51**	286.45
Reimbursement of Expenditure	**202.41**	211.91
Tech Mahindra Technologies Inc		
Revenue	**5,875.08**	5,448.77
Tech Mahindra GmbH		
Revenue	**1,267.98**	1,334.52
Sub Contracting Costs	**54.27**	37.28
Reimbursement of Expenses	**0.94**	-
Satyam Venture Engineering Services (Shanghai) Co. Ltd		
Revenue	**178.88**	1.15
Satven GmbH		
Other Income	**0.43**	0.60
Reimbursement of Expenditure & Interest	**12.96**	24.33
Venture Otto South Africa (Prop) Ltd		
Revenue	**4.92**	3.23
Jiangyin Venture Interior Systems		
Revenue	**18.85**	-
Mahindra & Mahindra Ltd.		
Revenue	**125.57**	141.64
Tech Mahindra Foundation		
Contribution made toward CSR Expenditure	**63.89**	55.45
Remuneration to key management personal	**96.06**	95.56

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
Debit balances outstanding as at 31 March 2017		
Tech Mahindra Limited	**167.58**	162.09
Tech Mahindra Technologies Inc	**1,777.69**	1,591.44
Tech Mahindra GmbH	**145.06**	303.14
Satyam Venture Engineering Services (Shanghai) Co. Ltd	**305.46**	129.11
Satven GmbH	**71.24**	81.87
Mahindra & Mahindra Ltd	**34.49**	77.37
Jiangyin Venture Interior Systems	**28.10**	9.82
Millard design	**-**	3.18
Metro Tool & Die	**-**	1.99
Peguform	**-**	11.18
Venture	**6.82**	6.98
Venture Diversified Products	**2.62**	2.91
Cadence Innovation	**-**	5.55
Venture Otto South Africa (Prop) Ltd	**3.97**	3.21
Credit balances outstanding as at 31 March 2017		
Venture Mould & Engg.Co	**0.25**	0.26

The remuneration to key management personal does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the company as a whole.

34. Segment Information

34.1 Based on the assessment of the chief operating decision maker ('CODM'), for the purpose of resource allocation and assessment of segment performance, the Company has only one business segment viz, engineering services.

34.2 Geographical information

The Company operates in seven principal geographical areas - India (country of domicile), United States of America (USA), Europe, Canada, Australia, South Africa and Asia Pacific comprising of China, Japan and Singapore

The Company's revenue from continuing operations from customers by location of operations are detailed below:

(All amounts are ₹ in lakhs unless otherwise stated)

	Year Ended 31 March 2017	Year Ended 31 March 2016
India	**8,355.62**	2,349.92
USA	**14,063.44**	15,324.39
Europe	**5,374.02**	4,784.04
Asia Pacific	**6,669.59**	4,332.46
South Africa	**6.06**	3.22
Canada	**40.73**	20.19
Australia	**136.69**	-
Other	**1.60**	-

The Company's information about its non-current assets by location of operations are detailed below:

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
India	**6,277.88**	5,655.24	3,921.70
USA	**53.37**	26.22	18.38
Europe	**149.28**	146.46	114.13
Asia Pacific	**164.97**	4.92	1.29
South Africa	**-**	-	-
Canada	**-**	-	-
Australia	**-**	-	-
Other	**-**	-	-

34.3 Information about major customers

Revenue arising from sales of Automotive Enginering Services and there are about 60 customers base and out of them 10 customers contributing 80% of revenue.

35.1 Effect of Ind-AS adoption on the balance sheet as at 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 31 March 2016 Previous GAAP	Effect of transition ot Ind-AS	As per Ind AS balance sheet
Assets				
Non-Current Assets				
Property, Plant and Equipment		477.40	-	477.40
Capital work-in-progress		2.13	-	2.13
Other Intangible assets		635.32	-	635.32
Financial Assets				
(i) Investments		114.36	-	114.36
(ii) Other Financial Assets Measured at amortised cost	35.8	300.85	237.47	538.32
Deferred tax assets (net)	35.10, 35.11	910.50	-	910.50
Other non-current asset	35.8	3,392.28	(237.47)	3,154.81
Current assets				
Financial Assets				
(i) Investments	35.9	35.00	0.94	35.94
(ii) Trade receivables		7,299.40	-	7,299.40
(iii) Cash and cash equivalents		2,127.57	-	2,127.57
(iv) Bank balances other than above		888.68	-	888.68
(v) Other Financial Assets Measured at amortised cost	35.8	2,452.08	(581.83)	1,870.25
Current Tax Assets (Net)		-	-	-
Other current assets	35.8	1,505.65	517.46	2,023.11
Total Assets		**20,141.22**	**(63.43)**	**20,077.79**
Equity and Liabilities				
Equity				
Equity Share capital		708.90	0.00	708.90
Other Equity	35.9	9,795.09	0.92	9,796.02
Liabilities				
Non-current liabilities				
Provisions		774.49	-	774.49
Current liabilities				
Financial Liabilities				
(i) Trade payables	35.8	1,882.10	(64.37)	1,817.74
(ii) Other Financial Liabilities	35.8	-	15.13	15.13
Other current liabilities	35.8	560.08	(15.13)	544.95
Provisions	35.8	6,420.55	(846.79)	5,573.76
Current Tax Liabilities (Net)	35.8	-	846.80	846.80
Total Equity and Liabilities		**20,141.22**	**(63.43)**	**20,077.79**

35.2 Effect of Ind-AS adoption on the balance sheet as at 01 April 2015

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 01 April 2015 Previous GAAP	Effect of transition ot Ind-AS	As per Ind AS balance sheet
Assets				
Non-Current Assets				
Property, Plant and Equipment		329.41	-	329.41
Capital work-in-progress		12.31	-	12.31
Other Intangible assets		426.52	-	426.52
Financial Assets				
(i) Investments		114.36	-	114.36
(ii) Other Financial Assets Measured at amortised cost	35.8	200.00	176.65	376.65
Deferred tax assets (net)		754.90	-	754.90
Other non-current asset	35.8	2,218.01	(176.65)	2,041.36
Current assets				
Financial Assets				
(i) Investments	35.8	-	-	-
(ii) Trade receivables	35.8	5,168.64	60.77	5,229.41
(iii) Cash and cash equivalents		1,109.14	-	1,109.14
(iv) Bank balances other than above		2,395.54	-	2,395.54
(v) Other Financial Assets Measured at amortised cost	35.8	1,877.92	(756.56)	1,121.36
Current Tax Assets (Net)		-	-	-
Other current assets	35.8	889.77	756.59	1,646.35
Total Assets		**15,496.52**	**60.79**	**15,557.31**
Equity and Liabilities				
Equity				
Equity Share capital		708.90	-	708.90
Other Equity	35.8	6,363.15	-	6,363.15
Liabilities				
Non-current liabilities				
Provisions		615.91	-	615.91
Current liabilities				
Financial Liabilities				
(i) Trade payables	35.8	1,272.69	60.75	1,333.44
(ii) Other Financial Liabilities	35.8	-	69.12	69.12
Other current liabilities	35.8	272.69	(69.09)	203.60
Provisions	35.8	6,263.18	(832.44)	5,430.75
Current Tax Liabilities (Net)	35.8	-	832.44	832.44
Total Equity and Liabilities		**15,496.52**	**60.77**	**15,557.29**

35.3 Effect of Ind-AS adoption on the statement of profit and loss for the year ended 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	Year Ended 31 March 2016 Previous GAAP	Effect of transition ot Ind-AS	As per Ind AS Statement of Profit and Loss
Income				
Revenue from operations		26,814.22	(0.00)	26,814.21
Other Income	35.9	720.70	0.94	721.64
Total Income (A)		**27,534.92**	**0.94**	**27,535.85**
Expenses				
Subcontracting Expenses		951.34	37.28	988.62
Employee benefits expense	35.10, 35.11	17,616.02	(80.61)	17,535.41
Finance costs		-	-	-
Depreciation and amortisation expense		590.32	-	590.32
Other expenses		5,183.20	(951.32)	4,231.88
Total Expenses (B)		**24,340.87**	**(994.65)**	**23,346.22**
Profit before tax (A-B)		**3,194.05**	**995.59**	**4,189.63**
Tax Expense				
Current tax (incl earlier years tax)		869.50	720.00	1,589.50
Deferred tax	35.10, 35.11	(155.60)	15.00	(140.60)
Total tax expense (D)		**713.90**	**735.00**	**1,448.90**
Profit for the year (C-D)		2,480.15	260.59	2,740.74
Other Comprehensive Income				
Items that will not be reclassified to profit or loss			-	-
Remeasurement of the defined benefit plans	35.10, 35.11	-	(43.33)	(43.33)
Income tax relating to items that will not be reclassified to profit or loss	35.10, 35.11	-	(15.00)	(15.00)
		-	**(58.33)**	**(58.33)**
Items that may be reclassified to profit or loss				
Exchange difference in translating the financial statements of foreign operations	35.11	-	0.47	0.47
Income tax relating to items that may be reclassified to profit or loss	35.11	-	-	-
		-	**0.47**	**0.47**
Total comprehensive income for the year		**2,480.15**	**202.73**	**2,682.88**

35.4 Reconciliation of total comprehensive income for the year ended 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

	Note	Year ended 31 March 2016
Profit as per previous GAAP		2,480.15
Adjustments		
Fair valuation of investments under Ind AS	35.9	0.94
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	35.9 and 35.10	28.34
Total effect of transition to Ind-AS		**29.28**
Profit for the year as per Ind-AS		2,509.42
Other Comprehensive Income for the year (net of tax)	35.9 and 35.10	(57.86)
Total Comprehensive Income for the year		**2,451.57**

35.5 Reconciliation of total equity as at 31 March 2016 and 01 April 2015

(All amounts are ₹ in lakhs unless otherwise stated)

	Note	As at 31 March 2016	As at 01 April 2015
Total equity (shareholders funds) under previous GAAP		10,503.99	7,072.04
Recognition of deferred taxes using the balance sheet approach under Ind AS			
Fair valuation of investments under Ind AS	35.9	0.92	-
Total adjustment to equity		**0.92**	**-**
Total equity under Ind AS		**10,504.91**	**7,072.04**

35.6 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2016		
	Notes	Previous GAAP	Effect of transition to Ind-AS	Ind-AS
Net cash flow from operating activities		336.84	0.18	337.02
Net cash flow from investing activities		704.86	(0.19)	704.67
Net cash flow from financing activities		-	-	-
Net increase / (decrease) in cash and cash equivalents		**1,041.70**	**-0.01**	**1,041.69**
Cash and cash equivalents at the beginning of the period		**1,109.14**	-	**1,109.14**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(23.26)	-	(23.26)
Cash and cash equivalents at the end of the period		**2,127.57**	**-0.01**	**2,127.57**

35.7 Analysis of cash and cash equivalents as at 31 March 2016 and as at 01 April 2015 for the purpose of statement of cash flows under Ind-AS

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2016	As at 01 April 2015
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	2,127.57	1,109.14
Adjustments on account of transition to Ind-AS	-	-
Cash and cash equivalents for the purpose of statement of cash flows under Ind-AS	**2,127.57**	**1,109.14**

35.8 Under previous GAAP, the presentation of Balance Sheet was based on the erstwhile Schedule III of the Companies Act 2013, now Schedule III Division II of the Companies Act 2013. Under Ind AS, specified items of financial assets, financial liabilities, current income tax and provision are required to be presented separately in line with the Schedule III Division I of the Companies Act 2013.

35.9 Under the previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as Fair Value through Profit & Loss (FVTPL) on the date of transition. The fair value changes are recongnied in profit or loss. On transitioning to Ind AS, these financial assets have been measured at their fair values which is higher than cost as per pervious GAAP, resulting in an increase in carrying amount by Rs.0.94 Lakhs as at 31 March 2016 and by Rs.Nil as at 01 Aprill 2015.

35.10 Under previous GAAP, acturial gains and losses were recognised in profit or loss. Under Ind AS, the acturial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The acturial gain for the year ended 31 March 2016 were Rs.43.33 Lakhs and the tax effect thereon Rs.15.00 Lakhs This change does not affect total equity, but there is a decrease in profit before tax of Rs.43.33 Lakhs and in total profit of Rs.28.33 Lakhs and a corresponding increase in other comprehensive income by a similar amount for the year ended 31 March 2016.

35.11 Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expenses, gains, or losses are required to be presented in other comprehensive income.

36. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

(All amounts are ₹ in lakhs unless otherwise stated)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add:			
Permitted receipts	-	-	-
Less:			
Permitted payments	-	-	-
Amount deposited in Bankes	-	-	-
Closing cash in hand as on 30.12.2016	**-**	**-**	**-**

Explanation : For the purposes of this clause, the term ‘Specified Bank Notes’ shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

37. Earning per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per shre are as follow.

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
Profit for the year attributable to owners of the Company	4,327.60	3,432.86
Earnings used in the calculation of basic earnings per share	4,327.60	3,432.86
Weighted average number of equity shares outstanding during the period	7,088,960	7,088,960
Face Value of Equity Shares - Rs.	10	10
Basic and Diluted Earnings per Share *	**61.05**	**48.43**

* The Company has no potential dilutive instruments

38. Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Rakesh Soni Director DIN: 02973741	**Shivanand Raja** Director DIN: 00130694	**V.Venkata Kumar Raju** Director DIN: 02958816
G.Jayaraman Director DIN: 01461157	**J.Venkateswarlu** Director DIN: 00051001	**C.Subramanyam Reddy** Director DIN: 07089237
Rao.S.Vadlamudi CEO	**Srinivas R** AVP-Finance	**Aradhana R.** Company Secretary

Hyderabad, 21 April 2017

INDEPENDENT AUDITORS' REPORT

To
The Members of
Satyam Venture Engineering Services Private Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Satyam Venture Engineering Services Private Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in the terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group as at 31 March 2017, and their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following notes in the consolidated financial statements:

a) Note 30.2 regarding reckoning of Rs.11,214.14 Lakhs as contingent liability, towards any possible charge that may arise in respect of ongoing dispute between the promoters, for the period from 01 April 2012 to 31 March 2017 based on legal advice and for reasons stated in the said note notwithstanding the status of litigation between the promoters on various issues relating to the Shareholders Agreement, the outcome of which is not determinable at this stage; and

b) Note 31 regarding drawing up of accounts for the year incorporating opening balances based on the financial statements of previous years which have not been adopted by the shareholders.

Our opinion is not modified in respect of this matters.

Other Matters

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs.608.89 Lakhs and net assets of Rs.608.89 Lakhs as at 31 March 2017, total revenues of Rs.1,063.48 lakhs and net cash inflows amounting to Rs.90 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have 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, insofar as it relates the aforesaid subsidiaries is based solely on the reports of the other auditors.

Both subsidiaries are 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 other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India ("IGAAP Financials of Subsidiaries"). We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors 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, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required bySection143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity 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;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable;

(e) The matter relating to contingent liability described in paragraph (a) under the Emphasis of Matters above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in ‘Annexure A’; and

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, 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, as noted in the ‘Other matter’ paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 30 to the consolidated financial statements;

ii. No provisioning is required under any law or accounting standards, for material foreseeable losses on long term contracts except for the contingent liability described under note 30.2 for which provision is not made since the matters involving these litigations are sub-judice at present, the impact of these pending litigations on its financial position could not be stated in the Consolidated Financial Statements. According to the information and explanations given to us and in our opinion, there were no derivative contracts entered into by the Company as at 31 March 2017.

iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2017; and

iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016 - Refer Note 38.

for M. Bhaskara Rao & Co.
Chartered Accountants
Firm Registration No.000459S

M.V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 21 April 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR’S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Satyam Venture Engineering Services Private Limited (“the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“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 its business, including adherence to 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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 ICAI.

for M. Bhaskara Rao & Co.
Chartered Accountants
Firm Registration No.000459S

M.V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 21 April 2017

CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	5	**430.41**	477.52	329.73
(b) Capital work-in-progress	6	**5.79**	2.13	12.31
(c) Other Intangible assets	7	**699.10**	635.32	426.52
(d) Financial Assets				
(i) Other Financial Assets Measured at amortised cost	9	**375.27**	538.32	376.65
(e) Deferred tax assets (net)	10	**799.48**	910.50	754.90
(f) Other non-current asset	11	**4,244.14**	3,154.81	2,041.36
Total Non-Current Assets		**6,554.19**	5,718.60	3,941.47
Current assets				
(a) Financial Assets				
(i) Investments	8	**972.64**	35.94	-
(ii) Trade receivables	12	**9,977.14**	7,570.28	5,481.12
(iii) Cash and cash equivalents	13	**2,188.56**	2,287.64	1,219.46
(iv) Bank balances other than (iii) above	14	**1,736.93**	888.68	2,395.54
(v) Other Financial Assets Measured at amortised cost	9	**1,421.56**	1,768.96	989.04
(b) Other current assets	11	**1,526.96**	1,929.28	1,618.29
Total Current Assets		**17,823.79**	14,480.78	11,703.45
Total Assets		**24,377.98**	20,199.38	15,644.92
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	15	**708.90**	708.90	708.90
(b) Other Equity	16	**14,151.51**	9,839.93	6,394.72
Total Equity		**14,860.41**	10,548.83	7,103.62
LIABILITIES				
Non-current liabilities				
(a) Provisions	17	**978.62**	774.49	615.91
Total Non-Current Liabilities		**978.62**	774.49	615.91
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	18	**1,405.53**	1,856.68	1,346.90
(ii) Other Financial Liabilities Measured at amortised cost	19	**14.28**	15.13	69.12
(b) Other current liabilities	20	**783.26**	580.52	244.43
(c) Provisions	17	**5,625.36**	5,573.76	5,430.75
(d) Current Tax Liabilities (Net)	21	**710.52**	849.97	834.19
Total Current Liabilities		**8,538.95**	8,876.06	7,925.39
Total Equity and Liabilities		**24,377.98**	20,199.38	15,644.92
Corporate Information and	1			
Significant accounting policies	2			

Accompanying notes form an intergral part of the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 21 April 2017

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Rakesh Soni
Director
DIN: 02973741

Shivanand Raja
Director
DIN: 00130694

V.Venkata Kumar Raju
Director
DIN: 02958816

G.Jayaraman
Director
DIN: 01461157

J.Venkateswarlu
Director
DIN: 00051001

C.Subramanyam Reddy
Director
DIN: 07089237

Rao.S.Vadlamudi
CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Income from operations	22	**35,532.36**	27,305.71
Other Income	23	**500.47**	721.42
Total Income		**36,032.83**	28,027.13
Expenses			
Sub contracting costs		**422.18**	983.25
Employee benefits expense	24	**24,347.41**	17,928.30
Depreciation and amortisation expense	25	**727.87**	590.52
Other expenses	26	**5,608.39**	4,322.52
Total Expenses		**31,105.85**	23,824.59
Profit before tax		**4,926.98**	4,202.54
Tax Expense	27		
Current tax		**1,671.86**	1,596.52
Earlier Years tax		**(1,231.21)**	(720.00)
Deferred tax		**130.68**	(140.60)
Total tax expense		**571.33**	735.92
Profit for the year		**4,355.65**	3,466.62
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		**(29.02)**	(43.33)
Income tax on items that will not be reclassified to profit or loss	27	**(10.04)**	(15.00)
		(18.98)	(28.33)
B. Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations	16	**(34.71)**	6.92
Income tax on items that may be reclassified to profit or loss	27	**(9.62)**	-
		(25.09)	6.92
Total comprehensive income for the year		**4,311.58**	3,445.21
Total comprehensive income for the year attributable to:			
Owners of the Company		**4,311.58**	3,445.21
Non controlling interests			
Earnings per equity share	36		
Basic - (Rs. per share)		**60.82**	48.60
Diluted - (Rs. per share)		**60.82**	48.60
Corporate Information and	1		
Significant accounting policies	2		

Accompanying notes form an intergral part of the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Rakesh Soni
Director
DIN: 02973741

Shivanand Raja
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C.Subramanyam Reddy
Director
DIN: 07089237

Rao.S.Vadlamudi
CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

Hyderabad, 21 April 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

		Year Ended 31 March 2017	Year Ended 31 March 2016
A.	**Cash flow from operating activities**		
	Profit for the period	**4,311.58**	3,445.21
	Adjustments for		
	Income tax expense recognised in profit or loss	**551.67**	720.92
	Interest income recognised in profit or loss	**(334.84)**	(187.42)
	Loss / (Profit) on sale of fixed assets	**(2.49)**	(9.33)
	Depreciation and amortisation of non-current assets	**727.87**	590.52
	Net (Gain) / Loss on sale of investments	**(7.29)**	-
	Net foreign exchange (gain) / loss	**46.52**	(23.26)
	Provision for doubtful receivables	**384.35**	-
	Fair value measurements	**(15.93)**	(0.94)
	Operating profit / (loss) before working capital changes	**5,661.43**	4,535.70
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	**(2,791.21)**	(2,089.16)
	Other Non-Current Assets	**0.29**	(2.27)
	Other Non-Current Financial Assets	**(37.79)**	(59.86)
	Other Current Financial Assets	**379.77**	(854.41)
	Other Current Assets	**402.32**	(310.99)
	Adjustments for increase / (decrease) in operating liabilities:		
	Non-Current Provisions	**204.13**	158.58
	Trade Payables	**(451.15)**	509.78
	Current Provisions	**51.60**	143.01
	Other Financial Liabilities	**(0.85)**	(53.99)
	Other Current Liabilities	**202.74**	336.09
	Cash generated from operations	**3,621.29**	2,312.48
	Income Tax paid (Net)	**(1,669.72)**	(1,971.92)
	Net cash flow from / (used in) operating activities (A)	**1,951.56**	340.56
B.	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including Capital Work in Progress)	**(752.44)**	(937.05)
	Proceeds from disposal of property, plant and equipment	**6.73**	9.45
	Foreign Currency translation adjustment (arising on consolidation)	**-**	-
	Bank balances not considered as cash and cash equivalents		
	- Placed	**(1,846.81)**	(1,557.73)
	- Matured	**1,199.40**	2,962.79
	Current Investments		
	- Purchased	**(2,600.00)**	(35.00)
	- Proceeds from sale / redemption	**1,686.53**	-
	Interest received	**302.47**	261.91
	Net cash flow used in investing activities (B)	**(2,004.12)**	704.37

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

		Year Ended 31 March 2017	Year Ended 31 March 2016
C.	**Cash flow from financing activities**	**-**	-
	Net cash flow from / (used in) financing activities (C)	**-**	-
	Net increase / (decrease) in cash and cash equivalents	**(52.55)**	1,044.92
	Cash and cash equivalents at the beginning of the year	**2,287.64**	1,219.46
	Effect of exchange difference on cash and cash equivalents held in foreign currency	**(46.52)**	23.26
	Cash and cash equivalents at the end of the year	**2,188.56**	2,287.64

Accompanying notes form an intergral part of the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 21 April 2017

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Rakesh Soni	**Shivanand Raja**	**V.Venkata Kumar Raju**
Director	Director	Director
DIN: 02973741	DIN: 00130694	DIN: 02958816
G.Jayaraman	**J.Venkateswarlu**	**C.Subramanyam Reddy**
Director	Director	Director
DIN: 01461157	DIN: 00051001	DIN: 07089237
Rao.S.Vadlamudi	**Srinivas R**	**Aradhana R.**
CEO	AVP-Finance	Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are ₹ in lakhs unless otherwise stated)

A. Equity Share Capital

	Amount
Issued and paid up equity share capital	
Balance as at 01 April 2015	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2016	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2017	708.90

B. Other Equity

Particulars	Reserves & Surplus		Foreign Currency Translation Reserve	Attributable to Owners of the Parent	Non Controlling Interests	Total
	General Reserve	Retained Earnings				
Balance as at 01 April 2015	12.50	6,382.22	-	6,394.72	-	6,394.72
Profit for the period	-	3,466.62	-	3,466.62	-	3,466.62
Other Comprehensive Income (net of income tax)	-	(28.33)	6.92	(21.41)	-	(21.41)
Total comprehensive income for the year	**-**	**3,438.29**	**6.92**	**3,445.21**	**-**	**3,445.21**
Balance as at 31 March 2016	**12.50**	**9,820.51**	**6.92**	**9,839.93**	**-**	**9,839.93**
Profit for the year	-	4,355.65	-	4,355.65	-	4,355.65
Other Comprehensive Income (net of income tax)	-	(18.98)	(25.09)	(44.07)	-	(44.07)
Total comprehensive income for the year	**-**	**4,336.67**	**(25.09)**	**4,311.58**	**-**	**4,311.58**
Transfer to retained earnings	-	-	-	-	-	-
Income tax relating to transactions with owners	-	-	-	-	-	-
Balance as at 31 March 2017	**12.50**	**14,157.18**	**(18.17)**	**14,151.51**	**-**	**14,151.51**

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 21 April 2017

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Rakesh Soni
Director
DIN: 02973741

Shivanand Raja
Director
DIN: 00130694

V.Venkata Kumar Raju
Director
DIN: 02958816

G.Jayaraman
Director
DIN: 01461157

J.Venkateswarlu
Director
DIN: 00051001

C.Subramanyam Reddy
Director
DIN: 07089237

Rao.S.Vadlamudi
CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Satyam Venture Engineering Services Private Limited ("the Company") was incorporated in March 2000 as a 50:50 joint venture between erstwhile Satyam Computer Services Limited (SCSL) and Venture Global Engineering LLC. SCSL has been merged with Tech Mahindra Limited consequent to a scheme of amalgamation and arrangement as approved by the Hon'ble High Court of Judicature Andhra Pradesh and Hon'ble High Court of Bombay.

The Company provides engineering services such as product design, tool design and computer aided engineering simulation services to automotive industry across the globe, through its Indian operations and through its foreign branches in USA, Germany, Canada, United Kingdom and Japan.

The Consolidated financial statements reflect the results of its operations carried on by Indian operations, overseas branches and its subsidiaries incorporated in China and Germany, collectively referred to as the "Group".

2. Significant accounting policies:

2.1 Statement of Compliance:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First time adoption of Indian Accounting Standards has been applied.

2.2 Basis for preparation of financial statements:

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India on accrual basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Basis of Consolidation:

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

2.4 Use of Estimates:

The preparation of financial statements requires the management of the Group to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

2.5 Property, Plant & Equipment and Other Intangible assets:

Property, Plant & Equipment and Other intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortisation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as assessed based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Plant & Machinery (including Computers)	3 years
Office Equipment	3 years
Furniture, Fixtures and Interiors	3 years
Vehicles	3 years
Intangible assets – Software	License period or 3 years whichever is lower

The estimated useful lives and residual values of the tangible and intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.6 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

i) Finance lease:

Where the Group, as a lessor, leases assets under finance lease, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on constant rate of return on the outstanding net investment.

Assets taken on finance lease are accounted as Property, Plant & Equipment at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

ii) Operating lease:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

2.7 Impairment of Assets:

i) Financial assets

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

ii) Non-financial assets

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss

2.8 Revenue recognition:

Revenue from services include revenue earned from services rendered on 'time and material' basis and time bound fixed price engagements.

All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

The Group also performs time bound fixed price engagements, under which revenue is recognised using the proportionate completion method of accounting, unless work completed cannot be reasonably estimated. Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates and can be reasonably estimated.

The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known.

Revenue recognition is based on the terms and conditions as per the contracts entered into with the customers. In respect of expired contracts under renewal or where there are no contracts available, revenue is recognised based on the erstwhile contract / provisionally agreed terms and/or understanding with the customers.

Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customers/unearned revenue.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Group and when there is a reasonable certainty with which the same can be estimated.

Reimbursement / recoveries from customers are separately identified as contractual receivables when no significant uncertainty as to measurability or collectability exists.

Dividend income is recognised when the Group's right to receive dividend is established. Interest income is recognised on time proportion basis.

2.9 Foreign currency transactions:

The functional currency of the Company and its Indian subsidiaries is Indian Rupees (INR) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of the Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

2.10 Foreign Operations:

For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

2.11 Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

i) Non-derivative financial instruments

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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

The Group, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss

Financial liabilities

Financial liabilities at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.12 Employee Benefits:

a) Gratuity:

The Group accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a

Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for the Company and its Indian subsidiaries.

Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur. (Refer note :16 below).

b) Provident fund:

The eligible employees of the Company and its Indian subsidiaries are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company and its Indian subsidiaries make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company and its Indian subsidiaries.

The Company and its Indian subsidiaries has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

c) Compensated absences:

The Group provides for the encashment of leave subject to certain Group's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for the Company and its Indian subsidiaries, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries. The Company does not expect the difference on account of varying methods to be material.

The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the Balance Sheet date.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the period in which they occur.

The Group also offers a short term benefit in the form of encashment of unavailed accumulated compensated absence above certain limit for all of its employees and same is being provided for in the books at actual cost.

d) Other short term employee benefits:

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

2.13 Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Group will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Group and the asset can be measured reliably.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised 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 utilised.

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The Group recognises interest levied and penalties related to income tax assessments in income tax expenses.

Tax on distributed profits payable in accordance with the provisions of the Income-Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India (ICAI)

2.14 Earnings per Share:

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.15 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Contingent Assets are not recognized in the financial statements.

3 First-time adoption - mandatory exceptions, options exemptions

The Group has prepared the opening consolidated balance sheet as per Ind AS as of 01 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not remitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind-AS, and applying Ind-AS in measurement of recognised assets and liabilities, However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Group as detailed below:

3.1 Deemed cost for property, plant and equipment and intangible assets

The Group has elected to continue with the carrying value of all its plant and equipment, investment property, and intangible assets recognised as of 01 April 2015 (the transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.2 Deemed cost for investments in subsidiaries:

The Company selected to continue with the carrying value for all its investments in subsidiaries as of April 01, 2015 measured as deemed cost as of transaction date.

3.3 Cumulative translation differences on foreign operation

The Group has elected the option to reset the cumulative translation differences on foreign operations that exist as the transition date to zero.

4. Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statement.

Key sources of estimation uncertainty:

The following are the key assumptions concerning the future , and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Useful lives of property, plant and equipment:

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1inputs are not available, the Company engages third party qualified valuers to perform the valuation . Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Executive Officer reports to the board of fluctuations in the fair value of the assets and liabilities.

Provision for doubtful receivables:

The Company makes a provision for receivables outstanding morethan a year. This is in line with group policy.

Provision for employee benefits:

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period . These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Provision for taxes:

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

5. New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to 31 March 2017

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Ind AS 115:

Ind AS 115 (Revenue from Contracts with Customers) was issued in February 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services.

The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
5.	**Property, Plant and Equipment**			
	Carrying amounts of			
	Plant and Equipment	**285.05**	350.87	277.39
	Office Equipments	**92.01**	70.00	52.22
	Furniture and Fixtures	**50.33**	51.61	0.12
	Vehicles	**3.02**	5.04	-
		430.41	477.52	329.73
6.	**Capital work-in-progress**			
	Capital work-in-progress	**5.79**	2.13	12.31
		5.79	2.13	12.31
7.	**Other Intangible assets**			
	Carrying amounts of:			
	Computer Software	**699.10**	635.32	426.52
	(other than internally generated)			
		699.10	635.32	426.52

5A Property, Plant and Equipment

(All amounts are ₹ in lakhs unless otherwise stated)

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block	
	Cost as at 1 April 2016	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2017	Upto 01 April 2016	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2017	As at 31 March 2017	As at 31 March 2016
Tangible Assets												
Plant and Machinery	1,500.62	153.12	24.04		1,629.70	1,149.75	214.78	19.83	-0.05	1,344.65	285.05	350.87
Previous year	1,266.44	298.17	63.98		1,500.62	1,011.58	202.13	63.96		1,149.75	350.87	254.85
Office Equipment	258.50	76.18	9.25	-	325.43	188.50	54.12	9.20	-	233.42	92.01	70.00
Previous year	216.15	55.86	13.51		258.50	163.37	38.61	13.49		188.50	70.00	52.77
Furniture, Fixtures & Interiors	271.96	31.98	1.58	-	302.36	220.35	33.24	1.56	-	252.03	50.33	51.61
Previous year	256.05	49.47	33.56		271.96	233.96	19.87	33.48		220.35	51.61	22.10
Vehicles	45.02	-	12.25	-	32.77	39.98	2.02	12.25	-	29.75	3.02	5.04
Previous year	43.23	6.05	4.26		45.02	43.23	1.01	4.26		39.98	5.04	-
Total	**2,076.10**	**261.28**	**47.11**	**-**	**2,290.27**	**1,598.58**	**304.16**	**42.83**	**-0.05**	**1,859.85**	**430.41**	**477.52**
Previous Year	1,781.87	409.55	115.31	-	2,076.10	1,452.14	261.63	115.19	-	1,598.58	477.52	329.72

7A Other Intangible assets

(All amounts are ₹ in lakhs unless otherwise stated)

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block	
	Cost as at 1 April 2016	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2017	Upto 01 April 2016	For the period	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2017	As at 31 March 2017	As at 31 March 2016
Software	2,953.11	487.49		-	3,440.60	2,317.79	423.71		-	2,741.50	699.10	635.32
Previous year	2,415.42	537.69	-		2,953.11	1,988.90	328.89			2,317.79	635.32	426.52
Total	**2,953.11**	**487.49**	**-**	**-**	**3,440.60**	**2,317.79**	**423.71**	**-**	**-**	**2,741.50**	**699.10**	**635.32**
Previous Year	2,415.42	537.69	-	-	2,953.11	1,988.90	328.89	-	-	2,317.79	635.32	426.52

		As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
		Quantity	**₹ in Lakhs**	Quantity	₹ in Lakhs	Quantity	₹ in Lakhs
8.	**Investments**						
I	**Current Investments**						
A	Investment in Mutual Funds - quoted (at fair value)						
	ICICI Prudential Liquidity Fund - Direct - Growth	**405002**	**972.64**	16056	35.94	-	-
			972.64		35.94		-
(a)	Aggregate amount of quoted investments and market value thereof;		**972.64**		35.94		-
(b)	Aggregate amount of unquoted investments; and		**-**		-		-
(c)	Aggregate amount of impairment in value of investments.		**-**		-		-

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
9.	**Other Financial Assets measured at Amortised Cost**			
I.	**Non-Current**			
	Other bank balances - in deposit accounts	**99.00**	300.85	200.00
	Security Deposits	**276.27**	237.47	176.65
		375.27	538.32	376.65
II.	**Current**			
	Unbilled revenue	**1,360.34**	1,375.51	654.11
	Service tax refund receivable	**-**	364.60	231.59
	Interest Receviable on deposits	**61.22**	28.85	103.34
		1,421.56	1,768.96	989.04
10.	**Deferred tax assets**			
	Deferred tax assets	**799.48**	910.50	754.90
	Deferred tax liabilities	**-**	-	-
		799.48	910.50	754.90

Deferred tax assets / (liabilities) in relation to:	**Property, plant and equipment and Intangible assets**	**Provision for doubtful debts**	**Provision for defined benefit obligations**	**Exchange difference in translating the financial statements of foreign operations**	**Total**
Opening balance	**291.00**	**202.40**	**261.50**	**-**	**754.90**
Recognised in profit or loss	18.70	3.60	148.30		170.60
Recognised in other comprehensive income	-	-	(15.00)	-	(15.00)
Reclassified from equity to profit or loss	-	-	-	-	-
Balance at 31 March 2016	**309.70**	**206.00**	**394.80**	**-**	**910.50**
Recognised in profit or loss	(76.15)	(108.79)	74.34	-	(110.60)
Recognised in other comprehensive income	-	-	(10.04)	9.62	(0.42)
Balance at 31 March 2017	**233.55**	**97.21**	**459.10**	**9.62**	**799.48**

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
11.	**Other assets**			
I.	**Non-Current**			
	Capital Advances	**2.00**	2.29	0.02
	Advance income tax (net of provisions Rs.7,598.80 Lakhs; [31 March 2016: Rs.8,566.37 Lakhs; 01 April 2015: Rs.4,762.22 Lakhs])	**4,242.14**	3,152.52	2,041.34
		4,244.14	3,154.81	2,041.36
II.	**Current**			
	MAT Credit Entitlement	**-**	-	336.84
	Prepaid expenses	**486.63**	740.58	496.62
	Loans and Advances to Employees	**515.43**	553.65	258.92
	Balance with government authorities	**129.62**	455.53	452.56
	Others	**395.28**	179.52	73.35
		1,526.96	1,929.28	1,618.29
12.	**Trade receivables**			
(a)	Unsecured, considered good	**9,977.14**	7,570.28	5,481.12
(b)	Doubtful	**280.89**	595.34	595.34
	Less: provision for doubtful receivables	**(280.89)**	(595.34)	(595.34)
		9,977.14	7,570.28	5,481.12
12.1	**Of the above, trade receivables from:**			
(a)	Related parties [Refer note 33]	**2,096.20**	2,049.71	2,514.08
(b)	Others	**7,880.94**	5,520.57	2,967.04
	Total	**9,977.14**	7,570.28	5,481.12
12.2	**Classification of trade receivables**			
	Non-Current	**-**	-	-
	Current	**9,977.14**	7,570.28	5,481.12
	Total	**9,977.14**	7,570.28	5,481.12

12.3 The Average credit period on Sale of Services 60 days . No interest is charged on trade receivables even if it collected after credit period.

Age of Trade Receivables

	Age of Trade Receivables			
a)	Within the credit period			
b)	less than 180 days past due	**9,505.89**	6,965.57	5,008.91
c)	More than 180 days past due	**752.13**	1,200.05	1,067.55

Based on the advise from Tech M Group, Provision for doubtful debts is made in books for Trade receivables (other than related parties) which are more than 1 year past due except few debtors cofirmed through e-mail that they are going to pay the dues in near future.

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
13.	**Cash and cash equivalents**			
	Balances with Banks			
(a)	with Scheduled banks			
	in Current account	**740.46**	675.64	657.81
	in Deposit account	**248.00**	125.00	-
(b)	with Other banks			
	in Current account	**1,200.10**	1,486.51	561.65
	Cash on hand	**-**	0.49	-
	Cash and cash equivalents as per balance sheet	**2,188.56**	2,287.64	1,219.46

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
14. Other Bank Balances			
Balances with Banks			
with Scheduled banks			
in Deposit account	**1,736.93**	888.68	2,395.54
Total	**1,736.93**	888.68	2,395.54

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	Amounts	Number of Shares	Amounts	Number of Shares	Amounts
15. Equity Share capital						
Authorised Share Capital						
Equity share capital of Rs.10 each	**7,500,000**	**750.00**	7,500,000	750.00	7,500,000	750.00
Issued, Subscribed and Fully Paid up						
Equity share capital of Rs.10 each	**7,088,960**	**708.90**	7,088,960	708.90	7,088,960	708.90

15.1 **Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.**

Equity share capital of Rs.10 each	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	Amounts	Number of Shares	Amounts	Number of Shares	Amounts
Balance as at beginning of the Year	**7,088,960**	**708.90**	7,088,960	708.90	7,088,960	708.90
Issued during the year	**-**	**-**	-	-	-	-
Balance as at end of the Year	**7,088,960**	**708.90**	7,088,960	708.90	7,088,960	708.90

15. 2Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

Equity shares of ₹10 each fully paid held by	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	Amounts	Number of Shares	Amounts	Number of Shares	Amounts
Tech Mahindra Limited	**3,544,480**	**354.45**	3,544,480	354.45	3,544,480	354.45
Venture Global Engineering Services LLC	**3,544,480**	**354.45**	3,544,480	354.45	3,544,480	354.45

15.3 Details of shares held by each shareholders holding more than 5% shares in the Company

Equity shares of ₹10 each fully paid held by	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	% of holding	Number of Shares	% of holding	Number of Shares	% of holding
Tech Mahindra Limited	**3,544,480**	**50%**	**3,544,480**	50%	3,544,480	50%
Venture Global Engineering Services LLC	**3,544,480**	**50%**	**3,544,480**	50%	3,544,480	50%

15.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The percentage of shareholding shall be maintained as set out in Article 4 of Articles of Association and the fresh issue to be offered to both the shareholders in proportion to their shareholding. Any shares not accepted shall in the first instance be offered to the other remaining member and affiliates nominated by thereof.

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
16.	**Other Equity**			
	General Reserve	**12.50**	12.50	12.50
	Retained Earnings	**14,157.18**	9,820.51	6,382.22
	Fair Value through OCI (FVTOCI)	**-**	-	-
	Foreign Currency Translation Reserve	**(18.17)**	6.92	-
		14,151.51	9,839.93	6,394.72
A.	**General Reserve**			
	Balance at beginning of year	**12.50**	12.50	12.50
	Movements	**-**	-	-
	Balance at end of year	**12.50**	12.50	12.50
B.	**Retained Earnings**			
	Balance at beginning of year	**9,820.51**	6,382.22	5,595.43
	Profit attributable to owners of the Company	**4,355.65**	3,466.62	786.79
	Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	**(18.98)**	(28.33)	-
	Balance at end of year	**14,157.18**	9,820.51	6,382.22
C.	**Fair Value through OCI (FVTOCI)**			
	Balance at beginning of year	**-**	-	-
	Movements	**-**	-	-
	Balance at end of year	**-**	-	-
D.	**Foreign Currency Translation Reserve**			
	Balance at beginning of year	**6.92**	-	-
	Movements	**(34.71)**	6.92	-
	Income tax relating to gains arising on translating the net assets of foreign operations	**9.62**	-	-
	Balance at end of year/Period	**(18.17)**	6.92	-
17.	**Provisions**			
I	**Non-Current**			
	Provision for Employee Benefits [Refer note 34]			
	Compensated Absences	**352.90**	305.42	224.00
	Gratuity	**625.72**	469.07	391.91
		978.62	774.49	615.91
II	**Current**			
	Provision for Employee Benefits			
	Compensated Absences	**212.80**	184.92	121.37
	Gratuity	**121.14**	97.42	17.96
	Provision for Contingencies [Refer note 30.2]	**5,291.42**	5,291.42	5,291.42
		5,625.36	5,573.76	5,430.75
18.	**Trade Payables**			
	Acceptances	**-**	-	-
	Trade payables other than acceptances	**1,405.54**	1,856.68	1,346.90
		1,405.54	1,856.68	1,346.90

18.1 Includes Rs. 41,31,676 [31.03.2016: Rs.29,53,600; 01 April 2015: Rs…] dues to related parties [Refer note 35]

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
19. Other Financial Liabilities			
Dues for Capital assets	**14.28**	15.13	69.12
	14.28	15.13	69.12
20. Other Current Liabilities			
Statutory payables	**783.26**	580.52	243.44
Others		-	0.99
	783.26	580.52	244.43
21. Current tax liabilities			
Income tax payables	**710.52**	849.97	834.19
(net of advance tax Rs.3,179.08 Lakhs [31 March 2016 : Rs.1,632.32 Lakhs; 01 April 2015 : Rs.4,588.05]			
	710.52	849.97	834.19

(All amounts are ₹ in lakhs unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
22. Income from operations		
Income from Services		
- export of services	**27,176.74**	25,332.87
- domestic services	**8,291.86**	1,972.84
Other operating income	**63.76**	-
Total	**35,532.36**	27,305.71
23. Other Income		
Interest Income		
Deposits with Banks (at amortised cost)	**123.08**	187.42
Income tax refund	**211.75**	-
Net Gain / (Loss) on sale of investments	**7.29**	
Profit on sale of assets (net)	**2.49**	9.33
Forex gain/loss	**-**	502.10
Fair value measurements	**15.93**	0.94
Liability no longer required written back	**127.94**	17.56
Miscellaneous Income	**11.99**	4.07
Total	**500.47**	721.42
24. Employee benefits expense		
Salaries and Bonus	**23,453.09**	17,234.19
Contribution to Provident and Other Funds	**521.95**	392.50
Gratuity	**169.74**	136.40
Staff Welfare	**202.63**	165.21
Total	**24,347.41**	17,928.30
25. Depreciation and amortisation expense		
On tangible assets	**304.16**	261.63
On intangible assets	**423.71**	328.89
	727.87	590.52

(All amounts are ₹ in lakhs unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
26. Other expenses		
Rent	**436.09**	392.42
Rates and taxes	**107.22**	19.01
Power and fuel	**131.88**	132.72
Travelling and Conveyance	**1,668.65**	1,554.88
Communication	**122.10**	103.39
Marketing expenses	**120.52**	147.41
Repair and Maintenance	**235.12**	131.66
Computer Hire Charges	**17.18**	23.46
Security Services	**43.48**	39.31
Recruitment, Training and Development	**281.64**	180.35
General Office Expenses	**37.78**	33.43
Legal and professional	**477.92**	395.82
Auditors' Remuneration [Refer note 26.1]	**22.70**	31.26
Miscellaneous expenses	**91.80**	55.97
CSR Expenses	**63.89**	55.45
Provision for doubtful debts	**384.35**	-
Bad Debts Written off	**690.65**	-
Less: Provision	**(690.65)**	-
Forex loss	**298.39**	-
Bank Charges	**40.90**	65.21
Office Maintenance	**137.81**	99.78
Computer Maintenance	**887.52**	859.34
Directors Sitting Fees	**1.45**	1.65
	5,608.39	4,322.52

26.1 Auditors' remuneration includes		
for statutory audit	**9.63**	9.63
for taxation matters	**2.30**	2.30
for other matters	**10.77**	19.33
	22.70	31.26

27 Income taxes relating to continuting operations

27.1 Income tax recognised in profit or loss

Current tax		
In respect of the current year	**1,671.86**	1,596.52
In respect of the prior years	**(1,231.21)**	(720.00)
	440.65	876.52
Deferred tax		
In respect of the current year	**130.68**	(140.60)
Deferred tax reclassified from equity to profit or loss	**-**	-
	130.68	(140.60)

(All amounts are ₹ in lakhs unless otherwise stated)

	Year Ended 31 March 2017	Year Ended 31 March 2016
27.2 Reconciliation of income tax expense for the year to the accounting profit is as follows:		
Profit before tax from continuing operations	**4,926.98**	4,202.54
Income tax expense calculated at 34.608% [2015-2016: 34.608%]	**1,705.13**	1,454.42
Effect of income that is exempt from tax	**(0.86)**	(3.23)
Effect of expenses that are not deductible in determining taxable profit (permanent disallowances)	**(32.42)**	145.33
Deferred tax charge / (credit) accounted in statement of Profit & Loss	**130.68**	(140.60)
	1,802.53	1,455.92
Adjustment recognised in the current year in relation to the current tax of prior years	**(1,231.21)**	(720.00)
Income tax expense recognised in profit or loss (relating to continuing operations)	**571.33**	735.92
27.3 Income tax recognised in other comprehensive income		
Deferred tax arising on income and expenses recognised in other comprehensive income		
A. Items that will not be recycled to profit or loss		
Remeasurements of the defined benefit liabilities / (asset)	**(10.04)**	(15.00)
	(10.04)	(15.00)
B. Items that may be reclassified to profit or loss		
Exchange differences in translating the financial statements of foreign operations	**(9.62)**	-
	(9.62)	-
	(19.66)	(15.00)

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
28. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**43.58**	61.83

29. Operating Leases

Rental expenses of Rs.436.09 Lakhs [31 March 2016 : Rs. 392.42 Lakhs] has been charged to Statement of Profit and Loss in respect of cancellable operating lease.

		As at 31 March 2017	As at 31 March 2016
30.	**Contingent Liabilities**		
A	**Claims against the Company not acknowledged as debt**		
i	Disputed income tax matters [Refer Note 30.1]	**1,740.67**	1,372.70
ii	Disputed service tax liability for which the Company preferred appeal	**707.48**	598.51
iii	Disputed interest liability on service tax for which the Company preferred appeal	**Not Ascertained**	Not Ascertained
iv	Others [Refer Note 30.2]	**11,217.14**	7,797.80

30.1 Disputed income tax matters

The Company is in appeal before various appellate authorities for AY 2009-10 to 2012-13. The dispute relates to the determination of arm's length price and disallowances of reimbursements to the parent company without deduction of tax. The Company is confident of defending these appeals and pending disposal of these appeals the demands raised against these assessment are shown under contingent liability. Income tax assessments from AY 2004-05 to 2008-09 which are in appeal are decided in favour of the Company. The Company during the year received refund to the extent of Rs.1220 lakhs in respect of AY 2002-03 and AY 2003-04 decided in its favour. The consequential orders resulting in refunds for the AY 04-05 to 08-09 are yet to be received.

30.2 Contingent Liability - Others

The Company was promoted as 50:50 Joint Venture by Satyam Computer Services Ltd ("Satyam") and Venture Global Engineering LLC US ("Venture"). The joint venture partners entered into a Shareholders' Agreement (SHA) dated October 20, 1999 that provided for a royalty payment from the Company to both the joint venture partners in terms of a separate Royalty Agreement to be entered into between the Company and the joint venture partners. The Royalty Agreement was not entered into between the Company and the joint venture partners as envisaged in the SHA.

The Company and joint venture partners entered into separate Sales Commission Agreements that provided for payment of sales commission to the joint venture partners as per terms and conditions contained in the said agreements. In line with the provisions contained therein, the Company has been accruing and paying commission to its joint venture partners up to the year 2005-06.

During the year 2005-06, Satyam commenced arbitration proceedings against Venture in the London Court of International Arbitration ("LCIA") by invoking the arbitration clause in the SHA. Satyam's claims were upheld by the LCIA in its award dated April 2006 ("the Award"). Since then both the joint venture partners have raised numerous claims against each other resulting in multiple legal proceedings both in India and the USA that are still ongoing.

On January 7, 2009, the then Chairman of Satyam vide his letter addressed to then existing Board of Directors of Satyam, the stock exchanges and SEBI admitted to several financial irregularities in Satyam. Consequent to a global bidding process to take over the management of Satyam, M/s Venturbay Consultants Private Limited (the successful bidder) took over the management of Satyam.

Notwithstanding the dispute, the Company under its erstwhile management, continued to accrue the sales commission in its books. The newly reconstituted Board approved the accounts of the Company for the years 2008-09, 2009-10 and 2010-11, with continued accrual of sales commission. This was based on a view taken by the newly constituted Board that the matter is sub-judice that was corroborated by legal opinion and continued as prudent measure.

During the meetings held in 2011-12, the Board discussed the need to accrue the sales commission, as Venture did not render any services to the Company either during the year or during the past many years since the dispute. Further, in so far as the Company was concerned, Venture had not, till that point of time, claimed any amounts towards sales commission. The Board also took note of the fact (based on an updated legal opinion) that the issue of sales commission is not a disputed matter before the Courts either in India or in USA and not sub judice, as per original view.

Under the circumstances, the Board took the view on May 14, 2012 when the financial statements for the year ended March 31, 2012 was tabled for approval, that the accrual of sales commission from FY 05-06 to FY 10-11 of Rs.3,594.07 be written back as other income in the Statement of Profit and Loss and the sales commission for the period from April 2011- December 2011 be reversed. However, as a prudent measure, the Board directed that the Company provide an amount of Rs.5,291.42 Lakhs as a provision for contingency, covering the period from FY 05-06 to FY 11-12 which in its opinion would be adequate to cover any possible outflow that may arise in respect of the aforesaid matter and adjustments to the financial statements if any, to be made on final disposal of legal proceedings.

Subsequent to the adoption of accounts by the Board, the Company was served a suit filed by Venture before the City Civil Court, Secunderabad inter alia seeking a direction to the Company to pay sales commission that it was entitled to under the Shareholders Agreement. In the said suit, two ex-parte orders were passed by the City Civil Court , directing the Company, Venture and Satyam to maintain status quo with regard to transfer of 50% shares of Venture and with regard to taking major decisions which are prejudicial to interest of Venture . The Company has challenged the ex-parte orders of the City Civil Court Secunderabad, before the Hon'ble High Court of Andhra Pradesh ("the High Court").

In a related development, the City Civil Court, Hyderabad set aside the Award in January 2012, against which Satyam has filed an appeal before the High Court.

The High Court by its Judgement dated August 23, 2013 has allowed the appeals filed by the Company and set aside the ex-parte interim orders against the Company. The High Court has also set aside the Order of the City Civil Court, Hyderabad setting aside the Award and upheld the Award in favour of Satyam. The High Court as an interim measure ordered status quo with regard to transfer of shares, originally given by Supreme Court to be maintained for four (4) weeks which was extended for a further period of 3 weeks by High Court on 19th September, 2013

Venture filed an SLP before the Supreme Court of India which was heard by the Apex Court on 21st October, 2013 and Supreme Court as an interim measure ordered status quo with regard to transfer of shares. TechM has filed a Special leave Petition before the Supreme Court of India challenging the judgement of the High Court only on the limited issue as to whether the Civil Court has jurisdiction to entertain VGE's challenge to the Award. The said petition is pending before the Supreme Court.

The Company has not modified the the provision for contingencies amounting to Rs.5,291.41 Lakhs as on 31 March 2012. The Company has also disclosed an amount of Rs.11,217.14 Lakhs [31 March 2016 : Rs.7,797.80 Lakhs] as contingent liability, to cover any possible charge that may arise in respect of the above said matter, in the financial statements for the year ended 31 March 2017 by way of abundant caution notwithstanding the Board's view that there is no need to accrue sales commission since Venture did not provide any services to the Company.

31. Preparation of financial statements:

At the Annual General Meetings of the Company held on 29.10.2012, 10.09.2013, 22.09.2014, 07.09.2015 and 29.07.2016 one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the years ended March 31, 2012, 2013, 2014, 2015 and 2016 respectively. In terms of Article 66 of the Articles of Association of the Company, the adoption of audited financial statements requires unanimous consent of both the shareholders of the Company. Therefore, the said financials have not been approved by the shareholders.

The financial statements as at and for the the year ended 31 March 2017 have been drawn up incorporating the opening balances based on above said financial statements which have not been adopted by the Shareholders. Adjustments required, if any, will be made in accounts as and when determined.

32. Subsidiaries considered for consolidation

Name of the subsidiary	Place of incorporation	Proportion of ownership interest and voting power held by the Group	
		As at 31 March 2017	As at 31 March 2016
Satyam Venture Engineering Services (Shanghai) Co. Ltd	China	100%	100%
Satven GmbH	Germany	100%	100%

33. Disclosure of additional information as required by the Schedule III as at and for the year ended 31 March 2017

Name of the Company	Net assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consoli-dated net assets	Amount	As % of consoli-dated profit or loss	Amount Amounts in ₹	As % of consoli-dated other compre-hensive income	Amount	As % of consoli-dated total compre-hensive income	Amount
Parent								
Satyam Venture Engineering Services Private Limited	99.77%	14,825.74	96.11%	4,186.18	100.00%	(44.07)	96.07%	4,142.12
Subsidiaries - Foreign								
Satyam Venture Engineering Services (Shanghai) Co. Ltd	0.13%	19.93	3.93%	171.38	-	-	3.97%	171.38
Satven GmbH	0.10%	14.75	-0.04%	(1.91)	-	-	-0.04%	(1.91)
Total	100.00%	14,860.41	100.00%	4,355.65	100.00%	(44.07)	100.00%	4,311.58

34. Disclosure of additional information as required by the Schedule III as at and for the year ended 31 March 2016

Name of the Company	Net assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consoli-dated net assets	Amount	As % of consoli-dated profit or loss	Amount	As % of consoli-dated other compre-hensive income	Amount	As % of consoli-dated total compre-hensive income	Amount
Parent								
Satyam Venture Engineering Services Private Limited	99.67%	10,513.75	100.49%	3,483.31	100.00%	(21.41)	100.48%	3,461.90
Subsidiaries - Foreign								
Satyam Venture Engineering Services (Shanghai) Co. Ltd	0.27%	29.00	0.05%	1.65	-	-	0.05%	1.65
Satven GmbH	0.06%	6.08	-0.53%	(18.33)	-	-	-0.53%	(18.33)
Total	100.00%	10,548.83	100.00%	3,466.62	100.00%	(21.41)	100.00%	3,445.21

35. Related Party Transactions

35.1 Following is the list of related parties and their relationships

A. Joint Venture Partner

1. Tech Mahindra Limited
2. Venture Global Engineering LLC

B. Holding Company of Tech Mahindra Limited

3. Mahindra & Mahindra Ltd

C. Under control of Tech Mahindra Limited

4. Tech Mahindra Technologies Inc.
5. Tech Mahindra BPO Limited (merged into Tech Mahindra Ltd., w.e.f 29th March, 2016)
6. Satyam Computer Services (Shanghai) Co. Limited
7. Tech Mahindra GmbH
8. Tech Mahindra Foundation

D. Under control of Venture Global Engineering LLC

9. Jiangyin Venture Interior System
10. Millard design
11. Metro Tool & Die
12. Peguform
13. Venture Diversified Products
14. Candence Innovation
15. Venture Mould & Engg Co
16. Venture Otto South Africa (Prop) Ltd
17. Venture Auto Design(Shanghi)Co. Ltd

E. Key Managerial Personnel

18. Rao S Vadlamudi - Chief Executive Officer
19. Aradhana Rewatkar - Company Secretary

(All amounts are ₹ in lakhs unless otherwise stated)

	31 March 2017	31 March 2016
35.2 Related party transactions for the year ended 31 March 2017 are as follows:		
Tech Mahindra Limited		
Revenue	**320.51**	286.45
Reimbursement of Expenditure	**202.41**	211.91
Tech Mahindra Technologies Inc		
	5,875.08	5,448.77
Tech Mahindra GmbH		
Revenue	**1,267.98**	1,334.52
Sub Contracting Costs	**54.27**	37.28
Reimbursement of Expenses	**0.94**	-
35.2 Related party transactions for the period ended 31 March 2017 cont…		
Venture Otto South Africa (Prop) Ltd		
Revenue	**4.92**	3.23
Mahindra & Mahindra Ltd.		
Revenue	**125.57**	141.64
Jiangyin Venture Interior Systems		
Revenue	**18.85**	-
Tech Mahindra Foundation		
Contribution made toward CSR Expenditure	**63.89**	55.45
Remuneration to key management personal	**96.06**	95.56

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
Debit balances outstanding as at 31 March 2017		
Tech Mahindra Limited	**167.58**	162.09
Tech Mahindra Technologies Inc	**1,777.69**	1,591.44
Tech Mahindra GmbH	**145.06**	303.14
Mahindra & Mahindra Ltd	**34.49**	77.37
Jiangyin Venture Interior Systems	**28.10**	9.82
Millard design	**-**	3.18
Metro Tool & Die	**-**	1.99
Peguform	**-**	11.18
Venture	**6.82**	6.98
Venture Diversified Products	**2.62**	2.91
Cadence Innovation	**-**	5.55
Venture Otto South Africa (Prop) Ltd	**3.97**	3.21
Credit balances outstanding as at 31 March 2017		
Venture Mould & Engg.Co	**0.25**	0.26

The remuneration to key management personal does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the company as a whole.

36. Segment Information

36.1 Based on the assessment of the chief operating decision maker ('CODM'), for the purpose of resource allocation and assessment of segment performance, the Company has only one business segment viz, engineering services.

36.2 Geographical information

The Group operates in seven principal geographical areas - India (country of domicile), United States of America (USA), Europe, Canada, Australia, South Africa and Asia Pacific comprising of China, Japan and Singapore

The Company's revenue from continuing operations from customers by location of operations are detailed below:

(All amounts are ₹ in lakhs unless otherwise stated)

	Year Ended 31 March 2017	Year Ended 31 March 2016
India	**8,355.62**	2,349.92
USA	**14,063.44**	15,324.39
Europe	**5,751.27**	4,924.59
Asia Pacific	**7,176.94**	4,683.41
South Africa	**6.06**	3.22
Canada	**40.73**	20.19
Australia	**136.69**	-
Other	**1.60**	-

The Company's information about its non-current assets by location of operations are detailed below:

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
India	**6,170.24**	6,378.78	6,358.91
USA	**53.37**	26.22	18.38
Europe	**149.28**	146.46	114.13
Asia Pacific	**181.30**	5.04	1.61
South Africa	**-**	-	-
Canada	**-**	-	-
Australia	**-**	-	-
Other	**-**	-	-

36.3 Information about major customers

Revenue arising from sales of Automotive Enginering Services and there are about 60 customers base and out of them 10 customers contributing 80% of revenue.

37.1 Effect of Ind-AS adoption on the balance sheet as at 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 31 March 2016 Previous GAAP	Effect of transition ot Ind-AS	As per Ind AS balance sheet
Assets				
Non-Current Assets				
Property, Plant and Equipment		477.52	-	477.52
Capital work-in-progress		2.13	-	2.13
Other Intangible assets		635.32	-	635.32
Financial Assets				
(i) Other Financial Assets Measured at amortised cost	37.8	300.85	237.47	538.32
Deferred tax assets (net)	37.10, 37.11	910.50	-	910.50
Other non-current asset	37.8	3,392.28	(237.47)	3,154.81
Current assets				
Financial Assets				
(i) Investments	37.9	35.00	0.94	35.94
(ii) Trade receivables		7,570.28	-	7,570.28
(iii) Cash and cash equivalents		2,287.64	-	2,287.64
(iv) Bank balances other than above		888.68	-	888.68
(v) Other Financial Assets Measured at amortised cost	37.8	2,293.87	(524.91)	1,768.96
Current Tax Assets (Net)		-	-	-
Other current assets	37.8	1,404.36	524.91	1,929.28
Total Assets		**20,198.44**	**0.94**	**20,199.38**
Equity and Liabilities				
Equity				
Equity Share capital		708.90	-	708.90
Other Equity	37.9	9,839.00	0.93	9,839.93
Liabilities				
Non-current liabilities				
Provisions		774.49	-	774.49
Current liabilities				
Financial Liabilities			-	
(i) Trade payables	37.8	1,856.68	-	1,856.68
(ii) Other Financial Liabilities	37.8	-	15.13	15.13
Other current liabilities	37.8	595.65	(15.13)	580.52
Provisions	37.8	6,423.72	(849.96)	5,573.76
Current Tax Liabilities (Net)	37.8	-	849.97	849.97
Total Equity and Liabilities		**20,198.44**	**0.94**	**20,199.38**

37.2 Effect of Ind-AS adoption on the balance sheet as at 01 April 2015

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 01 April 2015 Previous GAAP	Effect of transition ot Ind-AS	As per Ind AS balance sheet
Assets				
Non-Current Assets				
Property, Plant and Equipment		329.72	0.01	329.73
Capital work-in-progress		12.31	-	12.31
Other Intangible assets		426.52	-	426.52
Financial Assets				
(i) Other Financial Assets Measured at amortised cost	37.8	200.00	176.65	376.65
Deferred tax assets (net)		754.90	-	754.90
Other non-current asset	37.8	2,218.01	(176.65)	2,041.36
Current assets				
Financial Assets				
(i) Investments	37.8	-	-	-
(ii) Trade receivables	37.8	5,420.35	60.77	5,481.12
(iii) Cash and cash equivalents		1,219.46	-	1,219.46
(iv) Bank balances other than above		2,395.54	-	2,395.54
(v) Other Financial Assets Measured at amortised cost	37.8	1,849.86	(860.82)	989.04
Current Tax Assets (Net)		-	-	-
Other current assets	37.8	757.45	860.84	1,618.29
Total Assets		**15,584.13**	**60.80**	**15,644.92**
Equity and Liabilities				
Equity				
Equity Share capital		708.90	-	708.90
Other Equity	35.7	6,394.71	0.01	6,394.72
Liabilities				
Non-current liabilities				
Provisions		615.91	-	615.91
Current liabilities				
Financial Liabilities				
(i) Trade payables		1,286.16	60.74	1,346.90
(ii) Other Financial Liabilities		-	69.12	69.12
Other current liabilities		313.52	(69.09)	244.43
Provisions		6,264.93	(834.18)	5,430.75
Current Tax Liabilities (Net)		-	834.19	834.19
Total Equity and Liabilities		**15,584.13**	**60.79**	**15,644.92**

37.3 Effect of Ind-AS adoption on the statement of profit and loss for the year ended 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	Year Ended 31 March 2016 Previous GAAP	Effect of transition ot Ind-AS	As per Ind AS Statement of Profit and Loss
Income				
Revenue from operations		27,305.72	(0.01)	27,305.71
Other Income	37.9	720.48	0.94	721.42
Total Income (A)		**28,026.20**	**0.93**	**28,027.13**
Expenses				
Subcontracting Expenses		-	983.25	983.25
Employee benefits expense	37.10, 37.11	17,971.63	(43.33)	17,928.30
Finance costs		-	-	-
Depreciation and amortisation expense		590.52	-	590.52
Other expenses		5,305.77	(983.25)	4,322.52
Total Expenses (B)		**23,867.91**	**(43.32)**	**23,824.59**
Profit before tax (A-B)		**4,158.29**	**44.25**	**4,202.54**
Tax Expense				
Current tax (incl earlier years tax)		876.52	720.00	1,596.52
Deferred tax	37.10, 37.11	(155.60)	15.00	(140.60)
Total tax expense (D)		**720.92**	**735.00**	**1,455.92**
Profit for the year (C-D)		3,437.36	(690.74)	2,746.62
Other Comprehensive Income				
Items that will not be reclassified to profit or loss			-	-
Remeasurement of the defined benefit plans	37.10, 37.11	-	(43.33)	(43.33)
Income tax relating to items that will not be reclassified to profit or loss	37.10, 37.11	-	(15.00)	(15.00)
		-	**(58.33)**	**(58.33)**
Items that may be reclassified to profit or loss				
Exchange difference in translating the financial statements of foreign operations	37.11	-	6.92	6.92
Income tax relating to items that may be reclassified to profit or loss	37.11	-	-	-
		-	**6.92**	**6.92**
Total comprehensive income for the period		**3,437.36**	**(742.15)**	**2,695.21**

37.4 Reconciliation of total comprehensive income for the year ended 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

	Note	Year ended 31 March 2016
Profit as per previous GAAP		3,437.36
Adjustments		
Fair valuation of investments under Ind AS	37.9	0.94
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS	37.9 and 37.10	43.33
Total effect of transition to Ind-AS		**44.27**
Profit for the year as per Ind-AS		3,481.63
Other Comprehensive Income for the year	37.9 and 37.10	(51.41)
Total Comprehensive Income for the year		**3,430.22**

37.5 Reconciliation of total equity as at 31 March 2016 and 01 April 2015

(All amounts are ₹ in lakhs unless otherwise stated)

	Note	As at 31 March 2016	As at 01 April 2015
Total equity (shareholders funds) under previous GAAP		10,547.89	7,103.62
Recognition of deferred taxes using the balance sheet approach under Ind AS			
Fair valuation of investments under Ind AS	37.9	0.93	0.01
Total adjustment to equity		**0.93**	**0.01**
Total equity under Ind AS		**10,548.82**	**7,103.63**

37.6 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March 2016

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2016		
	Notes	Previous GAAP	Effect of transition to Ind-AS	Ind-AS
Net cash flow from operating activities		333.64	(333.64)	-
Net cash flow from investing activities		711.28	(711.28)	-
Net cash flow from financing activities		-	-	-
Net increase / (decrease) in cash and cash equivalents		**1,044.92**	**(1,044.92)**	**-**
Cash and cash equivalents at the beginning of the period		**1,219.46**	-	**1,219.46**
Effects of exchange rate changes on the balance of cash held in foreign currencies		23.26	-	23.26
Cash and cash equivalents at the end of the period		**2,287.64**	**-**	**1,242.72**

37.7 Analysis of cash and cash equivalents as at 31 March 2016 and as at 01 April 2015 for the purpose of statement of cash flows under Ind-AS

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2016	As at 01 April 2015
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	2,287.64	1,219.46
Adjustments on account of transition to Ind-AS	-	-
Cash and cash equivalents for the purpose of statement of cash flows under Ind-AS	**2,287.64**	**1,219.46**

37.8 Under previous GAAP, the presentation of Balance Sheet was based on the erstwhile Schedule III of the Companies Act 2013, now Schedule III Division II of the Companies Act 2013. Under Ind AS, specified items of financial assets, financial liabilities, current income tax and provision are required to be presented separately in line with the Schedule III Division I of the Companies Act 2013.

37.9 Under the previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as Fair Value through Profit & Loss (FVTPL) on the date of transition. The fair value changes are recongnied in profit or loss. On transitioning to Ind AS, these financial assets have been measured at their fair values which is higher than cost as per pervious GAAP, resulting in an increase in carrying amount by Rs.0.94 Lakhs as at 31 March 2016 and by Rs.Nil as at 01 Aprill 2015.

37.10 Under previous GAAP, acturial gains and losses were recognised in profit or loss. Under Ind AS, the acturial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The acturial gain for the year ended 31 March 2016 were Rs.43.33 Lakhs and the tax effect thereon Rs.15.00 Lakhs This change does not affect total equity, but there is a decrease in profit before tax of Rs.43.33 Lakhs and in total profit of Rs.28.33 Lakhs and a corresponding increase in other comprehensive income by a similar amount for the year ended 31 March 2016.

37.11 Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expenses, gains, or losses are required to be presented in other comprehensive income.

38. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

(All amounts are ₹ in lakhs unless otherwise stated)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add:			
Permitted receipts	-	-	-
Less:			
Permitted payments	-	-	-
Amount deposited in Bankes	-	-	-
Closing cash in hand as on 30.12.2016	**-**	**-**	**-**

Explanation : For the purposes of this clause, the term ‘Specified Bank Notes’ shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

39. Earning per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per shre are as follow.

(All amounts are ₹ in lakhs unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
Profit for the year attributable to owners of the Company	4,311.58	3,445.21
Earnings used in the calculation of basic earnings per share	4,311.58	3,445.21
Weighted average number of equity shares outstanding during the period	7,088,960	7,088,960
Face Value of Equity Shares - Rs.	10	10
Basic and Diluted Earnings per Share *	**60.82**	**48.60**

* The Company has no potential dilutive instruments

40. Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 21 April 2017

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Rakesh Soni	**Shivanand Raja**	**V.Venkata Kumar Raju**
Director	Director	Director
DIN: 02973741	DIN: 00130694	DIN: 02958816
G.Jayaraman	**J.Venkateswarlu**	**C.Subramanyam Reddy**
Director	Director	Director
DIN: 01461157	DIN: 00051001	DIN: 07089237
Rao.S.Vadlamudi	**Srinivas R**	**Aradhana R.**
CEO	AVP-Finance	Company Secretary

SATYAM VENTURE ENGINEERING SERVICES (SHANGHAI) CO., LTD.

Board of Directors
Mr. P. V. Krishna Kumar

Registered Office
Building 4, No 1521,
A Section, Jia Tang Road,
Jiading District, China

Bankers
HSBC Bank

Auditors
Shanghai Teamsoul Certified Public Accountants

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended December 31, 2016.

Financial Results

For the year ended December 31st, 2016	**2016 CNY**	**2016 INR**	2015 CNY	2015 INR
Income	**54,31,218**	**5,45,73,969**	45,87,498	4,71,59,480
Profit / (Loss) before tax	**(1,07,111)**	**(10,76,272)**	2,03,681	20,93,842
Profit/(Loss) after tax	**(1,07,111)**	**(10,76,272)**	1,47,436	15,15,637

Conversion Rate Used for 2015: CNY to INR= 10.280

Conversion Rate Used for 2016: CNY to INR= 10.0482

Review of Operations:

During the year under review, your company recorded an income of CNY 54,31,218 (Equivalent to INR 5,45,73,969). Loss after tax was CNY 1,07,111 (Equivalent to INR 10,76,272). The Company continues to invest in strengthening its marketing infrastructure in China.

Directors:

During the year Mr. P V. Krishnakumar was a director on the Board.

Outlook for the current year:

Business has been encouraging in China and the Company is cautiously optimistic of the future.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Director

Shanghai, June 12, 2017

AUDITOR'S REPORT

To: All Shareholders of Satyam-Venture Engineering Services (Shanghai) Co., Ltd.

We have audited the accompanying financial statements of Satyam-Venture Engineering Services (Shanghai) Co., Ltd. (the Company) including the Balance Sheet as of December 31, 2016 and the Income Statement and Cash Flow Statement for the year then ended as well as the notes to these financial statements.

I. Responsibility of the Management for the Financial Statements

It is the responsibility of the Company's management to prepare these financial statements in accordance with the enterprise accounting standards and the "Enterprise Accounting System". This includes (1) designing, implementing and maintaining the internal control related to the preparing of the financial statements to avoid any material misstatement present in these financial statements due to malpractices or mistakes; (2) selecting and applying appropriate accounting policies; and (3) making reasonable accounting estimates.

II. Responsibility of Certified Public Accountant (s)

Our responsibility is to express the audit opinion on these financial statements based on our audit. We conducted our audit in accordance with the Auditing Standards for China Certified Public Accountants. Those standards require that we comply with the professional ethics, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit relates to the implementation of audit procedure with a view to obtain the audit evidences supporting the amounts and disclosures in the financial statements. The selection of the audit procedure depends on the discretion of the certified public accountant including the assessment on the risk of material misstatement present in the financial statements due to malpractices or mistakes. During the risk assessment, we considered the internal control related to the preparing of the financial statements to design an appropriate audit procedure rather than express any opinion on the effectiveness of internal control. An audit also includes assessing the adequacy of accounting principles used and the rationality of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidences obtained by us are sufficient and adequate, and which provide a reasonable basis for our audit opinion.

III. Audit Opinion

In our opinion, the financial statements of the Company have been prepared in accordance with the enterprise accounting standards and the "Enterprise Accounting System", present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and the results of its operations and cash flow for the year then ended.

Shanghai TeamSoul CPAs

China Certified Public Accountant:

China Certified Public Accountant:

Shanghai, China

June 12, 2017

Financial Statements of Foreign Investment Enterprises in Shanghai for Year 2016
BALANCE SHEET

KWNQ Form 01

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. **2016-12-31** **Amount Unit: CNY**

ITEM	LINE	ENDING BALANCE	BEGINNING BALANCE	ITEM	LINE	ENDING BALANCE	BEGINNING BALANCE
CURRENT ASSETS:	1	—	—	**CURRENT LIABILITIES:**	47	—	—
Monetary assets	2	**569,883.84**	1,311,337.92	Short-term loan	48		
Short-term investments	3			Notes payable	49		
Notes receivable	4			Accounts payable	50	**2,306,094.57**	1,288,252.57
Dividend receivable	5			Prepayment From Customers	51		
Interest receivable	6			Accrued wages	52	**30,213.00**	23,756.72
Accounts receivable	7	**2,932,027.88**	1,587,603.41	Welfare payable	53		
Advances to Suppliers	8			Inside: bonus & welfare of employee	54		
Advances to Suppliers	9			Divident payable	55		
Deposit of futures	10			Interest payable	56		
Accrued allowance	11			Tax payables	57	**76,837.05**	82,028.95
Export return tax receivable	12			Inclu: tax payable	58		
other receivable	13	**310,000.00**					
	14						
Inventories	15			Other payable	59	**215,051.12**	215,051.12
Including: raw material	16			Accrued expense	60		
Finished products	17			Perceivable liabilities	61		
	18						
Other current assets	19			Deferred income	62		
TOTAL CURRENT ASSETS	20	**3,811,911.72**	2,898,941.33	Long-term liability due within one year	63		
	18			Other current liabilities	64		
LONG TERM INVESTMENTS	19			**TOTAL CURRENT LIABILITIES**	65	**2,628,195.74**	1,609,089.36
Long-term share investments	20			**LONG TERM LIABILITIES:**	66	—	—
Long-term investment of bonds	21			Long term loans	67		
* Price differenc of merge	22			Bonds payable	68		
	23			Long term other payable	69		
TOTAL LONG TERM INVESTMENTS	24			Special payable	70		
FIXED ASSETS:	25			Other long-term liabilities	71		
Fixed assets-cost	26	**6,500.00**	6,500.00		72		
Less: Accumulated depreciation	27	**5,850.00**	4,875.00		73		
Fixed assets-net value	28	**650.00**	1,625.00	DEFERRED TAX:	74		
Less: Provision for loss on fixed-assets	29			Deferred tax credit items	75		
Net value of fixed-assets	30	**650.00**	1,625.00	**TOTAL LONG TERM LIABILITIES**	76	**-**	-
Construction materials	31			**TOTAL LIABILITIES**	77	**2,628,195.74**	1,609,089.36
Construction in progress	32			**OWNERS' EQUITY:**	78		
Disposal of fixed assets	33			Paid-in capital	79		
	34			Investment of Chinese (None RMB____)	80		
	35			Investment of Foreign (None RMB____)	81	**992,650.93**	992,650.93
TOTAL FIXED ASSETS	36			Less: returned investment	82		
INTANGIBLE AND OTHER ASSETS:	37			Net Paid-in capital	83	**992,650.93**	992,650.93
Intangible assets	38			Capital surplus	84	**1,261.64**	1,261.64
Long-term deferred and prepaid expenses	39			Surplus reserves	85		
Other Long-term assets	40			Inside: Legal surplus	86		
The deferred income tax assets	41			Legal accumulated	87		
TOTAL INTANGIBLE AND OTHER ASSETS	42	**650.00**	1,625.00	Surplus reserves at wish	88		
DEFERRED TAX	43			Reserved fund	89		
Deferred tax debit items	44			Enterprise developing fund	90		
	45			Profit return for investment	91		
				* Unconfirmed loss of investment ("-")	92		
				Undistributed profit	93	**190,453.41**	297,564.40
				Discount difference of foreign currency statement	94		
				TOTAL OWNERS' EQUITY	95	**1,184,365.98**	1,291,476.97
				Less: loss of asset	96		
				TOTAL OWNERS' EQUITY (except the loss of assets)	97	**1,184,365.98**	1,291,476.97
TOTAL ASSETS	46	**3,812,561.72**	2,900,566.33	TOTAL LIABILITIES AND OWNERS' EQUITY	98	**3,812,561.72**	2,900,566.33

Financial Statements of Foreign Investment Enterprises in Shanghai for Year 2016
PROFIT STATEMENTS

KWNQ Form 02

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. **2016-12** **Amount Unit: CNY**

ITEM	Line	Current Year	Last Year	ITEM	Line	Current Year	Last Year
I. Total Business Income	1	**5,415,942.89**	4,587,168.07	Add: Gain from change of fair value	20		
Business Income	2	**5,415,942.89**	4,587,168.07	Investment Gain	21		
Inside: Main Business Income	3	**5,415,942.89**	4,587,168.07	Include: Gain from Joint-venture	22		
Other Business Income	4			**III. Profit from Business Operation**	23	**-122,386.51**	203,417.82
II. Net Business Cost	5	**5,538,329.40**	4,383,750.25	Add: (1) Non-Business revenue	24	**15,275.52**	330.00
Include: (1) Businese cost	6	**985,398.00**	1,169,766.00	include: Gain from disposal of Non-current assets	25		
Inside: Main Business Cost	7	**985,398.00**	1,169,766.00	Gain fron Non-monetary transaction	26		
Other Business Cost	8			Allowance	27		
(2) Operation tax and additional	9	**30,025.38**	221,892.56	Gain from Liability re-arrangement	28		
(3) Operation expense	10	**3,996,042.61**	2,699,634.07	Less: Non-Operation expenditure	29		66.71
(4) Administration expense	11	**528,723.95**	293,054.45	Include: Loss from disposal of Non-current Assets	30		
Inside: Entertainment fee	12			Loss from Non-Monetary Transaction	31		
Study and development fee	13			Loss from Liability re-arrangement	32		
(5) Financial expense	14	**-1,860.54**	-596.83	**IV. Profit before Tax**	33	**-107,110.99**	203,681.11
Inside: Interest payout	15			Less: Income Tax	34		56,245.56
Interest income	16			Add: Unconfirmed Investment Loss	35		
Net loss of exchange	17			**V. Net Profit**	36	**-107,110.99**	147,435.55
(5) Impairment of Assets	18			Less: Gain or loss of minor stock holders	37		
(6) Others	19			**VI. Net Profit Belongs To Mother Company**	38	**-107,110.99**	147,435.55

Financial Statements of Foreign Investment Enterprises in Shanghai for Year 2016
CASH FLOW STATEMENT

KWNQ Form 03

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. 2015-12 **Amount Unit: CNY**

ITEM	LINE	Current Year	Last Year	ITEM	LINE	Current Year	Last Year
1. Cash Flows from Operating Activities:	1			Cash paid to acquire subsidiary	21		
Cash received from sales of goods or rendering of services	2	**4,396,474.99**	3,871,704.47	Other cash paid relating to investing activities	22		
Refund of Taxes	3			**Sub-total of cash outflows**	23		
Other cash received relating to other operating activities	4	**643,356.15**	200,233.25	**Net cash flows from investing activities**	24		
Sub-total of cash inflows	5	**5,039,831.14**	4,071,937.72	3. Cash Flows from Financing Activities:	25		
Cash paid for goods and services	6	**26,679.88**		Proceeds from received investment	26		
Cash paid to and on behalf of employees	7	**3,183,183.57**	1,982,365.92	include proceeds of investment by minor shreholder	27		
Cash apid for all type of taxes	8	**887,449.29**	677,597.79	Proceeds from borrowing	28		
Cash paid relating to other operating activities	9	**1,683,972.48**	1,158,972.26	Other proceeds relating to financing activities	29		
Sub-total of cash outflows	10	**5,781,285.22**	3,818,935.97	Sub-total of cash inflows	30		
Net cash flows from operating activities	11	**-741,454.08**	253,001.75	Cash repayments of amounts borrowed	31		
2. Cash Flows from Investing Activities:	12			Cash payments for distribution of dividends, profits or interest expense	32		
Cash received from return of investments	13			include: dividend interest	33		
Cash received from distribution of investments	14			Other cash payment relating to financing activities	34		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15			Sub-total of cash outflows	35		
Net cash received from disposal of Subsidiaries	16			**Net cash flow from financing activities**	36		
Other cash received relating to investing activities	17			**4. Effect of Foreign Exchange Rate Changes on Cash**	37		
Sub-total of cash inflows	18			**5. Net Increase in Cash and Cash Equivalents:**	38	**-741,454.08**	253,001.75
Cash paid to acquire fixed assets, intangible assets and other long-term assets	19			**6. Cash equivalents at the beginning of the period**	39	**1,311,337.92**	1,058,336.17
Cash paid to acquire investments	20			**7. Cash equivalents at the end of period**	40	**569,883.84**	1,311,337.92

NOTES TO THE FINANCIAL STATEMENTS OF FOR THE YEAR ENDED DECEMBER 31, 2016

I. Company Profile

Satyam-Venture Engineering Services (Shanghai) Co.,Ltd.(the Company) was invested and incorporated by SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED,and obtained the “Business License for Enterprises as Legal Persons” (Registration No.: 310000400682585□Minhang□) on May 15, 2012. The registered capital of the Company is USD160,000.00; the registered address of the Company is Building 4,No.1521 A Section,Jia Tang Road, Jiading District; and PULAVARTHI VENKATA KRISHNAKUMAR is the legal representative of the Company.

Subject to the approval of the administration of industry and commerce, the Company is principally engaged in technical consultation, technological development,technical transformation ,automotive software development and technical services in the field of Automotive Engineering,And, develop and sale motorsoftware products.(operate with license as required).

II. Principal Accounting Policies

Accounting System

These financial statements have been prepared by the Company in accordance with the “Enterprise Accounting Standards” .

Accounting Year

Calendar year from January 1 to December 31

Valuation Basis

The Company makes accounting recognition, measurement and report on the accrual basis.

Basis of Measurement

The elements of financial statements are measured by the Company on the basis of historical cost generally; and special notes will be given by the Company in the case of measurement on the basis of replacement cost, net realizable value, present value or fair value.

Recording Currency and Foreign Currency Translation

CNY is used by the Company as the recording currency. Transactions denominated in foreign currencies are stated after being translated into CNY at the market reference exchange rates promulgated by the People’s Bank of China prevailing on the date on which the transactions took place, the balance in all foreign currency accounts and settlement accounts will be translated into CNY at the market reference exchange rates prevailing at the end of period, and the exchange gain or loss thus occurred will be taken to “Financial Expenses – Exchange Gain or Loss” other than those occurred during the establishment period which shall be taken to “Long-term Prepaid Expenses – Establishment Charge”.

Recognition of Cash Equivalents

Investments held by the Company with short term, strong liquidity and less risk of value change which are easily converted into cash with known amount are recognized as cash equivalents.

Accounting Method for Bad Debts

The Company accounts bad debt loss by using allowance method, and makes provision for bad debts by using specific identification method.

The accounts receivable (1) that cannot be recovered due to the bankruptcy or death of the debtor after the liquidation of such debtor’s property or legacy, or (2) that cannot be recovered as a result of the debtor’s delay in performing its obligation of debt redemption over three years are recognized as bad debts.

Inventories

Inventories refer to the materials or goods held by the Company in the process of production and operation for sale or to be consumed in the process of production or rendering of service, including products in process and commodity stocks.

Accounting method for inventories: The inventories are measured at their actual costs at acquisition, including procurement costs, processing costs and other costs. The actual costs of delivered inventories are determined using first-in first-out method at delivery of inventories.

The perpetual inventory method is used by the Company as its inventory system. The Company checks inventories regularly, the gain from inventory profit and loss from inventory shortage are taken to the Profit and Loss of the current period.

Provision for Impairment of Inventories

At the end of the year, the provision for impairment of inventories is made or adjusted at the costs or net realizable value of inventories whichever is lower. The provision for impairment of inventories is made upon the single item of inventories.

Fixed Assets and Their Depreciation

Fixed assets refer to the tangible assets held for the purpose of producing products, rendering service, leasing or operating management with the useful life over one accounting year if it is probable that their associated economic benefits can flow to the enterprise and their costs can be measured reliably.

Fixed assets are measured initially at their costs. The Company makes depreciation for all fixed assets other than those to be used continuously after being depreciated fully and the land which will be valuated and stated separately. The depreciation is made using the straight line method.

The type, estimated useful life, estimated net residual value and annual depreciation rates of fixed assets of the Company are defined as follows:

Type of Assets	Estimated Useful Life (year)	Estimated Net Residual Value	Annual Depreciation Rate
Electronic equipment	3	10.00%	30.00%

Provision for Impairment of Fixed Assets

At the balance sheet date, the fixed assets are valuated at the lower of their book value or recoverable amount. In case the recoverable amount is lower than the book value, the book value of fixed assets is written down to the recoverable amount, and the write-down amount is recognized as the loss of impairment of assets and taken to the Profit and Loss of the current period while the provision for impairment of fixed assets is made accordingly. The loss of impairment of fixed assets will not be carried back in subsequent accounting periods once it has been recognized.

Long-term Prepaid Expenses

The long-term prepaid expenses of the Company refer to expenses that have been disbursed and will be amortized after normal production and operation over one year, mainly including establishment charge and costs of tools and appliances with useful life over one year. Other than establishment charge which is taken to Profit and Loss in a lump in the starting month of production and operation, all long-term prepaid expenses are amortized evenly within the estimated beneficial period, and taken to the Profit and Loss of each amortization period.

Revenues

1. Sale of Goods

   The revenues from sale of goods are recognized at the received or receivable contractual prices from the buyer when (1) the Company has transferred the significant risks and rewards of ownership of the goods to the buyer; (2) retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenues can be measured reliably; (4) it is probable that the economic benefits associated with the transaction can flow to the Company; and (5) the relevant costs incurred or to be incurred can be measured reliably.

2. Rendering of Service

   The revenues from rendering of service is recognized using percentage of completion method when the results of rendering of service can be estimated reliably at the balance sheet date.

3. Transfer of the Right to the Use of Assets

   The revenues from transfer of the right to the use of assets are recognized by the Company when the economic benefits associated with such transfer can flow to the Company and the amount of revenue can be measured reliably.

   Interest income is computed and determined according to the time of using cash & cash equivalents and the applicable interest rate. The amount of income from charge for use is computed and determined according to the time and method agreed in the relevant contract or agreement.

Income Tax

The income tax of the Company is accounted using tax payable method.

III. Taxes

Value added tax:	The value added tax rate applicable to the Company in this year is 6%.
Income tax :	The income tax rate applicable to the Company in this year is 20%.
Urban construction tax :	The Urban construction tax rate applicable to the Company in this year is 1%.
Education surcharge:	The Education surcharge rate applicable to the Company in this year is 5%.
River course fee:	The River course fee rate applicable to the Company in this year is 1%.

IV. Notes to the main items of the financial statements

Unless otherwise indicated, the currency unit is CNY.

1. Cash & Cash Equivalents

As at December 31, 2016, the balance of Cash & Cash Equivalents is CNY 569,883.84:

Item	Book balance at end of year	Book balance at beginning of year
Cash	**6,383.70**	0.00
Cash in bank	**563,550.14**	1,311,337.92
Total	**569,883.84**	1,311,337.92

2. Accounts receivable

As at December 31, 2016, the balance of accounts receivable is CNY 2,932,027.88, and has no record the provision for bad debts. The aging of accounts receivable is analyzed below:

Aging	Book balance at end of year	
	Amount	%
Within 1 year	**2,932,027.88**	**100.00%**
1-2 years	**0.00**	**0.00%**
Total	**2,932,027.88**	**100.00%**

3. Fixed Assets:

Net Value on December 31, 2016 is CNY 650.00, Breakdown is listed as follows:

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Original value				
Electronic equipment	**6,500.00**	**0.00**	**0.00**	**6,500.00**
Sub-total	**6,500.00**	**0.00**	**0.00**	**6,500.00**
Accumulated Depreciation				
Electronic equipment	**4,875.00**	**975.00**	**0.00**	**5,850.00**
Sub-total	**4,875.00**	**975.00**	**0.00**	**5,850.00**
Net Value	**1,625.00**			**650.00**

4. Accounts Payable

As at December 31, 2016, the balance of accounts payable is CNY 2,306,094.57. The aging of accounts payable is analyzed below:

Aging	Book balance at end of year	
	Amount	%
Within 1 year	2,192,865.33	95.09%
1-2 years	113,229.24	4.91%
Total	2,306,094.57	100.00%

The major customers are as follows:

The list of units	Amount
SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	2,298,594.57

5. Other payable

As at December 31, 2016, the balance of other payable is CNY 215,051.12. The aging of other payable is analyzed below:

Aging	Book balance at end of year	
	Amount	%
Within 1 year	0.00	0.00%
1-2 years	215,051.12	100.00%
Total	215,051.12	100.00%

6. Tax Payable

As at December 31, 2016, the balance of tax payable is CNY 76,837.05. The detail is as follows:

	Book balance at end of year
Value added tax	21,906.76
Income tax	0.00
City building duty	1,095.34
Educational expenses to add	1,095.34
River fee	219.07
The individual income tax	52,520.54
Total	76,837.05

7. Paid-in Capital

As at December 31, 2016, the balance of Paid-in Capital is USD160,000.00, (Equivalent to CNY: 993,912.57)

Investor	Book balance at end of year	%
SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	993,912.57	100.00%
Total	993,912.57	100.00%

The above investment has been verified by the Capital Verification Report (HCLKSWYZ No. 129[2012]) issued by SHANGHAI CHUANLI CERTIFIED PUBLIC ACCOUNTANTS and (HTZWYZ No. 1075[2013]) issued by SHANGHAI TEAMSOUL CERTIFIED PUBLIC ACCOUNTANTS .

8. Undistributed Profits

Undistributed profits at the end of last year 297,564.40

Plus: Increased this year -107,110.99

Less: Decreased this year

Undistributed profits at the end of the year 190,453.41

9. Operating Income & Operating Cost

Detailed as follows:

Item	Actual this year Operating income	Actual this year Operating cost
Total	**5,415,942.89**	**985,398.00**

10. Operating Expenses

Item	Amount at current year
wages	3,595,774.18
External costs	19,082.87
Consulting services	292,301.76
Fare	56,619.80
Business promotion expenses	3,638.00
Other	28,626.00

11. Management fees

Item	Amount at current year
Office expenses	61,123.17
Travel	212,894.42
Communication costs	10,476.51
Employee benefits expenditures	104,322.84
Consultancy fee	56,182.87
Auditing and inspection charges	19,700.00
Bookkeeping agency fee	34,811.33
Depreciation expense	975.00
Training fee	27,800.00

12. Finance charges

Bank charges	2,744.00
Interest return	3,870.14
Exchange gain or loss	-734.40
Total	-1,860.54

V. Affiliated party's relationship and transaction:

1. Affiliated party relations

Affiliated party's name	Affiliated party's nature
SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	hold the company's100.00% interest
PULAVARTHI VENKATA KRISHNAKUMAR	the legal representative of the Company

2 The affiliated party transactions

SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	accounts payable	**2,298,594.57**

VI. Other Notifications:

1 The plan of profit sharing & stock bonus :

there is no procedure as per the local laws for share allotment and issue of share certificates to the shareholders. Company's profit is distributed as per the company's articles of association.

2 The company has no major subsequent events, contingent loss and contingent liability till the end of this quarter.

Satyam-Venture Engineering Services (Shanghai) Co.,Ltd.

December 31, 2016.

SATVEN GmbH

Board of Directors
Mr. Rao S Vadlamudi

Registered Office
Leopoldstr. 244, 80807 Munchen

Bankers
HSBC

Auditors
Christoph Sieger

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

Financial Results

For the year ended March 31st, 2017	**2017 EURO**	**2017 INR**	2016 EURO	2016 INR
Income	**531,093**	**39,093,255**	228,142	16,479,994
Profit / (Loss) before tax	**19,827**	**14,59,437**	11,124	803,435
Profit/(Loss) after tax	**13,227**	**973,617**	7,324	528,982

Conversion Rate used in 2016: EURO to INR= 72.24

Conversion Rate used in 2017: EURO to INR= 73.61

Review of Operations:

During the year under review, your company recorded an income of EURO 531,093 (Equivalent to INR 39,093,255). Profit after tax was EURO 13,227 (Equivalent to INR 973,617). The Company continues to invest in strengthening its marketing infrastructure in Germany.

Directors:

During the year Mr. Rao S. Vadlamudi was a director on the Board.

Outlook for the current year:

Business has been encouraging in Germany and the Company is cautiously optimistic of the future.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Director

April 13, 2017

AUDITOR'S CERTIFICATE FOR SATVEN GMBH, MUNICH

We have audited the financial statements-Tested to March 31,2017, including the accounting of satven GmbH, Munich for the financial year April 1, 2016- March 31,2017,comprising the balance sheet, profit and loss statement and notes.The accounting and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the basis of on my audit, on the financial statements, including the accounting.

We conducted our audit in accordance with 317 HGB promulgated by the institute of Chartered Accountants (IDW) and German generally accepted auditing standards. Those standards require that we plan and perform that misstatements materially affecting the presentation of operations in the annual financial statements in accordance with generally accepted accounting of the assets, financial position and results, with reasonable assurance be detected. In the determation of audit procedures knowledge of the business activities and the ecnomic and legal environment of the group and expectations as to possible misstatements are taken into account.During the audit, the effectiveness of the accounting- related internal control system and the evidence supporting the disclosures in the annual financial statements are examined primarily on test basis. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a resonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of my audit, the annual financial statements comply with the legal requirements and give attention to the proper accounting give a true and fair view of the net assets, financial position and results of operations.

Munchen, April 13, 2017

Sieger Burggraf GmbH

Wirtschaftsprufungsgesellschaft

(Christoph Sieger)

Chartered Accountant

BALANCE SHEET AS OF MARCH 31,2017

		31.03.2017	31.03.2016
		EUR	EUR
ASSETS			
CURRENT ASSETS			
I.	Receivables and other assets		
	1. Trade receivables	**150,777**	125,620
	2. Other assets	**11,805**	21,007
		162,582	146,627
II.	Cash	**60,537**	52,519
		223,119	199,146

		31.03.2017	31.03.2016
EQUITY AND LIABILITIES			
		EUR	EUR
A.	**EQUITY**		
	I. Subscribed Capital	**25,000**	25,000
	II. Retained Earnings	**8,062**	738
	III. Profit for the Year	**13,227**	7,324
		46,289	33,062
B.	**ACCRUALS**		
	1. Tax Accruals	**10,800**	4,200
	2. Other Accruals	**44,553**	22,000
		55,353	26,200
C.	**LIABILITIES**		
	1. Trade Payable - of which with a maturity of upto one year EUR 393.21 (Pr.y.EUR 20,538.19)	**393**	20,538
	2. Liabilities to affiliated companies - of which with a maturity of upto one year EUR 1,02,851.99 (Pr.y.EUR 1,08,559.05)	**102,852**	108,559
	3. Other Liabilities - of which for taxes EUR 12,652.71 (Pr.y.EUR 9,339.26) - of which for social security EUR 2,152.02 (Pr.y.EUR 0.00) - of which with a maturity of upto one year EUR 18,231.32 (Pr.y.EUR 10,786.30)	**18,231**	10,786
		121,477	139,884
		223,119	199,146
		-	-

PROFIT AND LOSS STATEMENT FOR THE PERIOD APRIL 1,2016 TO MARCH 31,2017

			2016-17 EUR	2015-16 EUR
1.	Sales		**528,843**	228,097
2.	Other Income		**2,250**	46
3.	Personal Expenses			
	a) Wages & Salaries	**378,223.54**		141,951
	b) Social Security and Pension expenses	**76,441.06**		29,384
			454,665	171,335
4.	Other Operating expenses		**56,088**	44,902
5.	Other Interest and Similar Income thereof from affiliates EUR 0,00 (Pr.y. EUR 34.72)		**-**	35
6.	Interest and Similar expense thereof from affiliates EUR 513.27 (Pr.y. EUR 815.50)		**513**	816
7.	Taxes on Income		**6,600**	3,800
8.	Result after tax		**13,227**	7,324
9.	Profit of the year		**13,227**	7,324

NOTES TO THE FINANCIAL STATEMENTS APRIL 1, 2016 TO MARCH 31, 2017

A. General information

The financial statements as of March 31, 2017 were prepared according to the accounting regulations of the Commercial Code and the Limited Liability Company Act. For the profit and loss statement the cost categories oriented format has been chosen. Satven GmbH is a very small corporation according to Sect. 267a para. 1 Commercial Code. The relieves for small corporations according to Sect. 288 Commercial Code have partially been used.

In the financial year 2016/2017 the regulations of the Balance Sheet Transformation Act (Bilanzrichtlinie-Umsetzungsgesetz; BilRUG) are applied the first time. All relevant changed regulations have been applied.

B. Accounting and Valuation Principles

The trade receivables and other assets have been accounted at face value.

The cash has been accounted at face value.

The accruals are shown with redemption amount and recognize all risks and contingent liabilities at the balance sheet date with the settlement amount, which is needed under reasonable business judgment.

The liabilities have been accounted with their redemption and all have a maturity of up to one year.

C. Information

The managing director in the financial year 2016/2017 was Mr Rao S. Vadlamudi

Rao S. Vadlamudi

TECH MAHINDRA SERVICOS DE INFORMATICA LTDA

Legal Representative and Country Manager

Mr. José Carlos Pimentel

Registered Office

Av Maria Coelho Aguiar, 215,
Blc C - 5th Floor,
Jd São Luis, Sao paulo,
SP CEP 05804-900

Bankers

Citi Bank
ITAU Bank
Santander
Bradesco

Auditors

Padrao Auditoria S/S Brazil

A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board - IASB and accounting practices adopted in Brazil

INDEPENDENT AUDITOR´S REPORT ON FINANCIAL STATEMENTS

To

Shareholders, Board of Directors and Officers
Tech Mahindra Serviços de Informática Ltda.
São Paulo - SP

Qualified Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tech Mahindra Serviços de Informática Ltda. ("the Company") as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRSs). We have audited the financial statements of the Company, which comprise the statement of financial position as at March 31, 2017, and the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). 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 within the meaning of ethical requirements, applicable law, regulation and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 Brazilian and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

We are required to communicate with Management 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.

São Paulo, May 02, 2017.

PADRÃO AUDITORIA S/S

CRC-2SP 016.650/O-7

YUKIO FUNADA

Contador CRC-1SP 043.351/O-8

BALANCE SHEETS AS OF MARCH 31, 2017 AND MARCH 31, 2016

(In Thousands of Reais)

	Note	31.03.2017	31.03.2016
CURRENT ASSETS		**55,635**	54,587
Cash and cash equivalents	**4**	**10,709**	710
Trade accounts receivable	**5**	**39,419**	42,186
Taxes recoverable		**3,811**	3,870
Other receivables		**1,696**	7,821
NON-CURRENT ASSETS		**45,600**	41,996
Related parties	**7**	**3,225**	69
Property & equipment		**2,297**	1,676
Intangible assets	**6**	**38,076**	39,132
Judicial deposits		**1,099**	1,074
Other receivables		**903**	45
TOTAL ASSETS		**101,235**	96,583
CURRENT		**98,302**	67,592
Trade accounts payable		**5,138**	5,678
Salary and social charges		**8,569**	6,862
Taxes liabilities		**1,018**	887
Loans and financing		**8,770**	6,900
Financial instruments derivatives	**9.2 (b)**	**80**	-
Related parties	**7**	**51,873**	30,950
Provisions		**-**	1,000
Other liabilities	**6**	**22,854**	15,315
NON-CURRENT LIABILITIES		**878**	1,240
Provision for contingencies		**878**	1,240
EQUITY	**8**	**2,055**	27,751
Capital		**49,033**	31,199
Capital to be paid-in		**-**	17,834
Retained losses		**(46,978)**	(21,282)
TOTAL LIABILITIES AND EQUITY		**101,235**	96,583

See accompanying notes.

INCOME STATEMENTS FOR THE YEAR ENDED AS OF MARCH 31, 2017 AND 2016

(In Thousands of Reais)

	Note	**31.03.2017**	31.03.2016
Net operating revenue		**131,336**	138,027
Cost of services rendered		**(146,244)**	(133,245)
Gross profit		**(14,908)**	4,782
Operating income (expenses)			
General and administrative expenses		**(10,284)**	(12,469)
Other operating income		**123**	(452)
		(10,161)	(12,921)
Financial result			
Financial income		**21,424**	12,884
Financial expenses		**(22,051)**	(18,823)
		(627)	(5,939)
Loss before income and social contribution taxes		**(25,696)**	(14,078)
Income tax and social contribution		**-**	-
Total of income tax and social contribution		**-**	-
Loss for the year		**(25,696)**	(14,078)
Losses per unit of interest – R$	12	**(0.524)**	(0.287)

The Company has no other comprehensive income.

See accompanying notes.

STATEMENTS OF CHANGES IN EQUITY AS OF MARCH 31, 2017 AND 2016

(In Thousands of Reais)

EVENTS	CAPITAL	CAPITAL TO BE PAID-IN	RETAINED (EARNINGS) LOSSES	TOTAL
Balances at 31.03.2015	**19,685**	**8,203**	**(7,204)**	**20,684**
Capital increase	11,514	9,631	-	21,145
Loss for the year	-	-	(14,078)	(14,078)
Balances at 31.03.2016	**31,199**	**17,834**	**(21,282)**	**27,751**
Capital increase	17,834	(17,834)	-	-
Loss for the year	-	-	(25,696)	(25,696)
Balances at 31.03.2017	**49,033**	**-**	**(46,978)**	**2,055**

See accompanying notes.

CASH FLOW STATEMENTS AS OF MARCH 31, 2017 AND 2016

(In Thousands of Reais)

	31.03.2017	31.03.2016
Cash flow from operating activities		
Income (loss) before income and social contribution taxes	**(25,696)**	(14,078)
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities:		
Depreciation and amortization	**1,694**	1,358
Decrease (increase) in assets:		
Trade accounts receivable	**2,767**	1,023
Taxes recoverable	**59**	(1,696)
Other receivables	**5,242**	(4,615)
Related parties	**(3,156)**	118
Increase (decrease) in liabilities:		
Trade accounts payable	**(540)**	1,949
Taxes payable and others	**1,476**	(3,669)
Related parties	**20,923**	15,949
Provisions	**(1,000)**	531
Other liabilities	**7,539**	(5,739)
Financial instruments derivatives	**80**	-
Net cash provided by operating activities	**9,388**	(8,869)
Cash flow from investing activities		
Fixed asset and intangible purchases	**(1,259)**	(4,860)
Net cash used in investing activities	**(1,259)**	(4,860)
Cash flow from financing activities		
Increase (decrease) in loans and financing	**1,870**	(7,807)
Increase of social capital	**-**	21,144
Net cash provided by financing activities	**1,870**	13,337
Increase (decrease) in cash and cash equivalents	**9,999**	(392)
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	**710**	1,102
Cash and cash equivalents at the end of the year	**10,709**	710

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS AS OF MARCH 31, 2017 AND 2016

(In Thousands of Reais)

1. Operations

Tech Mahindra Serviços de Informática Ltda.(“Tech Mahindra” or “Company”) is a limited company and primarily engaged in rendering consulting services related to information technology, implementation of projects and selling software. The Company is located in São Paulo city.

On January 1st, 2017, Tech Mahindra Serviços de Informática Ltda. incorporated Complex IT Solution Consultoria em Informática S.A.

2. Basis for preparation and presentation of financial statements

Authorization to complete these financial statements was given at the General Meeting held on May 02, 2017.

The individual and consolidated financial statements were prepared in accordance with several assessment bases used in the accounting estimates. Accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors, and in line with management’s judgment to determine the appropriate amounts to be recorded in the financial statements. Significant items subject to these estimates and assumptions include selection of useful lives of property and equipment and their recoverability on operations in operations, measurement of financial assets at fair value and under the present value method, credit risk analysis to determine the allowance for doubtful accounts, as well as other risk analysis to determine other provisions, including provision for contingencies.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probability treatment inherent to the estimation process. The Company reviews its estimates and assumptions at least once a year.

The financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the Brazilian Corporation Laws, the standards issued by the Brazilian Securities and Exchange Commission (CVM), and pronouncements, interpretations and guidance issued by the Brazilian FASB (CPC), as well as in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3. Summary of significant accounting practices

3.1. Translation of foreign currency-denominated balances

3.1.1 Functional and reporting currency

The Company’s functional currency is the Brazilian real, same currency for preparation and presentation of the financial statements.

3.1.2 Transactions denominated in foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency (Real) using the exchange rate of balance sheet date. Gains and losses resulting from the restatement of these assets and liabilities due to exchange rate variation between transaction date and year end are recognized as financial income or financial expenses in the income statement.

3.2. Revenue recognition

Revenues are stated on the accrual basis of accounting. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and when it can be reliably measured.

3.3. Taxation

3.3.1. Sales taxes

Sales and service revenues are subject to the taxes and social contributions below, at the following statutory rates:

- Social Contribution Tax on Gross Revenue for Social Integration Program (PIS) 1,65%;
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) 7,65;
- Service tax (ISS) – 2% à 5%.

3.3.2. Current income and social contribution taxes

Taxable profit comprises income and social contribution taxes, Income tax is calculated at a rate of 15%, plus a surtax of 10% on taxable profit exceeding R$240 over 12 months, whereas social contribution tax is computed at a rate of 9% on taxable profit, both recognized on an accrual basis; therefore additions to book income of temporarily nondeductible expenses or exclusions of temporarily non-taxable income upon determination of current taxable profit generate deferred tax assets or liabilities.

Prepaid or recoverable taxes are stated in current or non-current assets, according to the forecast of realization thereof.

3.4. Cash and cash equivalents

These include cash, bank account balances and short-term investments redeemable within 90 days from the transaction dates, subject to insignificant risk of change in their market value. Short-term investments included in cash equivalents are mostly classified as “financial assets at fair value through profit or loss”.

3.5. Property & equipment

These are recorded at acquisition cost. Depreciation of assets is calculated on a straight-line basis and takes into consideration the estimated economic useful lives of assets.

A property and equipment item is written off when sold or when no future economic benefit is expected to arise from its use or sale. Gains or losses arising from de-recognition of an asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the statement of income in the period which the asset is derecognized.

The net book value and useful lives of the assets and the depreciation methods are reviewed at period end, and adjusted prospectively, when applicable.

After calculating net book value of property and equipment for financial statement purposes, the Company determines whether it is necessary to recognize additional loss of property and equipment value aggregated with other assets, such as investments and intangible assets in cash-generating units.

Due to changes in Brazilian accounting practices on the path to full convergence with international standards, first-time adopters of Accounting Pronouncements CPC 27 (IAS 16) and CPC 28 (IAS 40) may elect to make adjustments to their opening balances similarly to those allowed by international financial reporting standards, using the deemed cost concept as provided for in CPC 37 (IFRS 1) and CPC 43.

3.6. Intangible assets

Intangible assets acquired separately are measured at cost upon their initial recognition. After initial recognition, intangible assets are stated at cost, less accumulated amortization and impairment. Intangible assets are represented by goodwill related to acquisition of Complex IT Solution Consultoria em Informática S.A. and software.

The useful life of intangible assets is considered finite or indefinite.

Finite intangible assets are amortized over their economic useful lives and are tested for impairment whenever there is any indication of impairment loss. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the use of the intangible asset.

Gains and losses arising from write-off of an intangible asset are measured as the difference between the net sales price and the book value of the asset, recognized in the income statement at the write-off of the asset.

3.7. Impairment of assets

Management annually reviews the net book value of assets in order to evaluate events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment. When such evidence is identified and the net book value exceeds the recoverable value, a provision for impairment is setup, adjusting the net book value to the recoverable value.

The recoverable value of an asset or group of assets is defined as the higher of value in use or the net sales value.

In estimating the asset's value in use, the estimated future cash flows are discounted to their present value, using a discount rate before taxes that reflects the weighted average cost of capital for the segment where the cash-generating unit operates. Whenever possible, the net sales value is determined based on firm sale agreements in transactions made on an arm's length basis between knowledgeable and willing parties, adjusted by expenses attributed to asset sales or, when there is no firm sale agreement, based on the market price of an active market, or the most recent transaction price with similar assets.

3.8. Provisions

3.8.1. General

Provisions are recognized when the Company has a legal or constructive obligation due to a past event, it is probable that economic resources will be required to settle it and a reliable estimate of the obligation amount may be made. When the Company expects that the amount of a provision will be refunded, in full or in part, the refund is recognized as a separate asset, but only when the refund is virtually certain. The expense related to any provision is stated in the income statement, net of any refund.

3.8.2. Provision for litigation

The Company is a party in judicial and administrative proceedings. Provisions are set up for all judicial proceedings involving probable cash outlays to settle them and that may be reliably estimated, if applicable.

The assessment of the likelihood of loss includes analysis of available evidence, hierarchy of laws, available case law, recent court decisions and their relevance for the legislation in force, as well as the opinion of the Company's outside legal counsel.

These provisions are reviewed and adjusted to consider changes in circumstances, such as applicable statute-barring period, conclusions of tax audits or additional exposures found based on new issues or court decisions, if applicable.

The provision for contingencies is determined by management based on expected amount of loss involved by each contingency based on the opinion of the Company's legal advisors, for amounts considered sufficient to cover losses and risks, if applicable.

3.9. Financial instruments

The Company's financial instruments comprise trade accounts receivable, other receivables, trade accounts payable, other liabilities, financial instruments derivatives and related parties.

The instruments are only recognized as from the date the Company becomes a party to the contractual provisions of financial instruments.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, excepting financial assets and liabilities classified as at fair value through profit or loss, when such costs are directly posted to income statement for the year. They are subsequently measured at each balance sheet date in accordance with the rules established for each type of classification of financial assets and liabilities.

3.9.1. Financial assets: These are classified in the following categories based on the purpose for which they were acquired or issued:

a) Financial assets at fair value through profit or loss: Include financial assets held for trading and financial assets initially recognized at fair value through profit or loss. Financial assets are classified as held for trading if acquired to be sold within short term.

The Company evaluated its financial assets at fair value through profit or loss since it intends to trade them within short term.

When the Company is unable to trade these financial assets as a consequence of market inactivity, and management intention of selling them in the near future changes significantly, the Company may opt to reclassify these financial assets in certain circumstances. The reclassification to loans and accounts receivable, available for sale or held to maturity depends on asset nature. This evaluation does not affect any financial assets classified as at fair value through profit or loss using the option of fair value upon presentation.

b) Loans and receivables: Loans and receivables are non-derivative financial assets, with fixed or determinable payments, not quoted in an active market. After initial measurement, these financial assets are stated at amortized cost, using effective interest rate method, less impairment loss. Trade accounts receivable and other receivables were classified in this category.

3.9.2. Financial liabilities: These are classified in the following categories based on the nature of financial instruments taken out or issued:

a) Financial liabilities at fair value through profit or loss: These include financial liabilities held for trading and liabilities designated upon initial recognition at fair value through profit or loss.

They are classified as held for trading when acquired with the objective of sale or repurchase in the short term. Derivative financial instruments are classified as held for trading. They are measured at fair value at every balance sheet date.

Interest, monetary restatement, exchange variation and variations resulting from fair value valuation are recognized in P&L when incurred in financial income or expenses.

b) Loans and financing: Non-derivative financial liabilities that are not usually traded before maturity. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method. Interest, monetary and exchange variation, as applicable, are recognized in P&L when incurred, Trade accounts payable, other liabilities and related parties were classified in this category.

3.9.3. Market value: The market value of financial instruments actively traded in organized markets is determined based on quoted values in the market at balance sheet date, In case there is no active market, market value is determined through valuation techniques. These techniques include the use of recent market transactions between unrelated parties, reference to market value of similar financial instruments, analysis of discounted cash flows or other valuation models.

3.10. Present value adjustment of assets and liabilities

Non-current monetary assets and liabilities are adjusted at present value, and also current ones but only when the effect is considered significant in relation to the overall financial statements. Present value adjustment is calculated taking into consideration contractual cash flows and the express interest rate and, in certain cases, the implicit interest rate of the related assets and liabilities. As such, embedded interest in revenues, expenses and costs related to these assets and liabilities is discounted in order to be recognized on the accrual basis of accounting.

Subsequently, such interest is relocated in the lines of financial expenses and financial income in the income statement using the effective interest rate method in relation to the contractual cash flows. Applied implicit interest rates were determined based on assumptions and are considered accounting estimates.

3.11. Significant accounting judgments, estimates and assumptions

The Company's financial statements were prepared considering different valuation bases used in accounting estimates. The accounting estimates involved in the preparation of the individual and consolidated financial statements were based on objective and subjective factors, considering management's judgment to determine the appropriate amounts to be recorded in the financial statements.

Significant items subject to these estimates and assumptions include the selection of the useful life of property and equipment items and their recoverability in operations; the evaluation of financial assets at fair value; assessment of the credit risk for the determination of the allowance for doubtful accounts, as well as the analysis of other risks to determine other provisions, including the provisions for guarantees, realization of tax credits and contingencies. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimate process. The Company periodically reviews its estimates and assumptions at least once a year.

3.11.1 Impairment of non-financial assets

Impairment loss exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. The calculation of fair value less cost to sell is based on information available on sale transactions of similar assets or market price less additional costs to dispose of the asset.

3.11.2 Taxes

There are uncertainties regarding the interpretation of complex tax regulations and the amount and term of future taxable income. The long-term nature and the complexity of existing contractual instruments, differences between actual results and assumptions adopted, or future changes in these assumptions could require future adjustments in the already recorded revenue and tax expenses.

The Company sets up provisions, based on reasonable estimates of the possible consequences of audits by tax authorities in respective jurisdictions in which it operates.

The value of these provisions is based on various factors such as previous experience of tax audits and differing interpretations of tax regulations by the taxed entity and the respective tax authority. These differences of interpretation may arise on a wide variety of subjects depending on conditions prevailing in the Company's domicile.

Significant judgment from management is required to determine the value of deferred tax assets that can be recognized based on the probable term and level of future taxable income together with future tax planning strategies.

3.11.3 Provision for litigation

The Company recognizes provision for civil, tax and labor proceedings, as applicable. The assessment of the chances of loss includes analysis of available evidence, hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of the Company's outside legal counsel. These provisions are reviewed and adjusted to consider changes in circumstances, such as applicable statute-barring period, conclusions of tax audits or additional exposures found based on new issues or court decisions.

3.12. Cash flow statements

Cash flow statements were prepared by the indirect method and are presented in accordance with CPC 03 (R2) – Cash Flow Statements, issued by Brazilian FASB (CPC).

3.13. Business combination and goodwill

When acquiring a business, the Company assesses the financial assets and financial liabilities assumed in order to classify and allocate them according to the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Initially, goodwill is measured as the excess of the consideration transferred over the net assets acquired (net identifiable assets acquired and liabilities assumed). If the consideration is less than the fair value of net assets acquired, the difference is recognized as a gain in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Company´s cash generating units that are expected to benefit from the synergies of the combination.

4. Cash and cash equivalents

	31.03.2017	31.03.2016
Cash and banks	**73**	**710**
Short term investments	**10,636**	**-**
	10,709	710

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or any other purposes.

5. Trade accounts receivable

	31.03.2017	31.03.2016
Accounts receivable – invoiced	**14,750**	19,440
Accounts receivable – invoices to be issued	**25,582**	23,322
(-) Provision for doubtful accounts	**(913)**	(576)
	39,419	42,186

6. Intangible assets

On May 02, 2013, the Company acquired 51% of Complex IT Solution Consultoria em Informática S.A. ("Complex IT") shares. During May 2013, the Company paid an anticipation value which generates a temporary goodwill amount to R$10,739. On December 30, 2014, the Company acquired the remaining 49% of Complex IT Solution shares and recognized the amount of R$24,871 totalizing R$35,610 related to goodwill. Additionally, on January 1st, 2017, Tech Mahindra incorporated Complex IT Solution figure´s.

7. Related parties

Operation with related party refers to consulting services rendered to Tech Mahindra Limited.

As of March 31, 2017 and March 31, 2016 the amounts are summarized as follows:

	31.03.2017	31.03.2016
Tech Mahindra Limited	**3,225**	69
Total non-current assets	**3,225**	69
Tech Mahindra Limited	**30,538**	30,950
Tech Mahindra Americas Inc.	**21,335**	-
Total current liabilities	**51,873**	30,950

Remuneration of key management

Expenses related to remuneration of key management personnel of the Company, recognized in P&L, totaled R$2,206 at March 31, 2017 (R$2,060 at March 31, 2016).

8. Equity

As of March 31, 2017, the capital is represented by 31,198,763 (Thirty one million, one hundred ninety eight thousands and seven hundred sixty three) and 17,833,554 (Seventeen million, eight hundred thirty three thousands and five hundred fifty four) shares related to capital to be paid-in amounts to R$1.00 recorded as follows:

Shareholders	**Nº Quotas**	%
Tech Mahindra Limited	**49,032,317**	99,99
Mr. José Carlos Pimentel	**1**	0,01
	49,032,318	100,00

9. Financial instrument and risk management

9.1. Risk management

As mentioned in Note 1, the Company primarily engaged in rendering consulting services related to information technology, implementation of projects and selling software.

The key market risks faced by the Company in the normal course of its businesses are as follows:

- Credit risk: arises from possible difficulty in settling accounts receivable from customers. This risk is managed by means of a credit analysis policy.
- Market risk: the Company is exposed to market risk that can impact your cash flow.
- Liquidity risk: consists of the possibility of the Company not having sufficient funds to honor its commitments due to the different terms for settlement of its rights and obligations. The Company's liquidity and cash flow control is monitored by the Company's financial management department, to ensure that cash flow from operations and the previous funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Company.

9.2. Financial instruments

(a) Financial instruments

We set out below a comparison between book value and fair value of the Company's financial instruments presented in the financial statements:

Financial assets	**31.03.2017 Book value**	31.03.2016 Book value	**31.03.2017 Fair value**	31.03.2016 Fair value
Cash and cash equivalents	**10,709**	710	**10,709**	710
Trade accounts receivable	**39,419**	42,186	**39,419**	42,186
Taxes recoverable	**3,811**	3,870	**3,811**	3,870
Related parties	**3,225**	69	**3,225**	69
Other receivables	**2,599**	7,866	**2,599**	7,866
	59,763	54,701	**59,763**	54,701

Financial liabilities	**31.03.2017 Book value**	31.03.2016 Book value	**31.03.2017 Fair value**	31.03.2016 Fair value
Trade accounts payable	**5,138**	5,678	**5,138**	5,678
Salary and social charges	**8,569**	6,862	**8,569**	6,862
Taxes liabilities	**1,018**	887	**1,018**	887
Loans and financing	**8,770**	6,900	**8,770**	6,900
Financial instruments derivatives	**80**	-	**80**	-
Related parties	**51,873**	30,950	**51,873**	30,950
Provisions	**-**	1,000	**-**	1,000
Other liabilities	**22,854**	15,315	**22,854**	15,315
	98,302	67,592	**98,302**	67,592

(b) Derivatives

In accordance with the accounting policies as set out in CPC 38, 39 and 40 all derivative financial instruments with hedging purposes are measured at fair value and recorded in the balance sheet against income for the year.

The derivative financial instruments held by the Company are intended to protect its future raw material purchases of the effects of changes in foreign currency, and are not used for speculative purposes. At March 31, 2017, outstanding contracts Non-Deliverable Forwards (NDFs) were:

	31.03.2017		
Type	**Nominal amount**	**Fair value (market value - R$)**	**Loss (Unrealized) –31.03.2017**
NDF – Liabilities			
Foreign currency - US$	**1,494**	**4,747**	**(80)**
			(80)
Current liabilities			**(80)**
Non-current liabilities			**-**

The unrealized loss or gain represent the difference between the value of the instrument by the curve and fair value (market) and were recorded at March 31, 2017 in the "Financial results" line.

10. Insurance coverage (unaudited)

At March 31, 2017, insurance coverage taken out is considered sufficient by management to cover losses, if any. As these refer to immaterial amounts, they were not audited.

11. Capital management

Management's objective is to ensure reduced exposure to market risk in order to attain the growth and return objective.

Following the global management policy, in order to reduce any risks, the Company maintains relationships only with first tier financial institutions.

12. Earnings (losses) per unit of interest

Calculation of basic earnings (losses) per unit of interest is made by dividing net income (loss)for the year attributed to holders of the Company's units of interest by the weighted average number of units of interest available in the year ended.

The chart below sets out net income and units of interest used in the calculation of basic and diluted earnings per unit of interest:

	31.03.2017	31.03.2016
Basic and diluted earnings per unit of interest		
Numerator		
Loss for the year attributed to Company unit of interest holders (in thousands of reais)	**(25,696)**	(14,078)
Denominator (in units of interest)		
Weighted average number of units of interest	**49,032,318**	49,032,318
Basic and diluted earnings (losses) per units of interest (in R$)	**(0.524)**	(0.287)

13. Commitments

a) Rents

The Company rents properties housing its head office.

Initiation	**End**	**Installments**	**Index**	**Location**
24.04.2013	24.04.2018	R$102	IPCA	São Paulo

b) Guarantee letters

At March 31 2017, the Company has a guarantee letter with Citibank an amount of KBRL2,302.

TECH MAHINDRA DE MEXICO S DE RL DE CV

Board of Directors

Mr. Arvind Malhotra

Mr. Pablo Gallegos

Mr. Jenny Jacob

Registered Office

Av. Eje 5 Norte # 990 Edificio F – Planta

Baja Colonia Santa Bárbara, C.P. 02230

Delegación Azcapotzalco Distrito Federal México

Bankers

Banco Nacional De Mexico SA (Banamex)

Auditors

Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITORS' REPORT TO THE

Partners of Tech Mahindra de México, S. de R. L. de C. V.

Opinion

We have audited the accompanying financial statements of Tech Mahindra de México, S. de R. L. de C. V. (the "Entity"), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of profit or loss, the statements of changes in partners' equity and the statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2016 and 2015, and their financial performance and their cash flows, for the years then ended in accordance with Mexican Financial Reporting Standards (NIF).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor´s Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The accompanying financial statements have been translated into English for the convenience of readers.

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

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

In preparing the financial statements, management is responsible for assessing the Entity´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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity´s financial reporting process.

Auditors´ Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and asses 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 override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- 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

Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors´ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

Galaz, Yamazaki, Ruiz Urquiza, S. C.

Member of Deloitte Touche Tohmatsu Limited

C. P. C. Carlos Alberto Chávez Llamas

June 9, 2017

BALANCE SHEETS

As of December 31, 2016 and 2015

	(In Mexican pesos)	
	2016	2015
Assets		
Current assets:		
Cash	**24,374,828**	3,505,109
Accounts receivable - Net	**97,376,187**	5,945,532
Due from Tech Mahindra Limited	**-**	4,536,405
Guaranteed deposits – Current	**216,825**	-
Prepaid expenses	**1,653,411**	838,183
Total current assets	**123,621,250**	14,825,229
Property and equipment - Net	**5,828,788**	4,140,255
Guaranteed deposits	**1,153,220**	1,193,735
Deferred income taxes	**1,460,397**	821,265
Total	**132,063,655**	20,980,484
Liabilities and partners' equity		
Current liabilities:		
Accounts payable	**110,819**	18,010
Issuance of stock, not subscribed	**-**	5,015,522
Due to Tech Mahindra Limited	**90,136,242**	-
Accrued expenses and taxes	**7,423,004**	6,773,757
Value added tax payable	**18,061,692**	-
Employee Benefits	**78,765**	-
Total currents liabilities	**115,810,522**	11,807,289
Non-current liabilities:		
Employee benefits	**34,306**	33,460
Total liabilities	**115,844,828**	11,840,749
Partners' equity:		
Social parts	**12,934,771**	7,919,249
Retained earnings	**3,284,056**	1,220,486
Total partners' equity	**16,218,827**	9,139,735
Total	**132,063,655**	20,980,484

See accompanying notes to financial statements.

STATEMENTS OF OPERATIONS

For the years ended December 31, 2016 and 2015

	(In Mexican pesos) **2016**	2015
Revenue – net sales	**244,784,068**	29,387,114
Costs and expenses:		
Cost of sales	**228,946,086**	25,219,474
Sales and administrative expenses	**9,858,175**	2,217,133
Other income	**1,700,135**	157,294
Operating income	**7,679,942**	2,107,801
Comprehensive financing results:		
Exchange loss – Net	**(3,095,463)**	(201,847)
	(3,095,463)	(201,847)
Income before income tax expense	**4,584,479**	1,905,954
Income Taxes	**2,520,909**	685,231
Net income	**2,063,570**	1,220,723

See accompanying notes to financial statements.

STATEMENTS OF PARTNERS' EQUITY

For the years ended December 31, 2016 and 2015

			(In Mexican pesos)
	Social Parts	**Retained earnings (accumulated deficit)**	**Total partners' equity**
Balances at the beginning of 2015 (unaudited)	6,903,000	(237)	6,902,763
Issuance of common stock	1,016,249	-	1,016,249
Net income	-	1,220,723	1,220,723
Balances as of December 31, 2015	7,919,249	1,220,486	9,139,735
Issuance of common stock	5,015,522	-	5,015,522
Net income	-	2,063,570	2,063,570
Balances as of December 31, 2016	12,934,771	3,284,056	16,218,827

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

	(In Mexican pesos) 2016	2015
Operating activities:		
Income income before income taxes	**4,584,479**	1,905,954
Items related to investment activities:		
Depreciation	**1,943,817**	234,831
Finance cost in operating activities	**52,522**	-
	6,580,818	2,140,785
(Increase) decrease in:		
Accounts receivable – Net	**(79,813,127)**	(5,942,532)
Prepaid expenses	**(815,228)**	(838,183)
Guaranteed deposits	**(176,310)**	(1,193,735)
Increase (decrease) in:		
Accounts payable	**92,809**	82,085
Due to Tech Mahindra Limited	**90,136,242**	(4,536,405)
Direct employee benefits	**79,611**	130,964
Accrued expenses and taxes	**20,217,435**	5,105,682
Tax paid	**(11,747,658)**	
Net cash flows provided by (used in) operating activities	**24,554,592**	(5,051,339)
Investing activities:		
Acquisitions of equipment	**(3,632,351)**	(4,375,086)
Net cash flows used in investing activities	**(3,632,351)**	(4,375,086)
Financing activities:		
Issuance of common stock not subscribed	**-**	5,015,522
Issuance of common stock	**-**	1,016,249
Finance cost paid	**(52,522)**	-
Net cash flows provided by (used in) financing activities	**(52,522)**	6,028,771
Net increase (decrease) in cash and cash equivalents	**20,869,718**	(3,394,654)
Cash and cash equivalents at the beginning of the year	**3,505,109**	6,899,763
Cash and cash equivalents at the end of the year	**24,374,828**	3,505,109

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(In Mexican pesos)

1. Activities and significant events

a. **Activities**

Tech Mahindra de México, S. de R.L. de C.V. (the "Entity" subsidiary of Tech Mahindra Limited) was incorporated on June 30, 2008 and its main activity is to provide computing consulting services.

2. Basis of presentation

a. ***Explanation for translation into English*** - The accompanying financial statements have been translated from Spanish into English for use outside of Mexico. These financial statements are presented on the basis of Mexican Financial Reporting Standards ("MFRS"), which are comprised of accounting standards that are individually referred to as Normas de Información Financiera, or "NIFs"). Certain accounting practices applied by the Entity that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

b. ***Monetary unit of the financial statements*** – The financial statements and notes as of December 31, 2016 and 2015 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power. Cumulative inflation rates over the three-year periods ended December 31, 2016 and 2015 were 10.52% and 12.08%, in each period. Accordingly, the economic environment is not inflationary in either such period and no inflationary effects were recognized in the accompanying financial statements. Inflation rates for the years ended December 31, 2016 and 2015 were 3.36% and 2.13%, respectively.

c. ***Classification of costs and expenses -*** these were classified according to their function because this is the practice of the industry to which the Entity belongs.

d. ***Income from operations -*** Income from operations is the result of subtracting costs and general expenses from service revenues. While NIF B-3, Statement of Comprehensive Income, does not require inclusion of this line item within results, it has been included for a better understanding of the Entity's economic and financial performance.

3. Summary of the main accounting policies

The accompanying financial statements have been prepared in conformity with MFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Entity's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Entity are as follows:

a. ***Accounting changes -***

As of January 1, 2016, the Entity adopted the following NIF and improvements to NIF 2016:

NIF D-3, Employee benefits

Improvements to NIF 2016

Some of the main changes are as follow:

NIF D-3, Employee benefits - When there is a precedent of making payments for termination of the labor relationship, such payments must be accounted for as postemployment benefits. Furthermore, the prior service cost, plan amendments, personnel cuts, and the gains and losses from advanced settlements such as severance payments which qualify as termination benefits, are recognized in results immediately. In contrast, the actuarial gains and losses resulting from the re-measurements should be recognized in the OCI and recycled to the (comprehensive) statement of income over the average labor life. Such re-measurements derive from a comparison of the defined benefits obligations and the plan assets determined at the close of the year with the amounts projected at the beginning of the period for the current year. Another significant change consists of associating the discount rate of the benefits obligation with a rates based on high-quality corporate bonds in a deep market, or, in their absence, using government bond rates. These same rates will be used to calculate the projection of the plan assets (net rate). The changes are recognized retrospectively.

Improvements which generate accounting changes:

NIF C-1, Cash and cash equivalents and NIF B-2, Statement of cash flows **–** Modified to consider foreign currency as cash and not as cash equivalents. Clarifies that both the initial and subsequent valuation of cash equivalents must be at fair value.

The following improvements were issued which do not generate accounting changes:

NIF C-3 Accounts receivable - Clarifications are made to the scope of the standard to conform various concepts related to the topic of financial instruments.

At the date of issuance of these consolidated financial statements, the adoption of these improvements did not have a material effect on the Entity's financial information.

b. ***Recognition of the effects of inflation* –** Beginning on January 1, 2008, the Entity discontinued recognition of the effects of inflation in its financial statements. However, non-monetary assets and liabilities and stockholders' equity include the restatement effects recognized through December 31, 2007.

c. ***Cash–*** Cash consist mainly of bank deposits in checking accounts. Cash is stated at nominal value.

d. ***Property, plant and equipment* –** Property, plant and equipment are recorded at acquisition cost. Balances from acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the NCPI through that date. Depreciation is calculated using the straight-line method based on the remaining useful lives of the related assets, as follows:

	Average years of useful life	
	2016	2015
Plant & Machinery	**3 To 5**	3 To 5
Furniture and Fixtures	**5**	5
Equipment and Computers	**5 and 3**	5 and 3
Lease hold and Improvements	**5 To 7**	5 To 7

e. ***Provisions*** - Provisions are recognized for current obligations that arise from a past event, that are probable to result in the use of economic resources, and that can be reasonably estimated.

f. ***Employee benefits -*** Employee benefits are those granted to personnel and/or their beneficiaries in exchange for the services rendered by the employee, which include all kinds of remuneration earned, as follows:

i. ***Direct employee benefits -*** Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly statutory employee profit sharing (PTU) payable, compensated absences, such as vacation and vacation premiums, and incentives.

ii. ***Post-employment benefits*** - Liabilities for seniority premiums, pensions and termination benefits are recorded as accrued, and are calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

iii. ***Employee benefits from termination -*** The liability for seniority premium, pensions and severance for termination of the employment relationship is recorded as accrued, which is calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

iv. ***Statutory employee profit sharing (PTU)* -** PTU is recorded in the results of the year in which it is incurred. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

As result of the 2014 Tax Reform, as of December 31, 2016 and 2015, PTU is determined based on taxable income, according to Section I of Article 10 of the Income Tax Law. Deferred PTU derived from temporary differences between the accounting and tax bases of assets and liabilities is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

g. ***Income taxes -*** Income tax ("ISR") is recorded in results of the year in which they are incurred. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits.

h. ***Foreign currency transactions*** - Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded as a component of net financing cost (income) in the statements of income.

i. ***Revenue recognition*** – Revenues from services rendered are recognized in the period in which they are rendered.

4. Accounts receivable

	(In Mexican pesos) 2016	2015
Customers	**89,972,592**	3,214,267
Recoverable taxes, VAT	**-**	1,996,565
Recoverable income tax	**7,081,123**	-
Guarantee deposits , officers and employees	**64,579**	3,000
Others	**293,000**	731,700
Allowance For doubtful Accounts	**(35,106)**	-
	97,376,187	5,945,532

5. Property and equipment (In Mexican pesos)

	December 31, 2016	December 31, 2015	Balances at the beginning of 2015 (Unaudited)
Investment:			
Plant & Machinery	368,252	368,252	-
Furniture and fixtures	2,494,488	2,494,488	-
Equipment and computers	3,522,653	297,152	-
Leasehold improvements	1,215,194	1,215,194	-
	7,600,587	4,375,086	-
Accumulated depreciation:			
Plant & Machinery	(92,063)	(18,413)	-
Furniture and fixtures	(679,502)	(180,636)	-
Equipment and computers	(716,689)	(16,282)	-
Leasehold improvements	(283,545)	(19,500)	-
	(1,771,799)	(234,831)	-
Net property and equipment	5,828,788	4,140,255	-

Depreciation recognized in the statements of operations was $1,943,817 and $234,831 in 2016 and 2015, respectively.

6. Employee benefits

a. Net period cost for the obligations resulting from the pensions plan and the related seniority premiums and termination benefits was $846 and $33,460 in 2016 and 2015, respectively. Other disclosures required under accounting provisions are not considered material.

b. The amount of current and deferred PTU recognized in the statements of operation of the period is:

	2016	2015
PTU:		
Current	**3,160,041**	1,506,496
Deferred	**(639,132)**	(821,265)
	2,520,909	685,231

7. Periods of payment and recovery of financial liabilities and assets

As of December 2016 y 2015, financial liabilities amounted $90,247,061 and $18,010, respectively and financial assets amounted $123,621,250 and $14,825,229, respectively, within a settlement period no more than 12 months.

8. Partners' equity

a. As of December 31, 2016 and 2015 partner units at par value (historical pesos), is as follows:

(In Mexican pesos)

	Number of social parts	Amount in historical pesos	Number of social parts	Amount in historical pesos
	2016		2015	
Fixed capital				
Series "A" partner units* (Non Withdrawable)	**2**	**1**	2	1
Variable capital				
Series "B" partner units**	**1**	**12,934,770**	1	7,919,248
Total	**3**	**12,934,771**	3	7,919,249

* Series "A" represents the fixed portion of capital stock with no retirement rights

** Series "B" represents the variable portion of capital stock with retirement rights

b. Pursuant to a resolution of the general ordinary partners meeting on December 31, 2014, variable social parts was increased by $6,903,000, through cash contributions.

c. Pursuant to a resolution of the general ordinary partners meeting on August 18, 2015, variable social parts was increased by $1,016,249, through cash contributions.

d. Pursuant to a resolution of the general ordinary partners meeting on January 4, 2016, variable social parts was increased by $5,015,522, through cash contributions.

e. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of partner units at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2016, the legal reserve, in historical pesos, was $ 164,203.

f. Partners' equity, except restated paid-in capital and tax retained earnings, will be subject to income taxes payable by the Entity at the rate in effect upon distribution. Any tax paid on such distributions may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

g. The balances of the partners' equity tax accounts as of December 31 are:

(In Mexican pesos)

	2016	2015
Contributed capital account	**3,984**	3,854
Net tax income account	**8,259,175**	3,515,156
Total	**8,263,159**	3,519,010

9. Transaction and balances with related parties

a. Transactions with related parties, carried out in the ordinary course of business, whose consideration is equivalent to that in similar transactions carried out with independent parties, were as follows:

	2016	2015
Tech Mahindra Limited:		
Sales	**94,968,584**	25,630,778
Sub-contracting cost	**(146,824,474)**	-
Other Income	**1,694,728**	157,294

b. Balances with related parties are as follows:

	2016	2015
Due from Tech Mahindra Limited	**-**	4,536,405
Due to Tech Mahindra Limited	**90,136,242**	-

10. Other income

a. Detail is as follows:

(In Mexican pesos)

	2016	2015
Rental income	**1,694,728**	157,294
Sundry Balances written Back	**5,407**	-
	1,700,135	157,294

11. Income taxes

The Entity is subject to ISR.

The Entity is subject to ISR. According with the ISR law, the rate is 30% in 2016 and 2015 and it will continue at 30% in 2016 and thereafter.

a. ISR consists of the following:

(In Mexican pesos)

	2016	2015
ISR:		
Current	**3,160,041**	1,506,496
Deferred	**(639,132)**	(821,265)
	2,520,909	685,231

b. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before ISR for the years ended December 31 is:

(In Mexican pesos)

	2016 %	2015 %
Statutory rate	**30%**	30%
Add (less) differences:		
Effects of tax inflation	**9%**	5%
Non-deductible items and other	**16%**	1%
Effective rate	**55%**	36%

c. The main items that give rise to a deferred ISR asset (liability) a December 31 are:

(In Mexican pesos)

	2016	**2015**
Deferred income tax		
Deferred income tax assets:		
Accrued bonuses and other accruals	**1,460,397**	821,265
Deferred ISR asset	**1,460,397**	821,265
Net deferred ISR asset	**1,460,397**	821,265

12. Contingencies

a. In accordance with currently enacted tax legislation, the authorities have the power to review up to the five years prior to the last income tax return filed.

13. Commitments

a. On April 1, 2016, the Entity signed an office rent agreement with LLC Central America de Mexico, S.A. de C.V. (related party), effective as of March 30, 2017.

14. New accounting principles

As of December 31, 2016, the CINIF has issued the following NIFs and Improvements to NIFs which may affect the financial statements of the Entity:

a) Improvements to NIF 2017 - The following improvements were issued which generate accounting changes effective as of Juanuary 1, 2017:

NIF B-13, Events after the date of the financial statements, NIF B-6, Statement of financial position, NIF C-19, Financial instruments payable, and NIF C-20, Financial instruments receivable – If an agreement is reached as of the authorization date for the issuance of the financial statements to maintain the contractual long-term payments of a debt instrument that is in default, such liability may be classified as a long-term item at the date of the financial statements; early application of this guidance as of January 1, 2016 is permitted.

NIF C-4, Inventories and NIF C-6, Properties, plant and equipment – Require the disclosure of the amount of the inventories or machinery and equipment received and held temporarily on consignment, under administration, for maquila operations or for display, when there is a commitment to return them.

NIF D-3, Employee benefits – Is modified to establish, as a basic principle, that the discount rate to be used in the determination of the present value of the long-term labor liability should be a free market rate with a very low credit risk, which represents the value of money over time. Consequently, either the government bond market rate or the market rate for high-quality corporate bonds in absolute terms in a deep market, could be used, indistinctly, provided that the latter complies with the requirements established in Appendix B– Application guidance, B1– Guidance for the identification of issues of high-quality corporate bonds in absolute terms in a deep market. Early application is allowed.

b) Improvements to NIF 2017 – The following improvements do not generate accounting changes:

NIF C-3, Accounts receivable

The improvements consist of outlining the scopes and definitions of these NIF to clearly indicate the appropriate application and accounting treatment; consequently, no effective date was established for these improvements. Furthermore, improvements were made to different NIF to change the acronyms used to identify certain receivable financial instruments.

c) The following NIF were issued and are effective January 1, 2018:

NIF C-3, Accounts receivable

NIF C-9, Provisions, contingencies and commitments

NIF D-1, Revenues from contracts with customers

NIF D-2, Costs from contracts with customers

NIF C-3, Accounts receivable – The main changes consist of specifying that: a) the accounts receivable based on a contract represent a financial instrument; b) the allowance for bad debts for commercial accounts is recognized from the time the revenue is accrued, based on the expected credit losses; c) the time value of money should be considered as of the initial recognition; consequently, if the effect of the present value of the account receivable is material based on its term, it should be adjusted based on such present value, and d) required disclosures include an analysis of the change between the opening and closing balances of the allowance for bad debts.

NIF C-9, Provisions, contingencies and commitments – The term probable replaced the term virtually avoidable in the definition of liabilities. The first-time application of this NIF does not generate accounting changes in the financial statements.

NIF D-1, Revenues from contracts with customers – Previously there was no Mexican accounting standard for revenue recognition, for which reason the main changes focus on providing greater consistency in revenue recognition and eliminating weaknesses in the previous supplemental standards. The most important changes consist of establishing a model for revenue recognition based on the following steps: a) transfer of control, the basis for the timeliness of revenue recognition; b) the identification of the different performance obligations in a contract; c) the allocation of the transaction amount between the different unfulfilled obligations based on independent selling prices; d) the introduction of the concept conditional account receivable, when an unfulfilled obligation is satisfied and an unconditional right to the consideration is generated because only the passage of time is required for the payment of such consideration to become enforceable; e) the recognition of collection rights, where in certain cases there may be an unconditional right to the consideration before an unfulfilled obligation is satisfied, and f) the valuation of the revenue, considering aspects such as the recognition of significant financing components, the noncash consideration cash and the consideration payable to a customer.

NIF D-2, Costs from contracts with customers – Separates the standard for recognition of the costs from contracts with customers from that related to recognition of the revenues from contracts with customers, and expands the scope to include costs related to all types of contracts with customers.

At the date of issuance of these consolidated financial statements, the Entity has not completed its evaluation of the potential effects of adopting these new standards on its financial information.

15. Financial statements issuance authorization

On June 9, 2017, the issuance of the financial statements was authorized by Mr. Jenny Jacob. These financial statements are subject to the approval of the Board of Partners and the general ordinary partners' meetings, where they may be modified, based on provisions set forth by the General Corporate Law.

FIXSTREAM NETWORKS INC

Board of Directors

Mr. Manoj Bhat
Mr. Ulhas Yargop
Mr. Manish Vyas
Mr. Sameer Padhye

Registered Office

Unisearch, Inc.
28 Old Rudnick Lane
Dover, DE 19901

Bankers

Comerica Bank
2 Embarcadero Center, Suite 300
San Francisco, California 94111

Auditors

Catrakilis Kraitzick Hrabova, LLC
CPAs and Advisors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors respectfully submit their report together with the audited financial statements of FixStream Networks Inc. for the year ended March 31, 2017.

Financial Results:

For the year ended March 31,	**2017 US $**	2016 US $
Income	**739,313.00**	9,705.00
Profit/(Loss) before tax	**(7,162,969)**	(6,576,585)
Profit/(Loss)after tax	**(4,151,179)**	(3,764,178)

Review of Operations:

The Company is a 73.50 % owned subsidiary of Tech Mahindra Limited, a company incorporated under the laws of India. The Company was incorporated in the State of Delaware on April 9, 2013 and is engaged in the business of developing and marketing software for network services.

Board:

Mr. Manoj Bhat, Mr. Manish Vyas, Mr. Ulhas Yargop and Mr. Sameer Padhye are the members of the Board of Directors.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the cooperation and assistance received from them.

For FixStream Networks Inc

Sameer Padhye
Director

Date : 18th April, 2017
Place: Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

Board of Directors
FixStream Networks, Inc.
a subsidiary of Tech Mahindra Limited,
an India Corporation
San Jose, California

We have audited the accompanying financial statements of FixStream Networks, Inc. (the "Company") a 73.50% owned subsidiary of Tech Mahindra Limited, an India corporation, which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of operations and accumulated deficit, and cash flows for the periods then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As discussed in Note 2B to the financial statements, accounting principles generally accepted in the United States of America require the company to consolidate its 100% owned subsidiaries in its financial statements. For the purposes of these financial statements, the financial position and the results of operations of its wholly owned subsidiary, Quexa Systems Private Limited has not been consolidated. The non-consolidation of the wholly owned subsidiary is not in accordance with accounting principles generally accepted in the United States of America. The effects of this departure from accounting principles generally accepted in the United States of America on the financial position, results of operations, and cash flows have not been determined.

Qualified Opinion

In our opinion, except for the matter discussed in the Basis of Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of FixStream Networks, Inc. a 73.50% owned subsidiary of Tech Mahindra Limited, as of March 31, 2017 and 2016, the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Revenue and Expenses on page 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Catrakilis Kraitzick Hrabova, LLC

Atlanta, Georgia
April 18, 2017

BALANCE SHEETS

	Note	March 31, 2017 $	2016 $
ASSETS:			
Current assets:			
Cash	3	**576,093**	1,372,174
Due from affiliated companies	6	**179,000**	-
Due from parent company	8	**15,000**	39,705
Prepaid expenses		**130,548**	65,023
Total current assets		**900,641**	1,476,902
Investment in subsidiary	4	**42,047**	42,047
Other assets:			
Restricted cash	3	**281,873**	281,592
Security deposits		**11,709**	11,709
Deferred tax asset	5	**8,065,466**	5,052,876
Total other assets		**8,359,048**	5,346,177
Property and equipment, net	7	**207,735**	242,010
Total Assets		**9,509,471**	7,107,136
LIABILITIES AND STOCKHOLDER'S DEFICIT			
Liabilities:			
Current liabilities:			
Accounts payable		**213,755**	52,560
Accrued expenses		**234,808**	123,802
Due to parent company		**-**	170,744
Due to affiliated companies	6	**230,692**	8,030
Deferred revenue	6	**450,077**	-
Income tax payable	5	**800**	-
Total current liabilities		**1,130,132**	355,136
Convertible-redeemable preferred stock	13	**10,000,000**	10,000,000
Non Current liabilities:			
Note payable to affiliated company	9	**4,577,351**	194,731
Note payable to parent company	8	**4,688,990**	3,307,515
Total non current liabilities		**9,266,341**	3,502,246
Stockholder's deficit			
Common stock	14	**663**	650
Additional paid in capital		**49,030**	34,621
Accumulated deficit		**(10,936,695)**	(6,785,517)
Total stockholder's deficit		**(10,887,002)**	(6,750,246)
Total Liabilities and Stockholder's Deficit		**9,509,471**	7,107,136

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Schedule	Twelve Months Ended March 31, 2017 $	2016 $
REVENUE	I	**739,313**	9,705
COST OF SALES		**69,786**	-
GROSS PROFIT		**669,527**	9,705
OPERATING EXPENSES:			
Personnel	II	**5,162,767**	4,547,631
General and administrative	III	**2,259,932**	1,910,792
Depreciation		**149,956**	114,628
Total operating expenses		**7,572,655**	6,573,051
OTHER INCOME (EXPENSE)			
Interest income		**1,499**	2,651
Other interest expense		**(2,514)**	(15,890)
Intercompany interest expense		**(258,826)**	-
Total other income (expense)		**(261,791)**	(13,239)
Loss before income tax benefit		**(7,162,969)**	(6,576,585)
INCOME TAX BENEFIT	Note 5	**(3,011,790)**	(2,812,407)
NET LOSS		**(4,151,179)**	(3,764,178)
Accumulated deficit, beginning of period		**(6,785,516)**	(3,021,339)
Accumulated deficit, end of period		**(10,936,695)**	(6,785,517)

STATEMENTS OF CASH FLOWS

	Twelve Months Ended March 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	**(4,151,179)**	(3,764,178)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	**149,956**	114,628
Deferred income tax benefit	**(3,012,590)**	(2,812,407)
Changes in operating assets and liabilities:		
Due from parent company	**(146,039)**	(39,705)
Receivable from subsidiary	**-**	174,320
Receivable from affiliates	**(179,000)**	-
Prepaid expenses	**(65,525)**	11,786
Deferred revenue	**450,077**	-
Accounts payable	**161,195**	25,954
Accrued expenses	**111,007**	31,739
Income tax payable	**800**	-
Payable to related party	**222,662**	178,774
Net Cash Used in Operating Activities	**(6,458,636)**	(6,079,089)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(115,681)**	(87,082)
Net Cash Used in Investing Activities	**(115,681)**	(87,082)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease (Increase) in restricted cash	**(281)**	99,421
Issued common stocks	**13**	29
Issued additional paid in capital	**14,409**	13,977
Net repayment from line of credit	**-**	(100,000)
Net change in note payable to affiliated company	**4,382,620**	5,028
Net change in note payable to parent company	**1,381,475**	3,307,515
Net Cash Provided by Financing Activities	**5,778,236**	3,325,970
Net increase (decrease) in cash	**(796,081)**	(2,840,201)
Cash, beginning of period	**1,372,174**	4,212,375
Cash, end of period	**576,093**	1,372,174
Supplemental Disclosures:		
Cash paid for interest	**1,499**	2,474
Cash paid for income tax	**-**	800

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

1. NATURE OF OPERATIONS

FixStream Networks, Inc. (the "Company") is a 73.50% owned subsidiary of Tech Mahindra Limited ("TechM"), a company incorporated under the laws of India. The Company was incorporated in the State of Delaware on April 9, 2013 and is engaged in the business of developing and marketing software for network services orchestration.

The Company owns 99.99% of Quexa Systems Private Limited ("Quexa"). Quexa was incorporated under the laws of India and is engaged in the business of providing products and services, including but not limited to, information technology enabled services such as software consulting, software development, computer software, technical training and allied services and products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

On April 30, 2014, TechM acquired 18,400,279 shares of the Company's Series A Preferred Stock, $0.0001 par value per share (the “Series A Preferred Stock”), at a purchase price of $0.54347 per share. As of March 31, 2017 TechM holding is 73.50%.

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification's content carries the same level of authority.

B. NON-CONSOLIDATED SUBSIDIARY

The Company has elected not to present the consolidated financial statements of the Company and it's 99.99% owned subsidiary Quexa. Management is of the opinion that at the Company level stand-alone company financial statements are considered more meaningful to the readers of the financial statements.

C. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

D. CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalents.

E. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from 3 to 7 years.

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. The cost of properties sold or otherwise disposed of, and the accumulated depreciation thereon, is eliminated from the property and reserve accounts, and gains and losses are reflected in the statement of income.

F. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from the subsidiary, parent and affiliated companies' customers for services provided by the Company. Management's estimates of uncollectible accounts is based upon an analysis of past due accounts. Accounts are written off when all methods of collection have been exhausted.

G. REVENUE RECOGNITION

Revenues from contracts for technology integration consulting services, where the Company designs/redesigns, builds and implements new or enhanced systems applications and related processes for its clients are recognized on the percentage-of-completion method, which involves calculating the percentage of services provided during the reporting period compared to the total estimated services to be provided over the duration of the contract. Contracts for technology integration consulting services generally span twelve months to two years. This method is followed where reasonably dependable estimates of revenues and costs can be made. Estimates of total contract revenues and costs are continuously monitored during the term of the contract, and recorded revenues and estimated costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenues and income and are reflected in the financial statements in the periods in which they are first identified. If the Company's estimates indicate that a contract loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated total direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract and are included in cost of services and classified in accrued expenses.

Revenues from contracts for non-technology integration consulting services with fees based on time and materials or cost-plus are recognized as the services are performed and amounts are earned. The Company considers amounts to be earned once evidence of an arrangement has been obtained, services are delivered, fees are fixed or determinable, and collectability is reasonably assured. In such contracts, the Company's efforts, measured by time incurred, typically are provided in less than a year and represent the contractual milestones or output measure, which is the contractual earnings pattern. For non-technology integration consulting contracts with fixed fees, the Company recognizes revenues as amounts become billable in accordance with contract terms, provided the billable amounts are not contingent, are consistent with the services delivered, and are earned. Contingent revenues relating to non-technology integration consulting contracts are recognized when the contingency is satisfied and the Company concludes the amounts are earned.

Revenue from software services including revenue earned from services rendered on 'time and material' basis, and time bound fixed price engagements. All revenues from services, as rendered, are recognized when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is probable. Revenue from the sale of user licenses for software applications is recognized when control is transferred and customers can benefit from the license as is or with readily available resources. Typically license is regarded as a right to use, therefore, the entity recognizes revenue at the point in time when the license is delivered.

Unbilled revenue comprises of revenue recognized in relation to efforts incurred on fixed fee and time and material contracts not billed as of the period end where services are performed in accordance with agreed terms.

H. EMPLOYEE STOCK-BASED COMPENSATION ARRANGEMENTS

Stock-based compensation expense is recognized over the requisite service period for awards of equity instruments to employees based on the grant date fair value of those awards expected to ultimately vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates. As of March 31, 2017, 552,159 granted shares have vested.

I. INCOME TAXES

The Company accounts for income taxes using FASB Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

In accordance with FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

3. CASH AND RESTRICTED CASH

Cash and restricted cash are summarized as follows as of:	March 31,	
	2017	2016
Cash	**#NAME?**	#NAME?
Less: restricted cash - money market account	**#NAME?**	#NAME?
Net available cash	**#NAME?**	#NAME?

All line of credit and credit cards are secured by compensating cash held in the form of a Certificate of Deposit with a balance including accrued interest thereon at March 31, 2017 and 2016 of $281,873 and $281,592.

The lender required the Company to maintain a compensating cash balance for the outstanding line of credit and credit cards. The outstanding line of credit is summarized in Note 10 below.

4. INVESTMENT IN SUBSIDIARY

The Company owns 99.99% investment (17,006 shares) of Quexa Systems Private Limited located in Bangalore, India, which is accounted for using the cost method at $42,047. The book value of the subsidiary was reported at $274,587 and $160,077 at March 31, 2017 and 2016 respectively. The investment is a non-public business entity. The fair value of the investment is not estimated since there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value.

5. INCOME TAXES

The Company accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as discussed in Note 2I.

Current income tax expense consists of the following:	Twelve Months Ended March 31,	
	2017	2016
	$	$
Federal	**-**	-
State	**800**	-
Total current income tax expense	**800**	-
Deferred income tax benefit consists of the following:		
Federal	**(2,421,606)**	(2,231,684)
State	**(590,984)**	(580,723)
Total deferred income tax benefit	**(3,012,590)**	(2,812,407)
Total current and deferred income tax expense (benefit)	**(3,011,790)**	(2,812,407)

Deferred tax assets consists of the following:	March 31,	
	2017	2016
Federal	**6,431,463**	4,009,857
State	**1,634,003**	1,043,019
	8,065,466	5,052,876

As of March 31, 2017 and 2016, the Company had approximately $18,490,444 and $9,815,649 of estimated federal net operating losses and $18,484,195 and $9,810,400 of state net operating losses available to be carried forward, respectively, through March 31, 2037. The Company expects to be able to utilize the entire deferred tax benefit, therefore, no valuation allowance has been recorded to reduce the asset. The Company is subject to taxation in the United States and various states jurisdictions. Tax years that remain subject to examination date back to the year ended March 31, 2014.

In the ordinary course of business, there are many intercompany transactions that affect the calculation and estimation of the Company's tax liability. Although the Company's management believes that their tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's income tax provisions and accruals.

6. TRANSACTIONS WITH AFFILIATED COMPANIES

During the periods ended March 31, 2017 and 2016, FixStream Networks had intercompany transactions with its 99.99% owned subsidiary Quexa Systems Private Limited ("Quexa"). Quexa provides software development service to the Company and bills the Company for such services on a monthly basis.

	Twelve Months Ended March 31, 2017	2016
	$	$
Beginning balance, due (to) from Quexa	**(8,030)**	174,320
Quexa billings for R&D services	**(1,222,662)**	(1,101,757)
Advances paid to Quexa	**1,000,000**	919,407
Ending balance, due (to) from Quexa	**(230,692)**	(8,030)

Due (to) from Quexa consists of:	March 31, 2017	2016
	$	$
Amounts due to Quexa	**(230,692)**	(8,030)
Amounts due from Quexa	**-**	-
	(230,692)	(8,030)

During the period ended March 31, 2017, FixStream Networks had intercompany transactions with Tech Mahindra (Americas) Inc. ("TMA"), an affiliated company. Transactions with TMA are summarized below:

	Twelve Months Ended March 31, 2017	2016
	$	$
Beginning balance, due (to) from TMA	**-**	-
Revenue for services received	**334,542**	-
Amounts paid from TMA	**(558,500)**	-
Ending balance, due (to) from TMA	**(223,958)**	-

Due (to) from TMA consists of:	March 31, 2017	2016
	$	$
Amounts due to TMA	**(402,958)**	-
Amounts due from TMA	**179,000**	-
	(223,958)	-

During the period ended March 31, 2017, FixStream Networks had intercompany transactions with Societe de Telecommunications Africaine (STA) Abidjan ("STA"), an affiliated company. Transactions with STA are summarized below:

	March 31, 2017	2016
	$	$
Beginning balance, due (to) from STA	**-**	-
Cost of services	**69,846**	-
Prepayment received from STA	**(106,462)**	-
Ending balance, due (to) from STA	**(36,616)**	-

Due (to) from STA consists of:	March 31,	
	2017	2016
	$	$
Amounts due to STA	**(36,616)**	-
Amounts due from STA	**-**	-
	(36,616)	-

During the period ended March 31, 2017, FixStream Networks had intercompany transactions with Tech Mahindra (Malaysia) Sdn. Bhd ("MA"), an affiliated company. Transactions with MA are summarized below:

	Twelve Months Ended March 31,	
	2017	2016
	$	$
Beginning balance, due (to) from MA	**-**	-
Cost of services	**21,006**	-
Interest from MA	**-**	-
Prepayment received from MA	**(31,509)**	-
Ending balance, due (to) from MA	**(10,503)**	-

Due (to) from MA consists of:	March 31,	
	2017	2016
	$	$
Amounts due to MA	**(10,503)**	-
Amounts due from MA	**-**	-
	(10,503)	-

Total amounts due to affiliated companies	**(680,769)**	(8,030)
Total amounts due from affiliated companies	**179,000**	-
	(501,769)	(8,030)

7. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:	March 31,	
	2017	2016
	$	$
Computer equipment	**443,299**	374,457
Furniture	**6,859**	4,240
Software	**40,134**	20,334
Leasehold improvements	**38,739**	14,319
Less: accumulated depreciation	**(321,296)**	(171,340)
Property and equipment, net	**207,735**	242,010

Depreciation expense for the three months ended March 31, 2017 and 2016 was $38,495 and $30,509, respectively. Depreciation expense was $149,956 and $114,628 for the twelve months ended March 31, 2017 and 2016, respectively. The depreciation policies followed by the Company are described in Note 2E.

8. TRANSACTIONS WITH PARENT COMPANY

During the periods ended March 31, 2017 and 2016, FixStream Networks had intercompany transactions with its parent company, TechM. Transactions with the parent company are summarized below:

	Twelve Months Ended March 31,	
	2017	2016
	$	$
Beginning balance, due from (to) parent company	**(131,039)**	-
Collections from TechM	**26,880**	-
Transfer out	**-**	-
Service rendered for parent-unbilled	**-**	(3,800)
Payments made to parent company	**203,384**	-
Receivable from parent	**(26,880)**	39,705
Income and reimbursements (to) from parent company	**(72,345)**	(166,944)
	-	(131,039)

Due to parent company consists of:	March 31,	
	2017	2016
	$	$
Amounts due to parent company	**-**	(170,744)
Amounts due from parent company	**15,000**	39,705
	15,000	(131,039)

Note payable to parent company:	March 31,	
	2017	2016
	$	$
Note payable to Tech Mahindra Limited ("TML"). The note is unsecured. The outstanding principal balance accrues interest of 1-year LIBOR plus 3%. The repayment of principal and interest shall be made in thirty-nine equal monthly installments starting on second anniversary of applicable drawdown dated March 1, 2016. Interest expense on the note was $45,826 and $7,515, respectively, for the three months ended March 31, 2017 and 2016. Interest expense on the note was $188,990 and $7,515, respectively, for the twelve months ended March 31, 2017 and 2016. Outstanding principal balance of the note was $4,500,000 as of March 31, 2017.	**4,688,990**	3,307,515
Subtotal	**4,688,990**	3,307,515
Less: current portion	**-**	-
Long-term portion	**4,688,990**	3,307,515

9. NOTE PAYABLE TO AFFILIATED COMPANY

Note payable to related party consists of the following:

	March 31, 2017 $	March 31, 2016 $
Unsecured note payable due to an officer of the Company. Interest is at 3% per annum, unpaid interest and principle are due on demand.	**-**	194,731
Note payable Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000, the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest income on the loan was $41,237 for the period ending March 31, 2017.	**1,541,237**	-
Note payable Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000, the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest income on the loan was $22,118 for the period ending March 31, 2017.	**1,522,118**	-
Note payable Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000, the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest income on the loan was $13,996 for the period ending March 31, 2017.	**1,513,996**	-
Subtotal	**4,577,351**	194,731
Less: current portion	**-**	(194,731)
Long-term portion	**4,577,351**	-

10. LINE OF CREDIT

On July 18, 2014, the Company entered into a revolving line of credit agreement with a bank. The line has a maximum borrowing of $350,000 with an annual interest rate of Prime plus 3%. The line of credit is secured by compensating cash held in the form of a Certificate of Deposit with a balance including accrued interest thereon at March 31, 2017 and 2016 of $281,873 and $281,592. The balance of the outstanding line of credit at March 31, 2017 and 2016 was $0 and $0. The line is payable on demand by the Company. Interest expense was $0 and $52 for the three months ended March 31, 2017 and 2016, respectively. Interest expense was $0 and $3,347 for the twelve months ended March 31, 2017 and 2016, respectively.

11. EMPLOYEE BENEFIT PLAN

The Company maintains a defined contribution 401(k) plan covering all eligible employees of the Company. Employees are allowed to contribute up to the maximum amount under the Internal Revenue Code. The plan allows the Company to make a discretionary match of employee contributions. There were no matching contributions in the three and twelve months ended March 31, 2017 and 2016.

The Plan's administrative expense which is paid by the Company was $503 and $720 for the three months ended March 31, 2017 and 2016, respectively. The Plan's administrative expense for the twelve months ended March 31, 2017 and 2016 was $2,678 and $2,674, respectively.

12. STOCK-BASED COMPENSATION

Key employees are granted stock options under 2013 Equity Incentive Plan. For all of the stock options granted before March 31, 2014, the exercise price is a set price of $0.04 per share on the date of the grant and an option's maximum term is ten years. For stock options granted after March 31, 2014, the exercise price is a set price of $0.11 per share on the date of the grant and an option's maximum term is ten years. For stock options granted after March 31, 2016, the exercise price is a set price of $0.154 per share on the date of the grant and an option’s maximum term is ten years. Twenty five percent of the Shares subject to the Option shall vest on the one year anniversary of the Vesting Commencement Date. The balance of the remaining Shares subject to the Option shall vest each month thereafter, in equal installments, on the same day of the month as the Vesting Commencement Date subject to Participant continuing to be a Service Provider through each such date. The Company has 6,135,000 shares of common stock authorized to be issued under the plan. As of March 31, 2017 and 2016, 3,209686 and 2,772,165, respectively, shares have been granted and 1,176,763 and 552,159 shares have been vested, respectively.

A summary of stock options for the twelve months is presented below:

	Twelve Months Ended March 31,			
	2017		2016	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price
		$		$
Outstanding at beginning of period	**2,764,353**	**0.12**	2,728,000	0.09
Granted	**1,192,000**	**0.15**	1,960,751	0.09
Exercised	**(134,166)**	**-**	(284,516)	0.05
Forfeited or expired	**(612,501)**	**0.09**	(1,632,070)	0.10
Outstanding at end of period	**3,209,686**	**0.12**	2,772,165	0.08

As of March 31, 2017 and 2016, the aggregate intrinsic value of stock options outstanding was $1,368,155 and $1,224,481; the aggregate intrinsic value of stock options exercisable was $529,477 and $254,356.

The Weighted Average Exercise Price was calculated using the Black Scholes fair value based method for service based grants using the following assumptions:

	March 31,	
	2017	2016
	$	$
Weighted average fair value per option granted during the period	**0.54**	0.54
Assumptions:		
Weighted average stock price volatility	**0.00%**	0.00%
Weighted average risk free rate of return	**0.52%**	0.64%
Weighted average expected term in years	**6.25**	6.25

The Company expects all granted shares to vest.

13. CONVERTIBLE-REDEEMABLE PREFERRED STOCK

On April 18, 2014, the Company issued 18,400,279 shares of Preferred Stock, all of which have been designated Series A Preferred Stock, to Tech Mahindra Limited.

Preferential rights:

Dividends: The Company shall not declare or pay any dividends on shares of any other class or series unless the holders of the Series A Preferred Stock first receive a dividend on each outstanding share of Series A Preferred Stock.

Conversion: Each share of Series A Preferred Stock shall be convertible, at the option of the holder, and without the payment of additional consideration by the holder, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Series A Original Issue Price ($0.54347) by the Series A Conversion Price, currently set at $0.54347.

Redemption: Shares of Series A Preferred Stock shall be redeemed by the Company at a price equal to the Series A Original Issue Price per share ($0.54347), plus all declared but unpaid dividends thereon in three annual installments commencing by the Company at any time on or after April 30, 2018, from the holders of at least a majority of the then outstanding shares of Series A Preferred Stock.

Liquidation: In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or Deemed Liquidation Event, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders before any payment shall be made to the holders of Common Stock. The remaining assets of the Company available for distribution to its stockholders shall be distributed among the holders of the shares of Series A Preferred Stock and Common Stock, pro rata based on the number of shares held by each such holder.

14. COMMON STOCK

The Company has authorized 33,000,000 shares of Common Stock at $0.0001 par value and 6,632,854 and 6,498,688 were issued and outstanding at March 31, 2017 and 2016, respectively. The Company has no Common Stock at it's Treasury. All outstanding Common Stock are subject to the right of first refusal in favor of the Company upon any proposed transfer. The Company has reserved 6,135,000 shares of Common Stock for issuance to officers, directors, employees and consultants of the Company pursuant to it's 2013 Equity Incentive Plan, see Note 12.

15. OPERATING LEASE

The Company leases its office space under a non-cancelable operating lease with an effective date of June 1, 2014 through June 30, 2017. Total rental expense related to this lease was $35,157 and $33,131 for the three months ended March 31, 2017 and 2016, respectively. For the twelve months ended March 31, 2017 and 2016 rent expense was $139,944 and $135,862, respectively.

The future minimum rental payments for this lease are as follows:

Year ended March 31,	
2018	**$35,157**
	$35,157

16. CONCENTRATION OF CREDIT RISK

The Company places its cash and cash equivalents on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. As of March 31, 2017 and 2016, the Company had $607,966 and $1,403,766 deposited with the financial institution that exceed the Federally insured limit.

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 18, 2017, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 18, 2017, that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

	Twelve Months Ended March 31, 2017	2016
	$	$
Schedule I		
REVENUES		
Revenue from third parties	**113,372**	-
Revenue from affiliated companies	**625,941**	9,705
	739,313	9,705
Schedule II		
PERSONNEL EXPENSES		
Personnel cost	**4,212,400**	3,167,249
Contract services	**201,910**	734,225
Employee benefits	**376,116**	277,380
Payroll taxes	**280,984**	226,082
Employee related expenses	**91,357**	142,695
	5,162,767	4,547,631
Schedule III		
GENERAL AND ADMINISTRATIVE		
R&D expense	**1,368,887**	1,234,850
Professional fees	**166,371**	164,465
Rent	**139,944**	135,862
Travel	**170,605**	119,504
Office expense	**103,613**	114,343
Sales and marketing	**264,100**	97,593
Insurance	**16,736**	14,556
Miscellaneous expense	**18,713**	13,647
Communications	**5,381**	9,868
Taxes - other	**5,582**	6,104
	2,259,932	1,910,792

QUEXA SYSTEMS PRIVATE LIMITED

Board of Directors

Mr. Abhinay Padhye Prabhakar

Mr. Suhas Nilkanth Phadke

Registered Office

Flat No. 1, Runwal Maestro,

Sr. No. 96/97, Plot No. 175/176,

Bhusari Colony, Kothrud,

Pune, Maharashtra

Bankers

HDFC Bank

Auditors

Richa Khetawat

BOARD'S REPORT

Dear Members,

Your Directors have the pleasure of presenting the Board's Report of the Company along with the Audited Financial Statements for the year ended March 31, 2017.

Quexa Systems Private Limited,("Company") was incorporated on January 14, 2013 and was formed to provide services / products, including but not limited to information technology enabledservices, such as software consulting, software development, computer software, technical training and allied services / products.

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT 9 has been given as **ANNEXURE -I** to this report.

BOARD MEETINGS:

The Board of Directors met 5times during this financial year.

Sl. No	Date of Board Meeting
1.	April 20, 2016
2.	July 11, 2016
3.	October 15, 2016
4.	December 23, 2016
5.	January 24, 2017

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 with respect to Directors' responsibility statement, it is hereby confirmed that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the directors had 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 and loss of the company for that period;
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the directors had prepared the annual accounts on a going concern basis.
5. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXPLANATION REGARDING QUALIFICATION, RESERVATION, ADVERSE REMARK OR DISCLAIMER IN AUDITORS REPORT

Statutory Auditors

Richa Khetawat, Chartered Accountant, holds office as the statutory auditors of the Company, until the conclusion of annual general meeting to be held in the year 2019. As required by the provisions of the Companies Act, 2013, her appointment should be ratified by members each year at the annual general meeting. Accordingly, requisite resolution forms part of the notice convening the annual general meeting.

QUALIFICATIONS IN AUDITORS REPORT – There are no qualifications in Auditors Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and the details are as under:

SECURED LOANS: **NIL**

UNSECURED LOANS: **NIL**

CURRENT/NON-CURRENT INVESTMENTS:**NIL**

GUARANTEES: **NIL**

SECURITIES EXTENDED:**NIL**

RELATED PARTY TRANSACTIONS:

Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) in Form AOC- 2 have been given as **ANNEXURE – II** to this Report.

FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS

PARTICULARS	**2016-2017**	2015-2016
Gross Income	**Rs. 8,16,50,305/-**	Rs. 7,45,23,494/-
Provision for Depreciation	**Rs. 9,08,273/-**	Rs. 9,49,749/-
Net Profit Before Tax	**Rs. 1,02,28623/-**	Rs. 92,90,262/-
Provision for Tax	**Rs. 34,53,127/-**	Rs. 29,32,223/-
Net Profit After Tax	**Rs. 67,75,496/-**	Rs. 63,58,039/-
Balance of Profit brought forward	**Rs. 1,03,33,955/-**	Rs. 38,48,731/-
Balance available for appropriation	**Rs. 1,69,47354/-**	Rs. 1,03,33,955/-
Proposed Dividend on Equity Shares	**Nil**	Nil
Tax on proposed Dividend	**Nil**	Nil
Transfer to General Reserve	**Nil**	Nil
Surplus carried to Balance Sheet	**Rs. 1,69,47354/-**	Rs. 1,03,33,955/-

AMOUNTS TO BE CARRIED FORWARD TO RESERVES

Sl. No	**Particulars**	**Amount**
	NIL	**NIL**

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN 31.03.2017 AND 22.04.2017 (DATE OF THE REPORT)

NIL

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

(A) Conservation of energy-

Steps taken or impact on conservation of energy	The Company is using energy conserving bulbs for lighting purposes. The premises are well ventilated and there is sufficient room to receive natural sunlight. Therefore, during the day, the usage of artificial lighting is minimum
Steps taken by the Company for utilising alternate sources of energy including waste generated	The Company will consider the same in due course.
Capital investment onenergy conservation equipment	NIL

(B) Technology absorption-

Efforts made towards technology absorption	The Company is using latest technology in its day to day operations.
Benefits derived like product improvement, cost reduction, product development or import substitution.	The Company does not import any technology. While the Company has derived a lot of benefits from the latest technology, the same has not been quantified by the Company.
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	NIL
Expenditure incurred on research and development	NIL

(C) Foreign exchange earnings and outgo-

The foreign exchange earned in terms of actual inflows during the year was Rs.8,16,50,305/- (Rupees Eight Crores SixteenLakhs Fifty Thousand Three Hundred and Five Only) and the Foreign Exchange outgo during the year was **NIL**.

RISK MANAGEMENT POLICY

The Company is in the process of developing a risk management policy for the Company.

DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT

The Company has not accepted any deposits during the previous financial year.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has established adequate internal control system, commensurate with the nature of its business and size of its operations in order to ensure quality and reliability of underlying processes focused towards achieving operational efficiency reliability of financial data and safeguarding of assets. Internal controls are evaluated by the external/internal auditors and supported by management reviews. All audit observations and follow up actions there on are initiated for resolution by the finance function and reported to the Board of Directors.

For Quexa Systems Private Limited

Abhinay Padhye Prabhakar

Director

DIN: 06699864

No. 43-B, Skylark Greens, 7th Main, Varthur Road, Ramagondanahalli, Bangalore - 560066

Date: April 22, 2017
Place: Bengaluru

Suhas Neelkant Padhye

Director

DIN: 07380656

No. A-2808, Shobha May Flower, Green Glen Layout, Bellandur Outer Ring Road, Bangalore - 560103

Date: April 22, 2017
Place: Bengaluru

INDEX OF ANNEXURES

Sl. No	Annexures	Content
1.	I	Extract of annual return in Form MGT-9
2.	II	Particulars of related party transactions in Form AOC-2

ANNEXURE – I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31-03-2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U72200PN2013PTC145988
Registration Date	14/01/2013
Name of the Company	Quexa Systems Private Limited
Category / Sub-Category of the Company	Non-Government, Private Company limited by shares
Address of the Registered office and contact details	Flat No. 1, Runwal Maestro, Sr. No. 96/97, Plot No. 175/176, Bhusari Colony, Kothrud Pune 411038
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

SI No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Software Development Services	62011, 62022, 62013, 62020	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

SI No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	FixStream Networks Inc. USA	NA	Holding Company	99.99%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									NIL
(1)Indian									
a) Individual/ HUF									
b) Central Govt.									
c) State Govt(s).									
d) Bodies Corp.									
e) Banks/ FI									
f) Any Other									
Sub-total (A) (1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2)Foreign									
a) NRIs – Individuals	NIL	1	1	0.01%	NIL	1	1	0.01%	
b) Other – Individuals									
c) Bodies Corp.	NIL	17,006	17,006	99.99%	NIL	17,006	17,006	99.99%	
d) Banks / FI									
e) Any other									
Sub-total (A) (2)	NIL	17,006	17,006	99.99%	NIL	17,006	17,006	99.99%	
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	NIL	17,007	17,007	100%	NIL	17,007	17,007	100%	
B. Public Shareholding									
(1)Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture capital funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)									
(2)Non Institutions									
a) Bodies Corp									
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh									
(iii) Others (specify)									
Sub-total (C) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Total Public Shareholding (B) = (B) (1) + (B) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
C. Shares held by custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Grand Total (A+B+C)	NIL	17,007	17,007	100%	NIL	17,007	17,007	100%	

ii) Shareholding of Promoters

Sl. No	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1.	FixStream Inc. USA	17,006	99.99%	NIL	17,006	99.99%	NIL	NIL
2.	Sameer Padhye	1	0.01%	NIL	1	0.01%	NIL	NIL
	Total	**17,007**	**100%**	**NIL**	**17,007**	**100%**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding (please specify, if there is no change)

There has been no change in the promoter's shareholding during the year under review.

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the end of the year				

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) – Not Applicable

Sl. No	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :				
	At the end of the year (or on the date of separation, if separated during the year)				

v) Shareholding of Directors and Key Managerial Personnel - NIL

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the end of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	**0**	**0**	**0**	**0**
Change in indebtedness during the financial year • Addition • Reduction	0	0	0	0
Net Change	**0**	**0**	**0**	**0**
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	**0**	**0**	**0**	**0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Abhinay Padhye	Suhas Nilkanth Phadke	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 69,78,408	₹ 27,03,408	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	NIL		
3.	Sweat Equity	NIL		
4.	Commission - As % of profit - Others, specify…	NIL		
5.	Others, please specify	NIL		
	Total (A)			
	Ceiling as per the Act	Not Applicable		

B. REMUNERATION TO OTHER DIRECTORS: There are no other directors in the Company

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount
		---	---	---	---	
1.	Independent Directors • Fee for attending board, committee meetings • Commission • Others, please specify					
	Total (1)					
2.	Other Non-Executive Directors • Fee for attending board, committee meetings • Commission • Others, please specify					
	Total (2)					
	Total (B) = (1 + 2)					
	Total Managerial Remuneration					
	Overall ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: There are no other KMPs in the Company.

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO**	**Total**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission As % of profit Others, specify…				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For Quexa Systems Private Limited

Abhinay Padhye Prabhakar

Director

DIN: 06699864

No. 43-B, Skylark Greens, 7th Main, Varthur Road, Ramagondanahalli, Bangalore - 560066

Date: April 22, 2017
Place: Bengaluru

Suhas Neelkant Padhye

Director

DIN: 07380656

No. A-2808, Shobha May Flower, Green Glen Layout, Bellandur Outer Ring Road, Bangalore - 560103

Date: April 22, 2017
Place: Bengaluru

ANNEXURE – II

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis – **Not Applicable**

a)	Name(s) of the related party and nature of relationship	
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	FixStream Networks Inc., USA
b)	Nature of contracts/ arrangements/ transactions	Software development services
c)	Duration of the contracts/ arrangements/ transactions	No fixed term. Either party may terminate the agreement with due notice.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Cost plus 15% mark-up billed on monthly basis.
e)	Date(s) of approval by the Board, if any	Since the transaction is on arm's length and in the ordinary course of business, no approval is required to be taken under Section 188 of the Companies Act, 2013.
f)	Amount paid as advances, if any	As on March 31, 2017, no advance amount was paid

For Quexa Systems Private Limited

Abhinay Padhye Prabhakar

Director

DIN: 06699864

No. 43-B, Skylark Greens, 7th Main, Varthur Road, Ramagondanahalli, Bangalore - 560066

Date: April 22, 2017
Place: Bengaluru

Suhas Neelkant Padhye

Director

DIN: 07380656

No. A-2808, Shobha May Flower, Green Glen Layout, Bellandur Outer Ring Road, Bangalore - 560103

Date: April 22, 2017
Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT

To the Members of

QUEXA SYSTEMS PRIVATE LIMITED

Report on the Ind AS Financial Statements

I have audited the accompanying Ind AS financial statements of QUEXA SYSTEMS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and 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 significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters state in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these Ind AS financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Ind AS financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section of 143 of the Companies Act, 2013, I give in the "Annexure – A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, I report that:

   (a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit;

   (b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books;

   (d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of changes in Equity dealt with by this Report are in agreement with the books of account and returns;

   (e) In my opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

   (f) In my opinion, there are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Company;

   (g) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure – B";

   (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, in my opinion and to the best of my information and according to the explanation given to me:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016, in accordance with the books of account maintained by the Company.

RICHA KHETAWAT
Chartered Accountant
Membership No.: 416333
Place: Bengaluru
Date:

ANNEXURE – "A" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of my report of even date)

i.
   (a) The Company is maintaining proper records of fixed assets, showing full particulars including quantitative details and situation of the fixed assets.
   (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
   (c) The Company does not hold any immovable properties; consequently, comment under this sub-clause does not arise.

ii. The Company does not hold any inventory; consequently the comment on clause 3(ii) of the Order does not arise.

iii. The Company has not granted any loans, secured or unsecured to / from companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, comment on clause (iii) (a) and (b) does not arise.

iv. The Company has not taken any loans, investments, guarantees, and security as covered under section 185 and 186 of the Companies Act, 2013. Consequently, comment on clause 3(iv) does not arise.

v. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, and the provisions of sections 73 and 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable.

vi. The Central Government has not prescribed the maintenance of cost records under subsection (1) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company.

vii. In respect of statutory dues;
   (a) According to the information and explanations given to me and on the basis of the examination of the books of account and the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, duty of customs, wealth tax and any other material statutory dues applicable to it.
   (b) According to the information and explanations given to me and on the basis of the examination of the books of account, there are no statutory dues on account of dispute.

viii. The Company did not have any outstanding dues to any financial institution, banks, government or debenture holders during the year. Consequently, comment on clause 3(viii) of the Order does not arise.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instrument) and availed any term loan during the year. Consequently, comment on their application under clause 3(ix) of the Order does not arise;

x. During the course of my examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to me, I have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor I have been informed of such case by the management.

xi. The managerial remuneration paid or provided by the Company are in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

xii. As the Company is not a Nidhi Company. Consequently, comment on clause 3(xii) of the Order does not arise.

xiii. In my opinion and according to the information and explanations given to me, all transactions with the related parties as made in pursuance of contracts or arrangements referred to in Section 177 and 188 of the Act wherever applicable, have been disclosed in Ind AS Financial Statements appropriately, as required by the applicable accounting standards.

xiv. As the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, clause 3(xiv) of the Order is not applicable.

xv. As per the information and explanation given to me, the Company has not entered into any non-cash transactions with directors or persons connected with him. Consequently, comment on clause 3(xv) of the Order does not arise.

xvi. Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, clause 3(xvi) of the Order is not applicable

RICHA KHETAWAT
Chartered Accountant
Membership No.: 416333
Place: Bengaluru
Date:

ANNEXURE – "B" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' of my report of even date)

Report on the Internal Financial Controls under Clause (i) of the sub-section 3 of the Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of QUEXA SYSTEMS PRIVATE LIMITED ("the Company") as of March 31, 2017 in conjunction with my audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

RICHA KHETAWAT
Chartered Accountant
Membership No.: 416333
Place: Bengaluru
Date:

BALANCE SHEET AS AT MARCH 31, 2017

Details	Note No.	**March 31, 2017**	March 31, 2016	In `. April 01, 2015
ASSETS				
Non-current assets				
(a) Property, plant and equipment	2	**920,967**	1,600,017	1,801,640
(b) Capital work-in-progress		**-**	-	-
(c) Investment property	3	**-**	-	-
(d) Other intangible assets	4	**-**	-	-
(e) Financial assets				
(i) Investments		**-**	-	-
(ii) Trade receivables	5	**-**	-	-
(iii) Loans	6	**-**	-	-
(iv) Other financial assets	7	**2,067,150**	2,067,150	1,571,125
(f) Deferred tax assets (Net)	33	**1,456,910**	1,032,810	991,310
(g) Other non-current assets	8	**-**	-	-
Total non-current assets		**4,445,027**	4,699,977	4,364,075
Current assets				
(a) Financial assets				
(i) Investments	9	**-**	-	-
(ii) Trade receivables	10	**14,957,746**	532,653	-
(iii) Cash and cash equivalents	11	**7,551,076**	14,376,649	13,419,008
(iv) Other balances with banks	12	**-**	-	-
(v) Loans	13	**-**	-	-
(vi) Other financial assets	14	**-**	-	-
(b) Current tax assets (net)	16	**99,199**	112,221	-
(c) Other current assets	15	**1,505,984**	1,044,815	585,287
Total current assets		**24,114,005**	16,066,338	14,004,295
Total assets		**28,559,032**	20,766,315	18,368,370
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	17	**170,070**	170,070	170,070
(b) Other equity	18	**17,952,682**	11,339,284	4,854,060
Equity attributable to owners of the company		**18,122,752**	11,509,354	5,024,130
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	**-**	-	-
(ii) Other financial liabilities	20	**-**	-	-
(b) Provisions	21	**4,401,094**	3,577,006	3,287,229
(c) Deferred tax liabilities (Net)				
(c) Other non-current liabilities	22	**-**	-	-
Total non-current liabilities		**4,401,094**	3,577,006	3,287,229
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	**-**	-	-
(i) Trade payables	24	**4,551,366**	4,332,217	513,277
(ii) Other financial liabilities	25	**-**	-	-
(b) Other current liabilities	26	**1,210,045**	1,052,379	7,973,288
(c) Provisions	27	**273,775**	295,359	373,118
(d) Current tax liabilities (Net)	16	**-**	-	1,197,328
Total current liabilities		**6,035,186**	5,679,955	10,057,011
Total equity and liabilities		**28,559,032**	20,766,315	18,368,371
See accompanying notes forming part of the financial statements	1 to 41			

As per my Report of even date

for and on behalf of the Board
QUEXA SYSTEMS PRIVATE LIMITED

RICHA KHETAWAT	**ABHINAY PADHYE**	**SUHAS PHADKE**
Chartered Accountant	Director	Director
Membership No.: 416333	DIN: 06699864	DIN: 07380656
Place: Bengaluru	Place:	Place:
Date:	Date:	Date:

STATEMENT OF PROFIT AND LOSS FOR THE YEAR

In `.

	Details	Note No.	Year April 01, 2016 to March 31, 2017	April 01, 2015 to March 31, 2016
I	Revenue from operations		**81,650,305**	74,517,333
II	Other income	28	**-**	6,161
III	**Total revenue (I +II)**		**81,650,305**	74,523,494
IV	**EXPENSES**			
	Employee benefits expense	29	**60,037,799**	54,364,748
	Cost of technical sub-contractors		**1,288,508**	1,597,143
	Finance costs	30	**-**	-
	Depreciation and amortisation expense	31	**908,273**	949,749
	Other expenses	32	**9,187,102**	8,321,592
	Total expenses		**71,421,682**	65,233,232
V	**Profit before Tax (III-IV)**		**10,228,623**	9,290,262
VI	Tax expense			
	Current tax	33	**3,700,800**	2,943,700
	MAT charge / (credit)			
	Tax expense of prior years'	33	**96,361**	-
	Deferred tax	33	**(344,034)**	(11,477)
	Total tax expense		**3,453,127**	2,932,223
VII	**Profit after tax (V-VI)**		**6,775,496**	6,358,039
VIII	**Other comprehensive income**			
A	I. Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities (loss) / gains - Employees gratuity		**(242,163)**	97,162
	(b) Equity instruments through other comprehensive income		**-**	-
	(c) Others - Deferred tax impact on remeasurement of defined benefit liabilities		**80,066**	30,023
	II. Income-tax relating to items that will not be reclassified to profit or loss		**-**	-
B	I. Items that will be reclassified to profit or loss			
	(a) Exchange differences in translating the financial statements of foreign operations		**-**	-
	(b) Debt instruments through other comprehensive income		**-**	-
	(c) Share of other comprehensive income of equity accounted investees		**-**	-
	(d) Others (specify nature)		**-**	-
	II. Income-tax relating to items that will be reclassified to profit or loss		**-**	-
	Total other comprehensive income (A+B)		**(162,097)**	127,185
IX	**Total comprehensive income (VII + VIII)**		**6,613,399**	6,485,224
	Earnings per Equity Share (Face Value of INR. 10/- each)			
	Basic		**388.86**	381.33
	Diluted		**388.86**	381.33
	See accompanying notes forming part of the financial statements	1 to 41		

As per my Report of even date

for and on behalf of the Board
QUEXA SYSTEMS PRIVATE LIMITED

RICHA KHETAWAT	**ABHINAY PADHYE**	**SUHAS PHADKE**
Chartered Accountant	Director	Director
Membership No.: 416333	DIN: 06699864	DIN: 07380656
Place: Bengaluru	Place:	Place:
Date:	Date:	Date:

CASH FLOW STATEMENT FOR THE YEAR

In `.

Details		Apr 01, 2016 to Mar 31, 2017			Apr 01, 2015 to Mar 31, 2016	
A.	**Cash Flow from operating activities**					
	Net profit before tax and other comprehensive income but before exceptional items		**9,986,460**			9,387,424
	Less: Exceptional items		**-**			-
	Profit before Tax		**9,986,460**			9,387,424
	Adjustments for:					
	Depreciation and amortization expense	**908,273**			949,749	
	Interest income	**-**			(6,161)	
			908,273			943,588
	Operating profit before working capital changes		**10,894,733**			10,331,012
	Movement in working capital					
	Decrease / (increase) in trade receivables	**(14,425,095)**			(532,653)	
	Decrease / (increase) in other assets	**(448,147)**			(955,553)	
	Increase / (decrease) in trade payables	**219,149**			426,026	
	Increase / (decrease) in provisions	**802,504**			212,018	
	Increase / (decrease) in other liabilities	**157,667**			(3,527,995)	
			(13,693,922)			(4,378,157)
	Cash generated from operations		**(2,799,189)**			5,952,855
	Income-tax refund / (paid) - net		**(3,797,161)**			(4,253,249)
	Net cash flow from / (used in) operating activities (A)		**(6,596,350)**			1,699,606
B.	**Cash Flow from investing activities**					
	Purchase of property, plant and equipment and intangible assets	**(229,223)**			(748,126)	
	Proceeds from sale of property, plant and equipment	**-**			-	
	Purchase of current investments	**-**			-	
	Sale of current investments	**-**			-	
	Interest received	**-**			6,161	
	Net cash flow from / (used in) investing activities (B)		**(229,223)**			(741,965)
C.	**Cash Flow from financing activities**					
	Repayment of long-term borrowings	**-**			-	
	Short-term borrowings (net)	**-**			-	
	Repayment of short-term borrowings	**-**			-	
	Finance costs	**-**			-	
			-			-
	Net cash flow from / (used in) financing activities (C)		**-**			-
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(6,825,573)**			957,641
	Cash and cash equivalents at the beginning of the year		**14,376,649**			13,419,008
	Cash and cash equivalents at the end of the year		**7,551,076**			14,376,649

As per my Report of even date

for and on behalf of the Board
QUEXA SYSTEMS PRIVATE LIMITED

RICHA KHETAWAT
Chartered Accountant
Membership No.: 416333
Place: Bengaluru
Date:

ABHINAY PADHYE
Director
DIN: 06699864
Place:
Date:

SUHAS PHADKE
Director
DIN: 07380656
Place:
Date:

STATEMENTS OF CHANGES IN EQUITY

A. Equity Share Capital

In ₹

Balance as of April 01, 2016	Changes in equity share capital during the period	Balance as at March 31, 2017
170,070	-	170,070

B. Other Equity

In ₹

Details	Share Application Money pending Allotment	Reserves and Surplus						Hedging Reserve	Reserve for Equity Instruments through Other Comprehensive Income	Foreign Currency Translation Reserve	Total
		Capital reserve	Securities Premium Reserve	Share Option Outstanding Account	General Reserve	Statutory Reserve	Retained Earnings				
Balance as at April 01, 2016	-	-	1,005,329	-	-	-	10,333,955	-	-	-	11,339,284
Profit for the year			-				6,775,496				6,775,496
Other comprehensive income			-				(162,097)				(162,097)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,613,399**	**-**	**-**	**-**	**6,613,399**
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Shares allotted	-	-	-	-	-	-	-	-	-	-	-
Transfer on allotment of Equity Shares	-	-	-	-	-	-	-	-	-	-	-
Amortised amount of stock compensation cost (net)	-	-	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
Tax on dividend	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Balance as at the March 31, 2017	**-**	**-**	**1,005,329**	**-**	**-**	**-**	**16,947,354**	**-**	**-**	**-**	**17,952,682**
Balance as at April 01, 2015	-	-	1,005,329	-	-	-	3,848,731	-	-	-	4,854,060
Profit for the year			-				6,358,039				6,358,039
Other comprehensive income			-				127,185				127,185
Total comprehensive income	-	-	-	-	-	-	6,485,224	-	-	-	6,485,224
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Shares allotted	-	-	-	-	-	-	-	-	-	-	-
Transfer on allotment of Equity Shares	-	-	-	-	-	-	-	-	-	-	-
Amortised amount of stock compensation cost (net)	-	-	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
Tax on dividend	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Balance as at the March 31, 2016	**-**	**-**	**1,005,329**	**-**	**-**	**-**	**10,333,955**	**-**	**-**	**-**	**11,339,284**

NOTES TO ACCOUNTS

DETAILS ABOUT THE COMPANY

Registration and other details

Quexa Systems Private Limited (the "Company" or "Quexa") was incorporated on January 14, 2013 with the Registrar Of Companies, Maharashtra, India and was formed to provide services / products, including but not limited to information technology enabled services, such as software consulting, software development, computer software, technical training and allied services / products.

Quexa Systems Private Limited is a subsidiary of M/s. FixStream Networks Inc., USA and sub-subsidiary of M/s. Tech Mahindra Limited, India a public limited company incorporated and domiciled in India and has its registered office at Mumbai, Maharashtra, India.

Management

The Company is managed by its Board of Directors, whose members are:

i. Abhinay Padhye, Director (DIN: 06699864)

ii. Suhas Phadke, Director (DIN: 07380656)

Business, location

The Company currently operates at Bengaluru, Karnataka, India.

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of Ind AS financial statements

The Ind AS financial statements have been prepared in accordance with Indian Accounting Standard (IND AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 and the provisions specified under section 133 of the Companies Act, 2013 read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. 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 or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the procurement of service, sale of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non current classification of assets and liabilities.

1.2 Use of estimates

The preparation of the Ind AS financial statements in conformity with IND AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Expenditure

Expenses are accounted on an accrual basis and provision is made for all known losses and liabilities.

1.4 Revenue Recognition

Revenue is generally recognized when all significant contractual obligations have been satisfied and collection of the resulting receivable is reasonably assured. Revenue from rendering software services is recognised based on services rendered and billed to the clients as per the terms of specific contracts. Profit estimates are revised periodically based on changes in facts. Any losses on long term contracts are recognised immediately.

The Company reports revenues net of taxes. Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

1.5 Property, plant and equipment

Property, plant and equipment (Fixed assets) are stated at cost of acquisition less accumulated depreciation thereon. Direct costs attributable in bringing the assets to its working condition for intended use are capitalised as cost of acquisition. Borrowing cost directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.6 Depreciation

The Company computes depreciation of all tangible fixed assets including for assets taken on lease using the straight line method based on estimated useful life. Depreciation is charged on a pro-rata basis for assets purchased or sold during the period. Management's estimate of the useful life of tangible and intangible assets is as follows:

i.	Computers and peripherals	3 years
ii.	Office equipments	5 years
iii.	Furniture and fixtures	5 years
iv.	Leasehold improvements	Lower of lease period or expected occupancy

Depreciation is accelerated on fixed assets, based on their condition, usability etc, as per the technical estimates of the Management, where necessary.

Leasehold land is amortised over the period of lease.

Assets costing upto INR. 5,000/- are fully depreciated in the year of purchase.

The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Project specific intangible assets are amortised over their estimated useful lives on a straight line basis or over the period of the license, whichever is lower.

1.7 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise except those arising from investments in non-integral operations.

1.8 Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

1.9 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.10 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTE 2: PROPERTY, PLANT AND EQUIPMENT

In ₹

Description of asset	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	Cost as at April 01, 2016	**Additions during the year**	**Deletions during the year**	**Balance as at March 31, 2017**	**As at April 01, 2016**	**For the year**	**Reversals**	**Balance as at March 31, 2017**	**As at April 01, 2016**	**As at March 31, 2017**
Tangible assets										
Computers and peripherals	2,795,954	229,223	-	3,025,177	1,404,677	847,770	-	2,252,447	1,391,277	772,730
Furniture and fixtures	94,878	-	-	94,878	86,188	2,730	-	88,918	8,690	5,960
Office equipments	288,863	-	-	288,863	88,813	57,773	-	146,586	200,050	142,277
Taken on finance lease:										
Computers and peripherals	-	-	-	-	-	-	-	-	-	-
Plant and equipments	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Total	**3,179,695**	**229,223**	**-**	**3,408,918**	**1,579,678**	**908,273**	**-**	**2,487,951**	**1,600,017**	**920,967**
Previous Year	2,449,569	730,126	-	3,179,695	647,929	931,749	-	1,579,678	1,801,640	1,600,017

Note:

i) Numbers in Italics represents previous year disclosures.

NOTE 3: INVESTMENT PROPERTY

In ₹

Description of asset	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Complete investment properties (I -II)	**-**	-	-

Details	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
I. Gross Block			
Opening balance	**-**	-	-
Additions / transfer during the year	**-**	-	-
Closing balance	**-**	-	-
II. Accumulated depreciation			
Opening balance	**-**	-	-
Amortisation expense for the year	**-**	-	-
Closing balance	**-**	-	-
Balance as at March 31, 2017 (I-II)	**-**	-	-

NOTE 4: OTHER INTANGIBLE ASSESTS

In ₹

Details	Intellectual property rights	Software (other than internally generated)	**Total**
I. Gross Block			
Balance as at April 1, 2016	-	40,699	**40,699**
Additions during the year	-	-	**-**
Disposals / adjustments	-	-	**-**
Balance as at March 31, 2017	-	40,699	**40,699**
II. Accumulated depreciation			
Balance as at April 1, 2016	-	40,699	**40,699**
Amortisation expense for the year	-	-	**-**
Disposals / adjustments	-	-	**-**
Balance as at March 31, 2017	-	40,699	**40,699**
Net Block as at March 31, 2017 (I - II)	-	-	**-**

NOTE 5: TRADE RECEIVABLES: NON-CURRENT

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade receivables outstanding for a period of more than 6 months:			
(a) Secured, considered good	**-**	-	-
(b) Unsecured, considered good	**-**	-	-
(c) Doubtful	**-**	-	-
Less: Allowance for credit losses	**-**	-	-
	-	-	-
Trade receivables:			
(a) Secured, considered good	**-**	-	-
(b) Unsecured, considered good	**-**	-	-
(c) Doubtful	**-**	-	-
Less: Allowance for doubtful debts	**-**	-	-
	-	-	-
Total	**-**	-	-

NOTE 6: LOANS: NON-CURRENT

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans to related parties			
- Secured, considered good	**-**	-	-
- Unsecured, considered good	**-**	-	-
- Doubtful	**-**	-	-
Less : Allowance for bad and doubtful loans	**-**	-	-
Total	**-**	-	-

Note 7: Other financial assets :Non-current

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unbilled revenue	**-**	-	-
Interest receivable			
On bank deposits	**-**	-	-
Others	**-**	-	-
	-	-	-
Security deposits			
- Secured, considered good	**-**	-	-
- Unsecured, considered good	**2,067,150**	2,067,150	1,571,125
- Doubtful	**-**	-	-
Less : Allowance for doubtful deposits	**-**	-	-
	2,067,150	2,067,150	1,571,125
Lease receivable	**-**	-	-
Considered Good	**-**	-	-
Fixed deposits / Margin money deposits having maturities of more than 12 months from the Balance Sheet date	**-**	-	-
Foreign currency derivative assets	**-**	-	-
Total	**2,067,150**	2,067,150	1,571,125

NOTE 8: OTHER NON-CURRENT ASSETS

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
BALANCE WITH GOVERNMENT AUTHORITIES			
Considered good	-	-	-
Considered doubtful	-	-	-
Less: Provision	-	-	-
	-	-	-
Advances to related parties			
Considered good	-	-	-
Considered doubtful	-	-	-
Less: Provision	-	-	-
	-	-	-
Capital Advances			
Considered good	-	-	-
Considered doubtful	-	-	-
Less: Allowance on advances to suppliers	-	-	-
	-	-	-
Contractually re-imbursable expenses			
Considered good	-	-	-
Considered doubtful	-	-	-
Less: Provision	-	-	-
Total	-	-	-
Advance towards investments	-	-	-
Prepaid expenses	-	-	-
Advance income-tax (net of provisions)	-	-	-
Other Loans and Advances			
Considered good	-	-	-
Considered doubtful	-	-	-
Less: Allowance on other loans and advances	-	-	-
	-	-	-
Total	-	-	-

NOTE 9: INVESTMENTS

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
- Current portion of long-term investment - unquoted	-		
Less: Provision for Diminution in value of Investment	-		
	-	-	-
- Investment in mutual funds - unquoted	-	-	-
Total	-	-	-

NOTE 10: TRADE RECEIVABLES: CURRENT

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
- Trade receivables			
Over six months			
Secured, considered good	-	-	-
Unsecured, considered good	-	-	-
Doubtful	-	-	-
Less: Allowance for doubtful debts	-	-	-
	-	-	-
- Others			
Secured, considered good	-	-	-
Unsecured, considered good	**14,957,746**	532,653	-
Doubtful	-	-	-
Less: Allowance for doubtful debts	-	-	-
	14,957,746	532,653	-
Finance receivables	-	-	-
Less: Allowance for credit losses	-	-	-
	-	-	-
Other receivables			
Operating lease receivable	-	-	-
Less: Allowance for credit losses	-	-	-
	-	-	-
Total	**14,957,746**	532,653	-

NOTE 11: CASH AND CASH EQUIVALENTS

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash-in-hand	**12,559**	1,751	1,677
Fund-in-transit	-	-	-
Balances with banks			
In current account	**7,538,517**	14,374,898	13,417,331
In deposit account	-	-	-
Total	**7,551,076**	14,376,649	13,419,008

NOTE 12: OTHER BALANCES WITH BANKS

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
In deposit accounts	-	-	-
Earmarked balances with banks			
- Unclaimed dividend	-	-	-
- Balances held as margin money / security towards obtaining bank guarantees	-	-	-
- Balance held under escrow account	-	-	-
Total	-	-	-

NOTE 13: LOANS: CURRENT

In ₹

Details	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Loans to related parties			
- Secured, considered good	-	-	-
- Unsecured, considered good	-	-	-
- Doubtful	-	-	-
Less : Allowance for bad and doubtful loans	-	-	-
Total	-	-	-

NOTE 14: OTHER FINANCIAL ASSETS: CURRENT

In ₹

Details	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Interest receivable			
On bank deposits	-	-	-
Others	-	-	-
	-	-	-
Security deposits			
- Secured, considered good	-	-	-
- Unsecured, considered good	-	-	-
- Doubtful	-	-	-
Less : Allowance for bad and doubtful deposits	-	-	-
	-	-	-
Lease receivable			
Considered good	-	-	-
Considered doubtful	-	-	-
Less: Provision	-	-	-
	-	-	-
- Foreign currency derivative assets	-	-	-
Total	-	-	-

NOTE-15: OTHER CURRENT ASSETS

In ₹

Details	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Unbilled revenue	**-**	321,000	-
Advances to Related Parties	**-**	-	-
Balance with Government Authorities #			
Considered good	**1,249,504**	520,602	325,080
Considered doubtful	**-**	-	-
Less: Provision	**-**	-	-
	1,249,504	520,602	325,080
Advances to employees			
Considered good	**-**	-	230,002
Considered doubtful	**-**	-	-
Less: Provision	**-**	-	-
	-	-	230,002
Contractually re-imbursable expenses			
Considered good	**-**	-	-
Considered doubtful	**-**	-	-
Less: Allowance for doubtful receivables	**-**	-	-
	-	-	-
Prepaid expenses	**181,596**	203,213	20,053
Others loans and advances			
Advance to vendors			
Considered good	**74,884**	-	10,152
Considered doubtful	**-**	-	-
Less: Allowance on other loans and advances	**-**	-	-
	74,884	-	10,152
Total	**1,505,984**	1,044,815	585,287

Balances with government authorities represents service tax input credit

NOTE-16: CURRENT TAX ASSET / (LIABILITIES) - NET

In ₹

Details	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Advance income-taxes - net of provisions	**99,199**	112,221	(1,197,328)
Total	**99,199**	112,221	(1,197,328)

NOTE 17: EQUITY SHARE CAPITAL

Details	**March 31, 2017**		March 31, 2016		April 01, 2015	
	Number	**In ₹**	Number	In ₹	Number	In ₹
Authorised						
30,000 equity shares of ₹ 10/- each	**30,000**	**300,000**	30,000	300,000	30,000	300,000
Issued, Subscribed and Paid up						
17,007 equity shares of ₹ 10/- each	**17,007**	**170,070**	17,007	170,070	17,007	170,070
Reconciliation of number of Equity Shares and amount outstanding						
Shares outstanding at the beginning of the year	**17,007**	**170,070**	17,007	170,070	17,007	170,070
Shares issued during the year	**-**	**-**	-	-	-	-
Total	**17,007**	**170,070**	17,007	170,070	17,007	170,070
Less : Shares issued to ESOP Trust as Treasury Stock	**-**	**-**	-	-	-	-
Shares outstanding at the end of the year	**17,007**	**170,070**	17,007	170,070	17,007	170,070

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of the shareholder	**As at March 31, 2017**		As at March 31, 2016	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
FixStream Networks Inc., USA	**17,006**	**99.99%**	17,006	99.99%

i) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash - NIL (Previous Year - NIL)

ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - NIL (Previous Year - NIL)

iii) Aggregate number and class of shares bought back - NIL (Previous Year - NIL)

iv) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

NOTE 18: OTHER EQUITY

In ₹

Details	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
- Share application money			
Opening balance	-	-	-
Add: Received during the year	-	-	-
Less: Shares allotted	-	-	-
Less: Refunded during the year	-	-	-
Closing balance	-	-	-
- Capital reserve			
Opening balance	-	-	-
Add: Additions on account of Amalgamation	-	-	-
Closing balance	-	-	-
- Securities premium account			
Opening balance	**1,005,329**	1,005,329	1,005,329
Add: Received on exercise of Stock options	-	-	-
Add: Transfer from share option outstanding account on exercise of stock options	-	-	-
Add: Adjustment on Account of Amalgamation	-	-	-
Closing balance	**1,005,329**	1,005,329	1,005,329
- Share options outstanding account			
Opening balance	-	-	-
Add: Amortised Amount of Stock Compensation Cost (net)	-	-	-
Less: Transfer from share option outstanding account on exercise of stock options	-	-	-
Less: Transfer to retained earnings	-	-	-
Closing balance	-	-	-
- General Reserve			
Opening balance	-	-	-
Less: Transfer to retained earnings	-	-	-
Closing balance	-	-	-
- Retained Earnings			
Opening balance	**10,333,955**	3,848,731	3,848,731
Add: Profit for the year	**6,775,496**	6,358,039	-
Add: Other comprehensive income	**(162,097)**	127,185	-
Less: Equity dividends (including Tax on Dividends)	-	-	-
Add: Transfer from general reserve	-	-	-
Add: Transfer from share options outstanding account	-	-	-
Closing balance	**16,947,354**	10,333,955	3,848,731
- Hedging Reserve			
Opening Balance	-	-	-
Add: Other comprehensive income (net)	-	-	-
Closing balance	-	-	-
- Reserve for Equity Instruments through Other Comprehensive Income			
Opening Balance	-	-	-
Add: Other Comprehensive Income	-	-	-
Closing balance	-	-	-
Total	**17,952,682**	11,339,284	4,854,060

NOTE 28: OTHER INCOME

In ₹

Details	for the year ended	
	March 31, 2017	March 31, 2016
Interest income		
- On bank deposits	**-**	-
- On other financial assets carried at amortised cost	**-**	-
- On income-tax refund		5,920
Dividend income on current investments	**-**	-
Dividend income on non-current investment	**-**	-
Rental income		
- From investment property	**-**	-
- Others	**-**	-
Foreign exchange gain / (loss) - net	**-**	-
Gain / (loss) on investments carried at fair value through profit and loss	**-**	-
Provision for non-current investments no longer required	**-**	-
Sundry balances written back	**-**	-
Miscellaneous income	**-**	241
Total	**-**	6,161

NOTE 29: EMPLOYEE BENEFITS EXPENSE

In ₹

Details	for the year ended	
	March 31, 2017	March 31, 2016
Salaries, allowances including bonus	**56,742,208**	51,496,500
Contribution to provident and other funds	**850,153**	765,119
Gratuity	**1,170,215**	974,439
Share based payments to employees	**-**	-
Staff welfare expenses	**1,275,223**	1,128,690
Total	**60,037,799**	54,364,748

NOTE 30: FINANCE COSTS

In ₹

Details	for the year ended	
	March 31, 2017	March 31, 2016
Interest on short-term loan and cash credits	**-**	-
Cash discount	**-**	-
Others	**-**	-
Total	**-**	-

NOTE 31: DEPRECIATION AND AMORTISATION EXPENSE

In ₹

Details	for the year ended March 31, 2017	for the year ended March 31, 2016
Depreciation / amortisation on property, plant and equipment and intangible assets	**908,273**	949,749
Depreciation on investment property	**-**	-
Total	**908,273**	949,749

NOTE 32: OTHER EXPENSES

In ₹

Details	for the year ended March 31, 2017	for the year ended March 31, 2016
Power and fuel expenses	**297,503**	297,025
Rent	**2,528,979**	2,132,448
Rates and taxes	**17,426**	31,855
Communication expenses	**887,836**	531,334
Travelling expenses	**518,863**	551,285
Recruitment expenses	**165,000**	-
Training	**-**	-
Hire charges	**-**	-
Legal and professional charges	**1,073,750**	1,350,000
Remuneration to auditors'		
- for audit	**325,000**	300,004
- for taxation matters	**75,000**	75,000
	400,000	375,004
Repair and maintenance expenses		
- for building	**-**	-
- for machinery and computers	**84,920**	59,358
- Others	**144,030**	190,283
	228,950	249,641
Insurance charges	**1,046,196**	1,169,803
Software, hardware and project specific expenses	**-**	-
Claims and warranties (net)	**-**	-
Advertisement, promotion and selling expenses	**-**	-
General office expenses	**866,252**	818,816
(Profit) / loss on sale of property, plant and equipment	**-**	-
Allowances for doubtful receivables and bad debts written off		
- Provided during the year	**-**	-
- Bad Debts written off	**-**	-
- Less: Reversed during the year	-	**-**
	-	-
Allowances for Doubtful Advances, Deposits and Advances written off		
- Provided during the year	**-**	-
- Bad Debts written off	**-**	-
-Less: Reversed during the year	**-**	-
	-	-
Donation	**-**	-
Corporate social responsibility expenditure	**-**	-
Printing and stationery	**12,322**	87,722
Service tax input credit written off	**128,374**	325,080
Foreign exchange translation loss (net)	**869,412**	338,657
Miscellaneous Expenses	**146,239**	62,922
Total	**9,187,102**	8,321,592

NOTE - 33: CURRENT TAX AND DEFERRED TAX

(a) Income-tax expense In ₹

Details	**Continuing operations**		**Discontinued operations**		**Total**	
	For the year ended March 31, 2017	For the year ended March 31, 2016	**For the year ended March 31, 2017**	For the year ended March 31, 2016	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Current Tax:						
Current income-tax charge	**3,700,800**	2,943,700	**-**	-	**3,700,800**	2,943,700
Adjustments in respect of prior years	**96,361**	-	**-**	-	**96,361**	-
Others (describe)	**-**	-	**-**	-	**-**	-
Deferred Tax						
In respect of current year origination and reversal of temporary differences	**(424,100)**	(41,500)	**-**	-	**(424,100)**	(41,500)
Deferred Tax reclassified from equity to profit and loss	**-**	-	**-**	-	**-**	-
Adustments due to changes in tax rates	**-**	-	**-**	-	**-**	-
Write down (reversal of previous write-downs) of deferred tax assets	**-**	-	**-**	-	**-**	-
Others	**-**	-	**-**	-	**-**	-
Total tax expense recognised in profit and loss account	**3,373,061**	2,902,200	**-**	-	**3,373,061**	2,902,200

(b) Income-tax on other comprehensive income In ₹

Details	**for the year ended March 31, 2017**			for the year ended March 31, 2016		
	Before Tax	**Tax (Expense) / Benefit**	**Net of Tax**	Before Tax	Tax (Expense) / Benefit	Net of Tax
Current Tax						
Revaluation of property, plant and equipment	**-**	-	**-**	-	**-**	-
Remeasurement of defiend benefit obligaitons - Employees gratuity	**(242,163)**	-	**(242,163)**	97,162	**-**	97,162
Foreign operations - Foreign currency differences	**-**	-	**-**	-	**-**	-
Net investment hedge	**-**	-	**-**	-	**-**	-
Cash flow hedges	**-**	-	**-**	-	**-**	-
FVTOCI financial assets	**-**	-	**-**	-	**-**	-
Reclassification of foreign currency differences on loss of significant influence	**-**	-	**-**	-	**-**	-
Equity accounted investee's share of OCI	**-**	-	**-**	-	**-**	-
Total	**(242,163)**	**-**	**(242,163)**	97,162	-	97,162

(i) Movement of Deferred Tax

As at March 31, 2017

In ₹

Details	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	Acquired in Business Combination	Others	Closing Balance
Tax effect of items constituting deferred tax liabilities						
Property, plant and equipment	**(184,876)**	**96,100**	**-**	**-**	**-**	**(88,776)**
Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
Investment property	**-**	**-**	**-**	**-**	**-**	**-**
	(184,876)	**96,100**	**-**	**-**	**-**	**(88,776)**
Tax effect of items constituting deferred tax assets						
Employee benefits	**1,217,686**	**247,934**	**80,066**	**-**	**-**	**1,545,686**
Equity-settled share based payments	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**-**	**-**	**-**	**-**	**-**	**-**
Other items	**-**	**-**	**-**	**-**	**-**	**-**
Carryforward tax loss	**-**	**-**	**-**	**-**	**-**	**-**
Other temporary differences (please specify)	**-**	**-**	**-**	**-**	**-**	**-**
	1,217,686	**247,934**	**80,066**	**-**	**-**	**1,545,686**
Net Tax Asset (Liabilities)	**1,032,810**	**344,034**	**80,066**	**-**	**-**	**1,456,910**

(i) Movement of Deferred Tax

As at March 31, 2016

In ₹

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Acquired in Business Combination	Others	Closing Balance
Tax effect of items constituting deferred tax liabilities						
Property, plant and equipment	(160,872)	(24,004)	-	-	-	(184,876)
Intangible assets	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
	(160,872)	(24,004)	-	-	-	(184,876)
Tax effect of items constituting deferred tax assets						
Employee benefits	1,152,182	35,481	30,023	-	-	1,217,686
Equity-settled share based payments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Other items	-	-	-	-	-	-
Carryforward tax loss	-	-	-	-	-	-
Other temporary differences (please specify)	-	-	-	-	-	-
	1,152,182	35,481	30,023	-	-	1,217,686
Net Tax Asset (Liabilities)	991,310	11,477	30,023	-	-	1,032,810

NOTES TO ACCOUNTS

NOTE - 34: IND AS 19 - EMPLOYEE BENEFITS

(a) Short term employee benefits

Employee benefits falling due wholly within twelve months of rendering the services have been classified as short term employee benefits. The cost of these benefits, like salaries, wages, compensated absences and cost of bonus for the year aggregating to In ₹. 5,67,42,208/- (Previous Year: In ₹. 5,14,96,500/-) have been accounted as an expenses and included in “Employee Benefit Expenses” in the Statement of Profit and Loss.

(b) Defined Contribution Plan

Defined contribution plan: Employees' provident fund and employees' pension schemes maintained by the Central Government under the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 are defined contribution plans. During the year the Company has contributed a sum of In ₹. 8,50,153/- (Previous Year: In ₹. 7,65,119) towards this scheme.

(c) Defined Benefit Plans:

Gratuity

The Company's obligation to pay gratuity and for compensated absences is determined based on actuarial valuation using the Projected Unit Credit Method. This method recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The Company has ascertained the liability for Gratuity payable under the Payment of Gratuity Act, 1972 through an Actuary which is in accordance with requirement of Indian Accounting Standard 19 (Revised - Employee Benefits) amounting to In ₹. 14,12,378/- (Previous Year: In ₹. 8,77,277/-).

Defined benefit plans – as per actuarial valuation report

	Particulars	**Gratuity**	
		March 31, 2017	March 31, 2016
Ia.	**Expense recognised in the Statement of Profit and Loss for the year ended 31st March:**		
1.	Current service cost	**1,068,182**	939,060
2.	Interest cost	**-**	-
Ib.	**Included in other Comprehensive Income**		
1.	Return on plan assets	**-**	-
2.	Actuarial (Gain)/Loss on account of :		
	- Financial Assumptions (Assumption Changes)	**159,840**	24,838
	- Experience Adjustments	**82,323**	(122,000)
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**		
1.	Present value of defined benefit obligation as at 31st March	**(2,737,488)**	(1,325,110)
2.	Fair value of plan assets as at 31st March	**-**	-
3.	Surplus/(Deficit)	**(2,737,488)**	(1,325,110)
4.	Current portion of the above	**(9,947)**	(5,745)
5.	Non current portion of the above	**(2,727,541)**	(1,319,365)
II.	**Change in the obligation during the year ended 31st March**		
1.	Present value of defined benefit obligation at the beginning of the year	**1,325,110**	447,833
2.	Expenses Recognised in Profit and Loss Account		
	- Current Service Cost	**1,068,182**	939,060
	- Past Service Cost		-
	- Interest Expense (Income)	**102,033**	35,379

Particulars		Gratuity	
		March 31, 2017	March 31, 2016
3.	Recognised in Other Comprehensive Income		
	- Actuarial Gain (Loss) arising from:		
i.	Demographic Assumptions		
ii.	Financial Assumptions (Assumption Changes)	**159,840**	24,838
iii.	Experience Adjustments	**82,323**	(122,000)
4.	Benefit payments		
5.	**Present value of defined benefit obligation at the end of the year**	**2,737,488**	1,325,110
III.	**Change in fair value of assets during the year ended 31st March**		
1.	Fair value of plan assets at the beginning of the year	**-**	-
2.	Expenses Recognised in Profit and Loss Account	**-**	-
3.	Recognised in Other Comprehensive Income	**-**	-
	- Actual Return on plan assets in excess of the expected return	**-**	-
4.	Contributions by employer (including benefit payments recoverable)	**-**	-
5.	Benefit payments	**-**	-
6.	Fair value of plan assets at the end of the year	**-**	-
IV.	**Actuarial assumptions**		
1.	Discount rate	**7.00%**	7.70%
2.	Expected rate of return on plan assets	**7 years**	7 years
3.	Attrition rate	**11.00%**	11.00%

NOTE - 35: IND AS 17 - LEASES

In ₹

Particulars	**As at March 31, 2017**	As at March 31, 2016

Details of leasing arrangements

As Lessee

Operating Lease

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 5 years and may be renewed for a further period at rthe end of the leased period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% every year.

Future Non-Cancellable minimum lease commitments	**6,988,812**	8,341,050
not later than one year	**2,602,971**	2,433,123
later than one year and not later than five years	**4,385,841**	5,907,927
later than five years	**-**	-
Expenses recognised in the Statement of Profit and Loss	**2,528,979**	2,132,448
Liabilities in respect of Operating Leases		
Onerous Lease contracts		
Current	**2,602,971**	2,433,123
Non-Current	**4,385,841**	5,907,927

NOTE - 36: IND AS 108 - OPERATING SEGMENTS

The Company's business activity falls within a single primary business segment, viz. software development and support services.

Geographical segments

The Company operates only from India and provides services only to its holding company, overseas.

Fixed assets and additions thereto, both, tangible and intangible, are located within India only.

NOTE - 37: IND AS 24 - RELATED PARTY DISCLOSURE

Name of the parent Company	FixStream Networks Inc., USA (Holding Company)
Key management personnel	Mr. Abhinay Padhye, Director
	Mr. Suhas Phadke, Director

Details of transaction between the Company and its related parties are disclosed below: In ₹

Particulars	**FixStream Networks Inc. USA**		**Key mgt. personnel**	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
Unsecured loan taken / (repaid)	**-**	-	**-**	-
Software development services provided	**81,650,305**	74,517,333	**-**	-
Remuneration to directors'	**-**	-	**9,681,816**	9,739,202
Re-imbursement of expenses paid / (received)	**-**	(350,679)	**243,254**	439,917

Amount due to / from related parties as at Balance Sheet date In ₹

Particulars	**FixStream Networks Inc. USA**		**Key mgt. personnel**	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
Other current liabilities	**-**	-	**-**	-
Trade receivables	**14,957,746**	532,653	**-**	-
Expense re-imbursements payable	**-**	-	**13,891**	-
Directors' remuneration payable	**-**	-	**588,798**	537,340

NOTE - 38: IND AS 33 - EARNINGS PER SHARE

In ₹

Particulars	**As at March 31, 2017 Per Share**	As at March 31, 2016 Per Share
Basic Earnings per share		
From continuing operations	**388.86**	381.33
From discontinuing operations	**-**	-
Total basic earnings per share	**388.86**	381.33
Diluted Earnings per share		
From continuing operations	**388.86**	381.33
From discontinuing operations	**-**	-
Total diluted earnings per share	**388.86**	381.33

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Profit / (loss) for the year attributable to owners of the Company	**6,613,399**	6,485,224
Less: Preference dividend and tax thereon	**-**	-
Profit / (loss) for the year used in the calculation of basic earnings per share	**6,613,399**	6,485,224
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**-**	**-**
Profits used in the calculation of basic earnings per share from continuing operations	**6,613,399**	6,485,224
Weighted average number of equity shares	**17,007**	17,007
Earnings per share from continuing operations - Basic	**388.86**	381.33

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

In ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Profit / (loss) for the year used in the calculation of basic earnings per share	**6,613,399**	6,485,224
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**-**	-
Profit / (loss) for the year used in the calculation of diluted earnings per share	**6,613,399**	6,485,224
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**-**	-
Profits used in the calculation of diluted earnings per share from continuing operations	**6,613,399**	6,485,224

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

In ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**17,007**	17,007
Add: Effect of Warrants,	**-**	-
ESOPs	**-**	-
Convertible bonds	**-**	-
Others if any	**-**	-
Weighted average number of equity shares used in the calculation of Diluted EPS	**17,007**	17,007

NOTE - 39: IND AS 37 - PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

In ₹

Contingent liabilities (to the extent not provided for)	**As at March 31, 2017**	As at March 31, 2016
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**-**	-
(b) Guarantees	**-**	-
(c) Other money for which the Company is contingently liable	**-**	-
Contingent liabilities incurred by the Group arising from its interests in a joint venture	**-**	-
Contingent liabilities incurred by the Group arising from its interests in associates	**-**	-
Group's share of associates' contingent liabilities	**-**	-
Group's share of joint ventures' contingent liabilities	**-**	-

In ₹

Particulars	**As at March 31, 2017**	As at March 31, 2016
Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**-**	-
(b) Uncalled liability on shares and other investments partly paid	**-**	-
(c) Other commitments (specify nature)	**-**	-

NOTE - 40: ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016

In ₹

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	**-**	**1,892**	**1,892**
Add: Permitted receipts	**-**	**67,500**	**67,500**
Less: Permitted payments	**-**	**69,251**	**69,251**
Less: Amount deposited in banks	**-**	**-**	**-**
Closing cash in hand as on 30.12.2016	**-**	**141**	**141**

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 In ₹

Particulars	**March 31, 2017**	March 31, 2016
(i) Principal amount remaining unpaid to MSME suppliers as on	**-**	-
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**-**	-
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**-**	-
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**-**	-
(v) The amount of interest accrued and remaining unpaid as on	**-**	-
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**-**	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Earnings in foreign exchange	March 31, 2017	March 31, 2016
		In ₹
Software Development Services	**81,650,305**	**74,517,333**
Royalty, know-how, professional and consultation fees	**-**	**-**

Imports

During the period, the company did not import any capital goods, components and spare parts.

Expenditure incurred in foreign currency (reported on accrual basis) - NIL (Previous Year: NIL)

Transfer pricing

The Company has undertaken necessary steps to comply with the transfer pricing regulations of the Income Tax Act, 1961. The Management is of the opinion that the international transactions are at arm's length and, hence, the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Confirmation of balances

No independent confirmation of balances have been received from creditors and therefore, the amounts reported in the Balance Sheet are those which are reflected in the Company's books of accounts.

Previous period's figures

The previous period's figures have been re-grouped / re-classified, wherever necessary, to conform to the current period's presentation.

NOTE - 41: IND AS 101 - FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for the year ending on or after March 31, 2017, together with the comparative period data as at and for the period ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the period ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

1. Cumulative currency translation differences for all foreign operations are deemed to be zero as at April 01, 2015.

Estimates

The estimates at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies).

A.1 Effect of Ind AS adoption for Balance Sheet

The effect of the company's transition to IND AS is summarized in this note as follows:

(i) Transition elections;

(ii) Reconciliation of equity and P&L as previously reported under Indian GAAP to IND AS;

(i) Transition elections

The company has applied the following transition exceptions and exemptions to full retrospective application of IFRS:

Particulars	As described in note
Employee benefits – treatment of actuarial gains and losses	Note - 34
Employee benefits – comparative period disclosures	Note - 34

(ii) Reconciliation of equity and P&L as previously reported under Indian GAAP to IND AS

Particulars	Notes	As at 01/04/2015 (Date of Transition)	As at 31/03/2016 (end of last year presented under previous GAAP)
Equity as reported under previous GAAP		**5,024,130**	**11,509,354**
Ind AS: Adjustments increase (decrease):			
Employee future benefits – actuarial gains and losses	**Note - 34**	**-**	**-**
Deferred income-tax	**Note - 33**	**-**	**-**
Others (please specify)		**-**	**-**
Equity as reported under IND AS		**5,024,130**	**11,509,354**

Reconciliation of profit

Particulars	Year ended 31 March, 2016 latest year presented under previous GAAP)	
	Notes	**Profit before Tax**
Previous GAAP		**9,387,424**
Ind AS: Adjustments increase (decrease):		
Employee future benefits – actuarial gains and losses (Net of Tax)	**Note - 34**	**-**
Deferred Income-tax	**Note - 33**	**-**
Total adjustment to profit or loss		**9,387,424**
Profit or loss under Ind AS		**-**
Other comprehensive income		**-**
Total comprehensive income under Ind ASs		**-**

As per my Report of even date

for and on behalf of the Board
QUEXA SYSTEMS PRIVATE LIMITED

RICHA KHETAWAT
Chartered Accountant
Membership No.: 416333
Place: Bengaluru
Date:

ABHINAY PADHYE
Director
DIN: 06699864
Place:
Date:

SUHAS PHADKE
Director
DIN: 07380656
Place:
Date:

MAHINDRA TECHNOLOGIES SERVICES INC

Board of Directors

Mr. Arvind Malhotra
Mr. Lakshmanan Chidambaram

RegisteredOffice

101 W Big Beaver,
14th Floor,
Troy,
Michigan 48084

Bankers
Chase Bank

Auditors

Ram Associates

REPORT OF THE DIRECTORS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

Financial Results:

For the year ended March 31,	**2017 US $**	2016 US $
Income	**1,293,144**	4,681,062
Profit/(Loss) before tax	**(307,879)**	242,130
Profit/(Loss)after tax	**(265,188)**	166,689

Review of the operations:

During the year under review, your company recorded an income of US $ 1,293,144 a decrease of 72.37% over the previous year. The drop in revenue was an account of novation of contracts and transfer of employees to one of the Group companies in US. Loss after tax for the current year was US$ 265,188 as against profit of US$ 166,689 compared to the previous year.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Arvind Malhotra
Director

Place: Michigan

Date: 3rd May, 2017

INDEPENDENT AUDITOR'SREPORT

To the Board of Directors and Stockholders of Mahindra Technologies Services Inc

We have audited the accompanying financial statements of Mahindra Technologies Services Inc (a Michigan Corporation), which comprise the balance sheets as of March 31, 2017 and March 31,2016, and the related statements of income, retained earnings, and cash flows for the year ended March 31, 2017 and year ended March 31, 2016, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mahindra Technologies Services as of March 31, 2017 and March 31, 2016, and the results of its operations and its cash flows for the year ended March 31, 2017 and year ended March31,2016 in accordance with accounting principles generally accepted in the United States of America.

Ram Associates

Hamilton, NJ

April 28, 2017.

BALANCE SHEETS AS AT MARCH 31,

	2017	2016
	$	$
ASSETS		
Current assets:		
Cash	**688,213**	590,860
Accounts receivable	**535,188**	1,693,654
Other current assets	**27,047**	46,798
Total current assets	**1,250,448**	2,331,312
Deferred tax assets	**51,153**	1,899
Fixed assets, net	**-**	18,266
Security deposit	**4,324**	4,324
TOTAL ASSETS	**1,305,925**	2,355,801
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	**182,531**	127,219
Deferred tax liabilities	**-**	-
Total current liabilities	**182,531**	127,219
Stockholder's equity:		
Common Stock - $10 per share par value - 1,000,000 shares authorized, 105,000 shares issued and outstanding	**1,050,000**	1,050,000
Retained earnings	**73,394**	1,178,582
Total stockholder's equity	**1,123,394**	2,228,582
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**1,305,925**	2,355,801

For MAHINDRA TECHNOLOGIES SERVICES INC.

Arvind Malhotra
Director

Lakshmanan Chidambaram
Director

STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31,

	2017	2016
	$	$
Net revenue	**1,293,144**	4,681,062
Cost of revenue	**1,112,586**	3,967,663
Gross income	**180,558**	713,399
Operating expenses :		
Selling, general and administration expenses	**482,637**	455,868
Income before other income /(expense)	**(302,078)**	257,531
Interest income		-
Loss on sale of assets	**(361)**	-
Depreciation	**(5,439)**	(15,401)
Income before income tax benefit/(expense)	**(307,879)**	242,130
Income tax benefit/(expense)	**42,691**	(75,441)
Net income	**(265,188)**	166,689

For MAHINDRA TECHNOLOGIES SERVICES INC.

Arvind Malhotra
Director

Lakshmanan Chidambaram
Director

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY/(DEFICIENCY) FOR THE YEARS ENDED MARCH 31,

	Common stock		Retained	Total
	Shares	Amount	earnings/ (deficit)	stockholder's equity/ (deficiency)
Balance at March 31, 2015	**105,000**	**1,050,000**	**1,011,893**	**2,061,893**
Net income			166,689	166,689
Balance at March 31, 2016	**105,000**	**1,050,000**	**1,178,582**	**2,228,582**
Dividends			(840,000)	(840,000)
Net income			(265,188)	(265,188)
Balance at March 31, 2017	**105,000**	**1,050,000**	**73,394**	**1,123,394**

For MAHINDRA TECHNOLOGIES SERVICES INC.

Arvind Malhotra
Director

Lakshmanan Chidambaram
Director

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31,

	2017	2016
	$	$
Cash flow from operating activities		
	-	
Net income	**(265,188)**	166,689
Adjustments to reconcile net income to net cash provided by/(used in) operating activities		
Depreciation	**5,439**	15,401
Loss / (Gain) on sale of assets	**361**	-
Deferred taxes	**(49,254)**	(23,575)
Changes in assets and liabilities		
(Increase) / Decrease in accounts receivable	**1,158,466**	(123,778)
(Increase) / Decrease in other current assets	**19,751**	(15,533)
Increase / (Decrease) in accounts payable and accrued expenses	**55,312**	(248,801)
Total adjustments	**1,190,075**	(396,286)
Net cash provided by /(used in) operating activities	**924,887**	(229,597)
Cash flow from investing activities		
Sale of assets	**12,466**	-
Net cash provided by /(used in) investing activities	**12,466**	-
Cash flow from financing activities		
Increase/(Decrease) in inter-company payables		-
Dividend	**(840,000)**	-
Net cash provided by/(used in) financing activities	**(840,000)**	-
Net increase /(decrease) in cash	**97,353**	(229,597)
Cash at the beginning of the year	**590,860**	820,457
Cash at the end of the year	**688,213**	590,860
Supplementary disclosures of cash flows information		
Cash paid during the years-		
Interest	**-**	-
Income taxes	**-**	116,120

For MAHINDRA TECHNOLOGIES SERVICES INC.

Arvind Malhotra
Director

Lakshmanan Chidambaram
Director

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017

1) ORGANIZATION AND DESCRIPTION OF BUSINESS

Mahindra Technologies Services Inc, “the Company” was incorporated under the laws of the State of Michigan on June 04, 2009 for the purpose of providing Information Technology enabled engineering services that envelope CAD, CAE, e-Engineering and software engineering solutions for automotive, aerospace and manufacturing industries. On October 31, 2014, Mahindra Engineering Services Limited (“MESL”) the holding company has merged with Tech Mahindra Limited. Consequently Mahindra Technologies Services Inc. is now a 100% subsidiary of Tech Mahindra Limited (“TML”).

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”); consequently, revenue is recognized when services are rendered rather than when received. Expenses and purchase of assets are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that the management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the consolidated financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based on such periodic evaluations.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of highly liquid investments with maturities of three months or less from the date of purchase.

Accounts Receivable

The Company extends credit to clients based upon management’s assessment of their creditworthiness on an unsecured basis. The Company provides an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. The allowances for uncollectible accounts as of March 31, 2017 and 2016 were $ 324,000 and $ Nil, respectively.

Revenue Recognition

The Company recognizes revenue in accordance with the SEC’s Staff Accounting Bulletin Topic 13 (“Topic 13”), “Revenue Recognition.” Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller’s price to buyer is fixed and determinable, and (4) collectability is reasonably assured.

Revenues are primarily derived from professional services under time and materials contracts, which are recognized in the period in which services are provided.

Revenue related to services performed without a signed agreement or work order are not recognized until there is evidence of an arrangement, such as when agreements or work orders are signed or payment is received; however, the cost related to the performance of such work is recognized in the period the services are rendered.

For all services, revenue is recognized when, and if, evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability is assured. Unbilled accounts receivable represents amounts recognized as revenue based on services performed in advance of customer billings. As of March 31, 2017 and 2016, the Company had unbilled accounts receivable of $ NIL and $ 159,234 respectively.

Revenues related to fixed price contracts for professional services are recognized using a model that is similar to the proportional performance method. Anticipated losses are recognized when they become known. Revisions in estimated profits are made in the month in which the circumstances requiring the revision become known.

Concentrations

The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash and accounts receivable. The Company maintains its cash in bank accounts, which, sometimes, exceed federally insured limits.

The Company has not experienced any losses in such accounts. The Company believes it is not exposed to significant credit risk on cash. Concentration of credit risks with respect to accounts receivable are limited because of the credit worthiness of the Company's major customers. Revenue from the Company's major two customers accounted for 98% and 96% of the Company's net sale for the years ended March 31, 2017 and 2016, respectively, and the accounts receivable from the same major two customers were 100% and 81% as of March 31, 2017 and 2016, respectively.

Property and Equipment

The Company computes depreciation of all tangible fixed assets including for assets taken on lease using the straight line method based on estimated useful life. Management's estimate of the useful life of tangible and intangible assets is as follows:

Computers	3 years
Plant and Equipment	3 to 5 years
Furniture and Fixtures	5 years
Vehicles	5 years

The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use. Project specific intangible assets are amortized over their estimated useful lives on a straight line basis or over the period of the license, whichever is lower.

At March 31, 2017 and 2016 property and equipment consisted of the following:

	March 31, 2017	March 31, 2016
Computers	-	42,796
Office equipment	-	10,060
Furniture	-	88,701
Software	-	2,647
	-	144,204
Less: Accumulated depreciation	-	125,938
Fixed assets, net	-	18,266

The Company charges repairs and maintenance costs that do not extend the lives of the assets to expenses as incurred.

The depreciation and amortization expenses were $ 5,439 and $ 15,401 for the years ended March, 31, 2017 and 2016, respectively.

Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

3) RELATED PARTY

Mahindra Technologies Services Inc is a 100% owned subsidiary of Tech Mahindra Limited ("Parent Company"). Mahindra and Mahindra Limited, ("Promoter Group") has ownership interest in Tech Mahindra Limited.

During the years ended March 31, 2017 and 2016 the Company received goods and services worth of $7,382 and $27,212 respectively, from the Parent Company. The Company during the years ended March 31, 2017 and 2016 provided services worth $ NIL and $ NIL to the Promoter Group.

As of March 31, 2017 and 2016, the Company had a payable balance of $ Nil and $ 8,401, respectively, to the Parent Company. The Company had a receivable balance of $324,000 and $324,000 from the Promoter Group as of March 31, 2017 and 2016 respectively.

During the years ended March 31, 2017 and 2016 the company provided services worth $ 1,298,353 and $ Nil respectively to Tech Talenta Inc , a related party.

During the years ended March 31, 2017 and 2016 the company has received services worth $ 1,111,854 and $ Nil respectively from Tech Talenta Inc , a related party.

As of March 31, 2017 and 2016, the Company had a payable balance of $ 111,854 and $ Nil , respectively, to the Tech Talenta Inc. The Company had a receivable balance of $535,188 and $Nil from Tech Talenta Inc as of March 31, 2017 and 2016 respectively.

4) LITIGATION AND CONTIGENCIES

The Company does not have any knowledge of any involvement in legal proceedings, either of which the Company has initiated or has been brought against it. The Company's liabilities have been reported on the balance sheet and have no knowledge of any further liabilities or contingencies.

5) INCOME TAX

Income taxes have been provided for using an assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available evidence, it is not "more-likely-than-not" that a portion of the deferred tax assets will not be realized.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The differences relate primarily to depreciable assets (using accelerated depreciation methods) and net operating losses carryovers.

Income tax expense (benefit) was computed as follows:

	March 31, 2017	March 31, 2016
Property and equipment	**816**	(1,004)
Provision for doubtful debts	**48,600**	Nil
Other Provisions	**298**	Nil
Deferred rent expense	**1,439**	2,903
Total Deferred income taxes	**51,153**	1,899

Income tax expense (benefit) was computed as follows:

	March 31, 2017	March 31, 2016
Federal income tax	**4,739**	85,540
State income tax	**1,824**	13,476
Total income taxes, current provision	**6,563**	99,016
Deferred income taxes (benefit)	**(49,254)**	(23,575)
Total (benefit)/expense	**(42,691)**	75,441

The Company's effective tax rate for the years ended March 31, 2017 and 2016 were (13.87)% and 31.15%, respectively. The future effective income tax rate depends on various factors, such as the Company's income (loss) before taxes, tax legislation and the geographic composition of pre-tax income.

The Company's tax returns for last three years are subject to examination by federal and state taxing authorities following the date of filing.

7) NEW ACCOUNTING PRONOUNCEMENTS

i) On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. It is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017 including interim periods within those fiscal years. Earlier adoption is permitted.

ii) In January 2017, the FASB issued Accounting Standards Update No. 2017-01, clarifying the Definition of a Business, which clarifies and provides a more robust framework to use in determining when a set of assets and activities is a business. The amendments in this update should be applied prospectively on or after the effective date. This update is effective for annual periods beginning after December 15, 2017, and interim periods within those periods. Early adoption is permitted for acquisition or deconsolidation transactions occurring before the issuance date or effective date and only when the transactions have not been reported in issued or made available for issuance financial statements. The Company does not expect the adoption to have any significant impact on its Financial Statements.

iii) In January 207, the FASB issued ASU No. 2017-04, simplifying the Test for Goodwill impairment. Under the new standard, goodwill impairment would be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017.

8) LEASE COMMITMENTS

The Company has entered into an office lease expiring through December 2017. Accounting principles generally accepted in the United States, require the recognition of rental expense in financial statements on a level basis over the term of the lease. In order to recognize rent expense ratably over the term of the lease, management has accrued additional rent expense of approximately $9,594 in operations. The future minimum rental payments under the lease agreement are as follows:

For the Period ended March 31,	
2018	**62,752**
Total	**62,752**

For the years ended March 31, 2017 and 2016, rent expenses were $ 53,494 and $ 73,524 respectively.

9) SUBSEQUENT EVENTS

For the year ended March 31, 2017, the Company has evaluated subsequent events for potential recognition and disclosure through April 28, 2017, the date the financial statements were available for issuance.

The Board of Tech Mahindra Ltd and Tech Mahindra (Americas) Inc.(TMA), have approved the proposal to sell and buy the shares respectively subject to applicable regulatory approvals in India, post transfer of the shareholding the company is to amalgamate with TMA. Currently, the regulatory approval is awaited.

Other than above, no reportable subsequent events have occurred through April 28, 2017 which would have a significant effect on the financial statements as of March 31, 2017 except as otherwise disclosed.

MAHINDRA ENGINEERING SERVICES (EUROPE) LIMITED

Board of Directors

Mr. Arvind Naval Kishore Malhotra
Mr. Vikram Narayanan Nair

Registered Office

Attrium Court,
The Ring,Bracknell,
Berkshire. RG12 1BW

Bankers

HSBC Limited

Auditors

Lipson & Co. Ltd.

REPORT OF THE DIRECTORS

Your Directors present their seventeenth report with the financial statements of the Company for the year ended 31st March, 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was to provide I.T. services for the automotive industries.

REVIEW OF BUSINESS

The results for the year under review and financial position of the company are as follows:

For the year ended March 31,	**2017 £**	2016 £
Income	**1,484,708**	3,329,820
Profit/(Loss) before tax	**(30,276)**	550,965
Profit/(Loss) after tax	**(30,276)**	(260,672)

DIVIDEND

Keeping in mind the funding requirements for growth of the Company, no dividend is recommended for the year ended 31st March2017.

OPERATIONS

The revenue of the Company has come down, as compared with the previous years.

HOLDING COMPANY

The Company's immediate parent Company is Tech Mahindra Limited, a company incorporated in India.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable laws and regulations. The Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Profit or Loss of the Company for that period. In preparing these financial statements, the Directors are required to:

select suitable accounting policies and then apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is in appropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE BOARD:

Vikram Narayanan Nair

Director

Date : 3rd May, 2017
Place: Berkshire

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Shareholders of Mahindra Engineering Services (Europe) Ltd Year ended 31 March 2017

We have audited the financial statements of Mahindra Engineering Services (Europe) Ltd for the year ended 31 March 2017 which comprises the statement of income and retained earnings, statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MYRON LIPSON FCCA (Senior Statutory Auditor)

For and on behalf of Lipson & Co Ltd

Chartered Certified Accountants & Statutory Auditors

3RD Floor, 210 South Street, Romford, Essex, RM1 1TG

28 April 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	Mar-17	Mar-16
		£	£
Fixed Assets	6	**-**	-
Curent Assets			
Loan & Advances	7	**5,974,528**	4,774,189
Debtors	7	**563**	506,211
Cash at Bank		**171,623**	1,595,672
		6,146,714	6,876,072
Creditors: amounts falling due within one year	8	**4,116,424**	4,815,506
Net current assets		**2,030,290**	2,060,566
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,030,290**	2,060,566
CAPITAL AND RESERVES			
Share Capital	9	**65,000**	65,000
Reserves	12	**1,965,290**	1,995,566
		2,030,290	2,060,566
		-	-

The financial statements were approved by the Board of Directors on 28th April 2017 and were signed on its behalf by:

Arvind Naval Kishore Malhotra
Director

Vikram Narayanan Nair
Director

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**Year Ended Mar-17 £**	Year Ended Mar-16 £
TURNOVER		**1,484,708**	3,329,820
Cost of sales		**2,356,803**	2,656,414
GROSS PROFIT		**(872,095)**	673,406
Administrative expenses		**(730,429)**	163,161
OPERATING PROFIT		**(141,666)**	510,245
Interest receivable and other income		**111,390**	40,720
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(30,276)**	550,965
Tax on profit on ordinary activities	5	**-**	110,403
		(30,276)	440,562
Provision for diminuition in Investment		**-**	(701,234)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		**(30,276)**	(260,672)
(Loss)/Proft For the Year		**(30,276)**	(260,672)
Rendered Profit Brought forward		**1,995,566**	2,256,238
RETAINED PROFIT CARRIED FORWARD		**1,965,290**	1,995,566

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous period.

For and on behalf of Board of Directors

Arvind Naval Kishore Malhotra – Director Vikram Narayanan Nair - Director

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Year Ended Mar-17 £	Year Ended Mar-16 £
Sales - Services	**1,484,708**	3,329,820
Cost of sales		
Technical Services	**1,533,178**	1,510,039
Salaries	**(60)**	1,045,941
Employers NI	**-**	79,211
Employers Pension Contributions	**-**	196
Internet Charges	**9,258**	21,027
Training Costs	**814,427**	-
	2,356,803	2,656,414
Gross Profit	**(872,095)**	673,406
Other Income	**-**	-
Interest Income	**111,390**	40,720
	(760,705)	714,126
Less: Expenses		
Telephone	**4,023**	5,843
Travelling & Subsistence	**18,503**	27,059
Motor expenses	**-**	133
Software	**-**	-
Advertising	**-**	-
Welfare Expenses	**-**	464
Audit & Accountancy	**13,500**	11,500
Legal & Professional	**500**	438
Entertainment	**611**	2,746
Rent,rates	**6,856**	8,010
Insurance	**836**	289
Bank Charges	**81,696**	27,730
Postage & Stationery	**171**	729
Exchange Loss/(Gain)	**(857,275)**	(62,680)
Repairs and Renewals	**150**	26
Equipment Hire	**-**	-
Marketing Costs	**-**	137,306
Donations	**-**	3,568
	(730,429)	163,161
(Loss)/Profit before Depreciation	**(30,276)**	550,965
Less:Depreciation		
Provision for dimunition in Investment	**-**	701,234
(Loss)/Profit for the period before taxation	**(30,276)**	(150,269)
Corporation Tax	**-**	110,403
(Loss)/Profit for the period after taxation	**(30,276)**	(260,672)

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

		Year Ended Mar-17 £	Year Ended Mar-16 £
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit/(Loss) before taxation	**(30,276)**	(150,269)
	Adjustment for:		
	Depreciation/Amortisation	**-**	-
	Interest Income	**(111,390)**	(40,720)
	Interest and Finance Charges	**-**	-
	Loss on sale of Fixed assets	**-**	-
	Provision for Diminution of investment	**-**	701,234
		(111,390)	660,514
	Operating Profit before Working Capital changes	**(141,666)**	510,245
	Changes in:		
	Trade and other receivables	**(694,691)**	(4,264,613)
	Trade and other payables	**(638,680)**	4,243,073
		(1,333,371)	(21,540)
	Cash Generated from Operations	**(1,475,037)**	488,705
	Income Taxes Paid (Net of Refunds)	**(60,402)**	(110,544)
	NET CASH FROM OPERATING ACTIVITIES	**(1,535,439)**	378,161
	CASH FLOW FROM INVESTING ACTIVITIES:		
B.	**Purchase of fixed assets**	**-**	-
	Sale of fixed assets	**-**	-
	Purchase of Investments	**-**	-
	Sale of Current Investments	**-**	-
	Interest received / Profit on sale of Investment	**111,390**	40,720
	Loss on sale of Fixed assets		
	NET CASH USED IN INVESTING ACTIVITIES	**111,390**	40,720
	CASH FLOW FROM FINANCING ACTIVITIES:		
	Net Increase/(decrease) in cash and cash Equivalents	**(1,424,049)**	418,881
	Opening Balance	**1,595,672**	1,176,791
	Closing Balance	**171,623**	1,595,672

For and on behalf of Board of Directors

Arvind Naval Kishore Malhotra – Director Vikram Narayanan Nair - Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The year ended 31 March 2016 is the first year that Financial Reporting Standard 102 applied to the company. There are no material restatements to be made in either the current or preceding year as a result of this change in United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), therefore no restated figures or reconciliations have been provided in these financial statements.

Financial reporting standard 102 - reduced disclosure exemptions

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

• the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents sales of services provided in the normal course of business. Turnover has been measured at the fair value of consideration received, excluding discounts, rebates, value added tax, and other sales taxes or duties.

Depreciation / amortisation of fixed assets:

The company computes depreciation of all tangible fixed assets including for assets taken on lease using Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computers	3 years
Plant and Equipment	3 to 5 years
Furniture and Fixtures	5 years
Vehicles	5 years
Office Equipments	5 years

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company, all of which is derived in the UK.

	Year Ended Mar-17 £	Year Ended Mar-16 £
3. STAFF COSTS		
Wages and salaries	**(60)**	1,045,941
Social security costs	**-**	79,211
Other pension costs	**-**	196
	(60)	1,125,348

The average monthly number of employees during the year was as follows:

	Year Ended Mar-17	Year Ended Mar-16
Administrative	**-**	1
Direct costs	**-**	44
	-	45

4. OPERATING LOSS

The operating loss/profit is stated after charging:

	Year Ended Mar-17 £	Year Ended Mar-16 £
Depreciation	**-**	-
Auditors' remuneration	**8,000.00**	8,000
Foreign exchange differences	**(857,275)**	(62,680)
Directors' remuneration	**-**	-

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	Year Ended Mar-17 £	Year Ended Mar-16 £
Current tax:		
UK corporation tax	**-**	110,403
Previous year tax	**-**	-
Tax on profit on ordinary activities	**-**	110,403

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

(Loss)/Profit on ordinary activities before tax	**(30,276)**	(150,269)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016-20%)	**(6,055)**	(30054.00)
Effects of:		
Non deductible expenses	**122**	140796
Depreciation add back	**-**	
Capital allowances	**(278)**	(339)
Tax losses carried forward	**6,211**	
Current tax charge	**-**	110,403

6. TANGIBLE FIXED ASSETS

	Computer Software	Computer equipment £	Total £
COST			
At 1 April 2016 and 31st March 2017	**18,958**	**34,634**	**53,592**
DEPRECIATION			
At 1 April 2016			
At 31st March 2017	**18,958**	**34,634**	**53,592**
NET BOOK VALUE			
At 31st March 2017	**-**	**-**	-
At 31st March 2016	**-**	-	-

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year Ended Mar-17 £	Year Ended Mar-16 £
Trade debtors	**1**	501,599
Other debtors	**562**	4,612
Amounts owed by group undertakings	**5,974,528**	4,774,189
	5,975,091	5,280,400

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year Ended Mar-17 £	Year Ended Mar-16 £
Amounts owed to group undertakings	**4,120,457**	4,788,788
Provision for Tax	**(20,000)**	40,402
Social security and other taxes	**-**	53
VAT	**(590)**	(24,797)
Trade Creditors	**1**	1,632
Other Creditors	**7,227**	6
Accrued expenses	**9,329**	9,422
	4,116,424	4,815,506

9. CALLED UP SHARE CAPITAL

Authorised: Number:	Class	Nominal value	Year Ended Mar-17 £	Year Ended Mar-16 £
1,000,000	Ordinary	**£ 1**	**1,000,000**	1,000,000

Allotted, issued and fully paid: Number:	Class	Nominal value	2017 £	2016 £
65,000	Ordinary	**£ 1**	**65,000**	65,000

10. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking of the company is Tech Mahindra Limited, a listed company incorporated in India. Tech Mahindra Limited is the parent undertaking of the smallest and largest group respectively of which Mahindra Engineering Services (Europe) Limited is a member and for which group financial statements are produced.

11. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in FRS 102 paragraph 33.1A from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

At the balance sheet date, the amount due to Tech Mahindra Limited amounted to £4,120,457 (2016 - £4,788,788).

At the balance sheet date, £4,954,745 (2016- £3,773,281) was owed by Sofgen Holdings Limited, a fellow subsidiary undertaking incorporated in Cyprus.

At the balance sheet date, £1,019,783(2016- £ 1,000,907) was owed by Nth Dimension Limited , a fellow subsidiary undertaking incorporated in UK.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year Ended Mar-17 £	Year Ended Mar-16 £
Profit for the financial year	**(30,276)**	-260,672
Net addition to shareholders' funds	**(30,276)**	-260,672
Opening shareholders' funds	**2,060,566**	2,321,238
Closing shareholders' funds	**2,030,290**	2,060,566

Figures for the previous year have been regrouped / rearranged wherever necessary.

LIGHTBRIDGE COMMUNICATIONS CORPORATION

Board of Directors

Mr. Manish Vyas
Mr. Ashish Tikhe

Registered Office

1934 Old Gallows Rd,
#410, Vienna VA 22182

Bankers
Citi Bank
J P Morgan

Auditors
Grant Thornton India LLP

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2017.

Financial Results (US$)

For the year ended March 31,	**2017 US $**	2016 US $
Income	**308,336**	412,585
Profit/(Loss) before tax	**(44,510)**	1,717
Profit/(Loss)after tax	**(41,168)**	10,466

Review of Operations:

During the year under review, the Company recorded an income of US$ 308,336. Loss after tax was (41,168). This is mainly due to one off costs of restructuring loss making businesses of the company The Company continues to invest in strengthening its operations and administrative infrastructure to support anticipated growth in the coming years.

Dividends:

During the year under review, no dividend is recommended for the year ended 31st March, 2017.

Directors:

Mr. Manish Vyas, and Mr. Ashish Tikhe are the members of the Board of Directors.

Outlook for the current year:

Business has been encouraging in US and the Company is cautiously optimistic of the future.

Acknowledgements:

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Manish Vyas
Director

Place: Dallas

Date : May 22, 2017

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lightbridge Communications Corporation

We have audited the accompanying consolidated financial statements of Lightbridge Communications Corporation (a Delaware corporation) and subsidiaries which comprise the consolidated balance sheets as of March 31, 2017 and 2016 and the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of LCC Acquisition Holdings BV (Leadcom Group), a wholly-owned subsidiary, which statements reflect total assets constituting $133.34 million and $142.81 million of consolidated total assets as of March 31, 2017 and 2016, respectively, and total revenues of $112.44 million and $142.34 million of consolidated total revenues for the year ended March 31, 2017 and 2016, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Leadcom Group, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lightbridge Communications Corporation and subsidiaries as of March 31, 2017 and 2016, and the results of their operations and their cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton India LLP

Place: Mumbai, India

Date: May 22, 2017

CONSOLIDATED BALANCE SHEETS
(all amounts in thousands, except per share data)

	Notes	March 31, 2017 $	March 31, 2016 $
Assets			
Current assets			
Cash and cash equivalents		**52,514**	31,513
Restricted cash		**3,675**	4,010
Receivables, net of allowance for doubtful accounts of $649 and $796	3	**58,234**	69,705
Unbilled receivables, net		**65,560**	90,505
Prepaid expenses and other current assets		**22,131**	27,607
Due from related parties		**11,303**	16,101
Deferred income taxes		**2,103**	574
Total current assets		**215,520**	240,015
Non-current assets			
Property and equipment, net	4	**15,157**	20,940
Deferred income tax assets		**6,975**	3,461
Goodwill	5	**3,443**	3,443
Other intangibles, net	5	**24,496**	29,204
Investments in affiliates	12	**766**	1,144
Other assets		**877**	2,620
Total assets		**267,234**	300,827
Liabilities and shareholders' equity			
Current liabilities			
Lines of credit	6	**104,450**	100,961
Note payable	6	**23,756**	24,959
Accounts payable		**16,903**	32,347
Accrued expenses		**20,264**	21,559
Accrued employee compensation and benefits		**11,381**	13,958
Deferred revenue		**14,691**	7,197
Income taxes payable		**7,487**	11,309
Accrued restructuring, current		**8,776**	1,253
Deferred tax liabilities		**2,977**	3,031
Consideration payable for Leadcom Group acquisition		**441**	3,723
Other current liabilities	9	**12,877**	10,327
Total current liabilities		**224,003**	230,624
Notes payable, net of current portion		**338**	299
Obligations under capital leases		**652**	2,081
Accrued restructuring, noncurrent		**3,814**	131
Deferred income tax liabilities		**10,635**	4,970
Other liabilities		**5,631**	4,235
Total liabilities		**245,073**	242,340

CONSOLIDATED BALANCE SHEETS
(all amounts in thousands, except per share data)

	Notes	March 31, 2017 $	March 31, 2016 $
Shareholders' equity			
Class A common stock; $.0001 par value: 30,000,000 shares authorized at March 31, 2017 and March 31, 2016, respectively; 25,312,965 issued and outstanding at March 31, 2017 and March 31, 2016, respectively		**3**	3
Additional paid-in capital		**265,077**	265,077
Accumulated deficit		**(256,555)**	(215,377)
Accumulated other comprehensive income		**13,614**	8,833
Non-controlling Interest		**22**	(49)
Total shareholders' equity		**22,161**	58,487
Total liabilities and shareholders' equity		**267,234**	300,827

CONSOLIDATED STATEMENTS OF OPERATIONS
(all amounts in thousands)

	Notes	**For the year ended March 31, 2017 $**	For the year ended March 31, 2016 $
Revenues		**308,336**	412,585
Cost of revenues		**269,094**	342,459
Gross profit		**39,242**	70,126
Operating expense			
Sales and marketing		**10,537**	9,244
General and administrative		**32,025**	41,293
Restructuring charge	7	**15,146**	2,176
Depreciation and amortization		**15,749**	15,795
Total operating expense		**73,457**	68,508
(Loss) Income from continuing operations before other income (expense) and income taxes		**(34,215)**	1,618
Other (expense) income			
Interest income		**3,143**	5,165
Interest expense		**(4,714)**	(4,756)
Others		**(8,724)**	(310)
Total other income (expense), net		**(10,295)**	99
(Loss)Income from before income taxes		**(44,510)**	1,717
Provision for income taxes	8	**(3,342)**	(8,749)
Net (loss) income		**(41,168)**	10,466
Net (loss) income attributable to non-controlling interest		**(400)**	(181)
Net (loss) income attributable to shareholders' of Lightbridge Communications Corporation		**(40,768)**	10,647

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(all amounts in thousands)

	For the year ended March 31, 2017 $	For the year ended March 31, 2016 $
Net (loss) income	**(41,168)**	10,466
Other comprehensive (loss) income :		
Change in fair value of interest rate swap	**1,724**	(515)
Change in foreign currency translation	**3,119**	(423)
Comprehensive (loss) income	**(36,325)**	9,528

CONSOLIDATED STATEMENTS OF CASH FLOWS
(all amounts in thousands)

	For the year ended March 31, 2017 $	For the year ended March 31, 2016 $
Cash flows from operating activities		
Net (loss) income	**(41,168)**	10,466
Adjustments:		
Depreciation and amortization	**15,749**	15,795
Deferred income taxes	**44**	(744)
Guarantee fees	**375**	247
(Gain) / loss from investments in affiliates	**382**	(419)
Loss on disposal of fixed assets	**2**	80
Changes in operating assets and liabilities:		
Restricted cash	**335**	(114)
Trade, unbilled and other receivables	**32,495**	(24,370)
Accounts payable and accrued expenses	**(6,649)**	(6,379)
Other current assets and liabilities	**23,475**	(844)
Other non-current assets and liabilities	**4,585**	3,146
Net cash generated from / (used in) operating activities	**29,625**	(3,136)
Cash Flows from Investing Activities		
Purchases of property and equipment	**(5,983)**	(10,440)
Proceeds from sale of property and equipment	**74**	—
Purchase of non-controlling interest	**(1)**	—
Additional payment on acquisition of Leadcom Group	**(3,006)**	(4,232)
Short-term bank deposits	**(2)**	5
Investments in affiliates	**—**	(516)
Net cash used in investing activities	**(8,918)**	(15,183)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(all amounts in thousands)

	For the year ended March 31, 2017 $	For the year ended March 31, 2016 $
Cash flows from financing activities		
Proceeds from Tech Mahindra (Americas) notes	**3,000**	20,000
Net borrowings on lines of credit	**(954)**	8,345
Issuance of notes payable	**425**	5,572
Payment on notes payable	**(657)**	(2,803)
Net cash generated from financing activities	**1,814**	31,114
Effect of exchange rate changes on cash and cash equivalents	**(1,520)**	39
Net increase in cash and cash equivalents	**21,001**	12,834
Cash and cash equivalents, beginning of the period	**31,513**	18,679
Cash and cash equivalents, end of the period	**52,514**	31,513
Supplemental Disclosures:		
Cash paid during the period for:		
Interest	**4,526**	2,844
Income taxes	**4,491**	5,207
Cash received during the period for:		
Interest	**6,616**	—
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Fixed asset additions under capital lease	**410**	4,095

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) YEARS ENDED MARCH 31, 2017 AND 2016

(all amounts in thousands)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Total
	$	$	$	$	$
Balances at March 31, 2015	**3**	**265,077**	**(226,024)**	**9,769**	**48,825**
Other comprehensive loss	**—**	**—**	**—**	**(938)**	**(938)**
Net income (loss)	**—**	**—**	**10,466**	**—**	**10,466**
Less: Non-controlling interest	**—**	**—**	**(181)**	**(2)**	**(183)**
Balances at March 31, 2016	**3**	**265,077**	**(215,377)**	**8,833**	**58,536**
Other comprehensive income	**—**	**—**	**—**	**4,843**	**4,843**
Net income (loss)	**—**	**—**	**(41,168)**	**—**	**(41,168)**
Transfer / movement during the period	**—**	**—**	**(410)**	**(49)**	**(459)**
Less: Non-controlling interest	**—**	**—**	**(400)**	**13**	**(387)**
Balances at March 31, 2017	**3**	**265,077**	**(256,555)**	**13,614**	**22,139**

NOTE 1—DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

Lightbridge Communications Corporation ("LCC"), a Delaware corporation, was formed in March 2010 and is headquartered in McLean, Virginia. Unless the context indicates otherwise, the term "Company" refers herein to LCC and its subsidiaries.

Effective January 1, 2015, LCC is a wholly owned subsidiary of Tech Mahindra (Americas), Inc., which is a wholly-owned subsidiary of Tech Mahindra Limited ("Tech Mahindra").

LCC conducts business through its direct and indirect wholly-owned subsidiaries that provide services in North America, Europe, Middle East and Africa, Latin America, and Asia.

The Company provides integrated end-to-end solutions for wireless voice and data communications networks with offerings ranging from high level technical consulting, to system design and optimization services, ongoing operations and maintenance services, and deployment services. The Company uses initial opportunities to provide high-level technical consulting services to secure later-stage system design and network optimization contracts. Engagements to provide design services also create opportunities for the Company to propose on operations and maintenance projects including network optimization contracts as well as other services. The Company's technical consulting, system design and network optimization practices position it to capitalize on additional opportunities as new technologies are developed and wireless service providers upgrade their existing networks, deploy the latest available technologies, and respond to changes in how customers use wireless services.

The accompanying consolidated financial statements include the results of LCC and its direct and indirect wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in the consolidated financial statements. Investments in entities in which the Company does not have majority ownership have been accounted for using the equity method of accounting.

Liquidity

As of March 31, 2017, the Company had an accumulated deficit of approximately $256.5 million and the Company incurred a net loss of approximately $41.2 million for the year ended March 31, 2017. However, the Company had cash inflows from operations of approximately $29.62 million for the year ended March 31, 2017. As of March 31, 2017, the Company has approximately $128.2 million of short-term borrowings, the most significant of which are $50.0 million and $14.0 million line-of-credit facilities with Citibank N.A scheduled to mature in March 2018 and April 2018 respectively and borrowings of $31.3 million on a line-of-credit facility with JP Morgan Chase Bank scheduled to mature in February 2018. The borrowings under these facilities are guaranteed by Tech Mahindra. See Note 6 Borrowings. Management has prepared projections and believes that cash flows from operations, existing cash on hand, available cash under existing new credit facilities, plus availability of cash, if needed, from Tech Mahindra will be adequate to fund the Company's cash requirements for the foreseeable future.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Significant accounting policies are as follows:

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things, revenue recognition on contracts, allowance for doubtful accounts, accrual of income taxes, recoverability of investments in affiliates, goodwill and other intangible assets and the accrual of restructuring charges. Actual results could differ from these estimates.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include all highly liquid investments purchased with original maturities of three months or less and include overnight repurchase agreements, short-term notes, and short-term money market funds. The Company places its cash and cash equivalents with high-quality financial institutions.

At March 31, 2017 and March 31, 2016, the Company had $51.25 million and $24.2 million of cash in foreign bank accounts, respectively. Restricted cash is comprised primarily of cash serving as collateral for a guarantee issued to Saudi tax authorities subject to the conclusion of an income tax appeal process as well as performance and bid bonds in the Europe Middle East and Africa ("EMEA") region.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of trade receivables, cash and cash equivalents and restricted cash. The Company sells services globally. Generally, the Company does not require collateral or other security to support customer receivables. The Company performs ongoing credit evaluations of its customers' financial condition and maintains an allowance for doubtful accounts related to potential credit losses. The Company had the following significant concentrations of trade receivables from customers located outside the United States of America at March 31, 2017 and March 31, 2016:

	March 31,	
	2017	2016
	(In thousands)	
Europe	**10,671**	16,701
Middle East/Africa	**19,171**	39,207
Other	**16,415**	5,026

The Company's existing and potential customer base is diverse and includes domestic and foreign telecommunications carriers, equipment manufacturers and foreign enterprises. The Company derived approximately 60% and 62% of its revenues from ten customers for the year ended March 31, 2017 and 2016, respectively. The Company has approximately 65% and 56% of its accounts receivable from ten customers as of March 31, 2017 and 2016, respectively. Individually, one of these top ten customers comprised more than 15% of the Company's revenue at 18% and 16% of total revenue during the year ended March 31, 2017 and 2016 respectively. Individually, one of these top ten customers of the Company had net receivable balance at 22% and 25% of total receivables as of March 31, 2017 and 2016, respectively.

At times, the Company maintains cash balances in financial institutions, which may exceed federally insured limits. The Company has not experienced any losses in its accounts and believes it is not exposed to a significant credit risk on its cash and cash equivalents. As at March 31, 2017, the Company has $511,278 [2016: $6,360,662] as balances in excess of the federally insured amounts

Although the Company believes that the diversity of its customer base may minimize the risk of incurring material losses due to concentrations of credit risk, the Company may be exposed to a declining customer base in periods of market downturns, severe competition, exchange rate fluctuations or other international developments.

Fair Value Measurements

The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents, accounts receivable, notes payable, accounts payable and accrued expenses and certain other current liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments.

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, for financial assets and liabilities measured on a recurring basis. ASC 820 applies to all financial assets and financial liabilities that are being measured and reported on a fair value basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches, including market, income and/or cost approaches. ASC 820, Fair Value Measurements and Disclosures, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Financial assets and liabilities which are recorded at fair value in the accompanying financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, and are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products do not entail a significant degree of judgment.

Level 2 – Inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active. The Company's interest rate swaps are valued using level 2 inputs.

Level 3 – Unobservable inputs that reflect the reporting entity's own assumptions.

Property and Equipment

Property and equipment are stated at cost, less an allowance for depreciation. Replacements and major improvements are capitalized; maintenance and repairs are charged to expense as incurred. Internally developed software costs are capitalized in accordance with ASC 350-40, Internal-Use Software.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets per the table below.

Computer and electronics	3 years
Software	3 years
Machinery and equipment	3 to 7 years
Furniture and office equipment	3 to 15 years
Office building	20 years
Leasehold improvements	Shorter of the term of the lease or estimated useful life
Vehicles	3 to 5 years

Impairment of Long-Lived Assets

The Company's policy is to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360, Property Plant and Equipment. The Company recognizes an impairment loss when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. The measurement of the impairment losses to be recognized is based upon the difference between the fair value and the carrying amount of the assets.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of ASC 350, Intangibles - Goodwill and Other (ASC 350). ASC 350 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment. Goodwill represents the excess of cost over the fair value of identifiable net assets acquired. The Company tests goodwill for impairment on an annual basis as of March 31. In addition, goodwill and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The goodwill and indefinite-lived intangibles impairment test consists of a two-step process, if necessary. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill and indefinite-lived intangibles impairment test. The more likely than not threshold is defined as having a likelihood of more than 50 percent. This evaluation includes macroeconomic and industry and market specific considerations, financial performance indicators and measurements, and other factors. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary, and goodwill and other indefinite-lived intangible assets are considered to be unimpaired. However, if based on the Company's qualitative assessment, it concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company will proceed with performing the two-step process.

The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, then the Company would perform the second step of the goodwill impairment test to determine the amount of the impairment loss. The impairment loss would be calculated by comparing the implied fair value of the Company to its net book value. In calculating the implied fair value of the Company's goodwill, the fair value of the Company would be allocated to all of the other assets and liabilities based on their fair values. The excess of the fair value of the Company over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Company first assessed the qualitative factors and decided that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Accordingly, the Company performed a quantitative assessment as of March 31, 2017 and concluded that the fair value of the reporting unit exceeds its net book value. Accordingly, there have been no impairment of goodwill recorded in the Company's consolidated statements of operations during the year ended March 31, 2017 and March 31, 2016.

Allowance for Doubtful Accounts

Accounts receivable from customers are generally due within 60-90 days and are stated at amounts due from customers, net of an allowance for doubtful accounts. The Company makes estimates of the probability of collection of accounts receivable by specifically analyzing customer balances, concentrations, credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. Accounts receivable are written off when they become uncollectible.

Revenue Recognition

The Company's principal sources of revenue are consulting, integration, operations and solutions.

The Company ensures that the following four criteria are met prior to recognizing revenue:

a. persuasive evidence of an arrangement exists;

b. delivery has occurred or services have been rendered;

c. the seller's price to the buyer is fixed or determinable; and

d. collectability is reasonably assured.

The Company recognizes revenues from fixed-price contracts using the percentage-of-completion method and proportional performance method based on nature and terms of the contract with customers. Under proportional performance method, revenue from services is recognized in accounting periods in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided. Depending on the nature of the contract, revenue is recognized on the basis of the proportion of the contract term completed or the specific services provided to date.

Under the percentage-of-completion method, revenues are recognized based on the ratio of individual contract costs incurred to date on a project compared with total estimated contract costs. The Company compares costs incurred to date to progress achieved against project milestones to determine if the percentage of completion is reasonable. Anticipated contract losses are recognized as soon as they become known and estimable. The Company recognizes revenues on time and materials contracts as the services are performed. Revenues earned but not yet billed are reflected as unbilled receivables in the accompanying consolidated balance sheets. The Company expects substantially all unbilled and billed receivables to be collected within one year. Amounts billed but not yet earned are reflected as deferred revenue in the accompanying consolidated balance sheets.

In deployment projects, the Company generally receives purchase orders for individual cell sites based on agreed upon fixed prices for types of standard cell sites. Non-standard services related to a cell site are priced on a variable basis using either agreed upon rates per hour or a rate schedule for such non-standard services. Deployment of cell sites may take up to several months and revenues and costs are recognized on a percentage of completion basis based upon the Company's engineering estimates.

Income Taxes

Income taxes are determined in accordance with ASC 740, Income Taxes. Under this guidance, temporary differences arise as a result of the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company recognizes the financial statement effect of an income tax position when it is more likely than not, based on technical merits, that the position will be sustained upon examination by a taxing authority. Recognized tax positions are initially and subsequently measured as the largest amount of tax benefit that is more likely than not of being realized upon ultimate settlement with the relevant taxing authority. The Company has chosen to treat interest and penalties related to uncertain tax liabilities as income tax expense and as an increase to the income tax liability. For the year ended March 31, 2017 and March 31, 2016, the Company did not record any interest or penalties related to uncertain tax positions.

As a subsidiary of Tech Mahindra (Americas) Inc., with whom the Company files consolidated federal and state returns, the Company calculates the provision for income taxes by using a “benefits-for-loss” method. Under this method, the Company and its subsidiaries are assumed to file a separate return with the tax authority, thereby reporting the taxable income or loss and paying the applicable tax to or receiving the appropriate refund from Tech Mahindra (Americas), Inc. as if the Company and all of its subsidiaries were separate taxpayers, except that the net operating losses (or other current or deferred tax attributes) are characterized as realized (or realizable) by the Company and its subsidiaries when those tax attributes are realized by the consolidated group even if the Company and its subsidiaries would not otherwise have realized the attributes on a stand-alone basis. The Company’s intercompany tax-related receivables from Tech Mahindra (Americas), Inc. are $24.4 million and $15.3 million at March 31, 2017 and March 31, 2016, respectively.

Certain of the Company’s international operations are subject to local income taxation. Currently, the Company is subject to taxation on income from certain operations in Europe, Latin America, Africa, the Middle East and the non-U.S. portions of North America where the Company has subsidiaries, has established branch offices or has performed significant services that constitute a “permanent establishment” for tax reporting purposes. The foreign taxes paid or accrued by the Company may represent a potential credit for the Company against U.K. or U.S. federal income taxes.

Foreign Currency Translation

The Company’s foreign operations are subject to exchange rate fluctuations and foreign currency transaction costs. The majority of the Company’s foreign transactions are denominated in Euro and Saudi Riyals.

The financial statements of the Company’s foreign subsidiaries have been translated into U.S. dollars in accordance with ASC 830-30, Translation of Financial Statements. For foreign operations with the local currency as the functional currency, assets and liabilities denominated in non-U.S. dollar functional currencies are translated using the period-end spot exchange rates. Revenues and expenses are translated at monthly-average exchange rates. Capital accounts are translated at historical exchange rates. The current period effects of translating operations with a functional currency other than the reporting currency are reported within the statements of comprehensive income (loss) with accumulated effects presented as a component of accumulated other comprehensive income (loss) within the consolidated statements of changes in shareholders’ equity. The determination of functional currency is based on the subsidiary’s relative financial and operational independence from the Company’s US based parent.

The Company is also subject to foreign currency transaction gains or losses due to inter-company payables and receivables denominated in foreign currency. For the year ended March 31, 2017 and March 31, 2016, these balances generated a foreign exchange loss of $4.8 million and $0.4 million, respectively. These amounts are included in other income (expense) in the consolidated statements of operations.

Other Comprehensive Income (Loss)

Comprehensive income (loss) is defined as net income (loss) plus the changes in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income (loss) refers to revenues, expenses, gains and losses that under U.S. GAAP are included in comprehensive income (loss), but excluded from net income (loss).

Derivative Instruments

The Company records derivatives at fair value. The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria determine how the Company reflects the change in fair value of the derivative instrument within its consolidated financial statements. A derivative qualifies for hedge accounting if, at inception, the Company expects that the derivative will be highly effective in offsetting the underlying hedged cash flows and the Company fulfills the hedge documentation standards at the time it enters into the derivative contract.

The Company designates a hedge as a cash flow hedge based on the exposure it is hedging. For the effective portion of qualifying cash flow hedges, the Company records changes in fair value in other comprehensive income (“OCI”). The Company reviews the effectiveness of its hedging instruments quarterly. The Company manages its exposure to the interest fluctuation risk by monitoring available financing alternatives, as well as through development and application of credit granting policies. As a matter of policy, the Company only enters into transactions that it believes will be highly effective at offsetting the underlying risk, and the Company does not use derivatives for trading or speculative purposes.

Factoring of Accounts Receivable

The Company is party to accounts receivable factoring agreements with financial institutions in EMEA whereby the Company may sell eligible accounts receivable. The Company accounts for these programs under ASC 860, Transfers and Servicing which requires that transferred assets have been isolated from the transferor, the transferee obtains the right to transfer or exchange the asset and the transferor does not maintain effective control over the transferred assets through an agreement that both entitles and obligates the transferor to repurchase or redeem the assets transferred in order to qualify as a sale. Some of the Company's factoring arrangements do not meet all of the criteria for sale accounting, thus those factoring arrangements are accounted for as secured borrowings (See Note 6 Borrowings).

NOTE 3—ACCOUNTS RECEIVABLE

The Company is party to various long-term contracts for which significant revenues are recognized on the percentage-of-completion method. Certain of these contracts have large amounts of unbilled receivables associated with them and will be performed over a period of more than one year.

The Company is party to a factoring agreement (the "Eurofactor Agreement") with Eurofactor whereby the Company's German subsidiary may sell its eligible accounts receivable to Eurofactor on a revolving basis up to a maximum of 2.5 million Euros. Under the terms of the Eurofactor Agreement, accounts receivable are sold to Eurofactor without recourse at 90% (except for Huawei at 70%) of their face value, less interest of EURIBOR at 90 days plus 5.95% (EURIBOR at 90 days plus 3.85% in March 2016) and a commission of 0.25% with a minimum fee of 2,500 Euros per month. Transfers of accounts receivable were approximately 0.4 million Euros and 0.5 million Euros ($0.4 million and $0.6 million) as of March 31, 2017 and March 31, 2016, respectively. As of March 31, 2017 and March 31, 2016, the Company had unutilized limit of 2.1 million and 2.0 million Euros (approximately $2.3 million and $2.3 million), respectively, available under the Eurofactor Agreement.

The Company is party to a factoring agreement (the "HSBC Agreement") with HSBC FACTORING France ("HSBC") whereby the Company's French subsidiary may sell its eligible accounts receivable to HSBC on a revolving basis up to a maximum of 2.0 million Euros. Under the terms of the HSBC Agreement, accounts receivable are sold to HSBC with recourse at their face value, less interest of EONIA plus 1.5% and a commission of 0.41%. Transfers of accounts receivable were approximately 1.3 million and 1.1 million Euros (approximately $1.4 million and $1.3 million) as of March 31, 2017 and March 31, 2016, respectively, which is included within lines of credit in the consolidated balance sheets. As of March 31, 2017 and March 31, 2016, the Company had unutilized limit of 0.7 million and 0.9 million Euros (approximately $0.8 million and $1.0 million), respectively, available under the HSBC Agreement.

The Company is party to a factoring agreement (the "Askari Agreement") with Askari Bank ("Askari") whereby the Company's Pakistan subsidiary may sell its eligible accounts receivable to Askari on a revolving basis up to a maximum of 150 million Pakistan Rupees. This amount includes a 70 million Pakistan Rupees revolving letter of guarantee as sub-limit. Under the terms of the Askari Agreement, accounts receivable are sold to Askari with recourse at 90% of the face value less interest of KIBOR at 90 days plus 3%. The Company also utilized limit against Letter of Guarantee as of March 31, 2017 and 2016 of Nil and 0.8 million Pakistan Rupees respectively (approximately Nil and US$ 8,000). Transfers of accounts receivable were approximately 18.0 million and 37.5 million Pakistan Rupees (approximately $0.2 million and $0.4 million) as of March 31, 2017 and March 31, 2016, respectively, which is included within lines of credit in the consolidated balance sheets. As of March 31, 2017 and March 31, 2016, the Company had unutilized limit of 132.0 million and 111.7 million Pakistan Rupees (approximately $1.3 million and $1.1 million), respectively, available under the Askari Agreement.

The Company is party to a factoring agreement (the "IFIS Agreement") with Banca IFIS S.P.A ("IFIS") whereby the Company's Italian subsidiary may sell its eligible accounts receivable to IFIS on a revolving basis up to a maximum of 0.3 million Euros. Under the terms of the IFIS Agreement, accounts receivable are sold to IFIS with recourse at their face value less interest of EURIBOR at 90 days plus 4.8% and commission of 0.19%. Transfers of accounts receivable were Nil and 0.3 million Euros (approximately $ Nil and $0.3 million), respectively, as of March 31, 2017 and March 31, 2016 which is included within lines of credit in the consolidated balance sheets. As of March 31, 2017 and March 31, 2016, the Company had unutilized limits of 0.3 million and Nil Euros (approximately $0.3 million and $ Nil), respectively, available under the IFIS Agreement.

The Company is party to a factoring agreement (the "Bankinter Agreement") with Bankinter S.A., ("Bankinter") whereby the Company's Spanish subsidiary may sell its eligible accounts receivable to Bankinter on a revolving basis up to a maximum of 1.4 million Euros. Under the terms of the Bankinter Agreement, accounts receivable are sold to Bankinter without recourse at their face value less interest of EURIBOR at 12 months plus 4.5% (2.75% in March 2016) and a commission of 0.5% and a renewal commission of 0.75%. Transfers of accounts receivable were approximately 0.5 million and 1.4 million Euros (approximately $0.6 million and $ 1.5 million), as of March 31, 2017 and March 31, 2016, respectively. As of March 31, 2017 and March 31, 2016, the Company had unutilized limits of 0.9 million and Nil million Euros (approximately $0.9 million and $ Nil million), respectively, available under the Bankinter Agreement.

Under the same Bankinter Agreement, the Company's Spanish subsidiary may sell its eligible accounts receivable to Bankinter on a revolving basis up to a maximum of 0.5 million Euro. Under the terms of the Bankinter Agreement, accounts receivable are sold to Bankinter with recourse at 90% of the face value less interest of EURIBOR at 12 months plus 4.5% (4% in March 2016) and a commission of 0.5% and a renewal commission of 0.75%. As of March 31, 2017 and March 31, 2016, Bankinter had advanced approximately 0.06 million and Nil million Euros (approximately $0.06 million and $ Nil million), which is included within lines of credit in the consolidated balance sheets. As of March 31, 2017 and March 31, 2016, the Company had unutilized limits of 0.44 million and 0.5 million Euros (approximately $0.47 million and $0.54 million), available under this portion of the Bankinter Agreement.

The Company entered into a factoring agreement (the "Belfius Agreement") with Belfius Commercial Finance ("Belfius") whereby the Company's Belgian subsidiary may sell its eligible accounts receivable to Belfius on a revolving basis up to a maximum of 2.5 million Euros. Under the terms of the Belfius Agreement, accounts receivable are sold to Belfius with recourse at 95% (80% till March 2016) of their face value less interest of EURIBOR + 1.6% (8.5% in March 2016) and a commission of 1.2% of invoice value or 5,000 Euros per year (0.12% in March 2016). Transfers of accounts receivable were approximately 0.4 million Euros and 1.2 million Euros (approximately $0.4 million and $1.4 million) as of March 31, 2017 and March 31, 2016, which is included within lines of credit in the consolidated balance sheets. As of March 31, 2017 and March 31, 2016, the Company had unutilized limits of 2.1 million and 1.3 million Euros (approximately $2.3 million and $1.5 million), respectively, available under the Belfius Agreement.

The Company is party to a factoring agreement (the "Market Invoice Agreement") with Market Invoice Limited ("Marketinvoice") whereby the Company's UK subsidiary may sell its eligible accounts receivable on Marketinvoice's discounting platform to private investors on a revolving basis up to a maximum of 1.5 million Great British Pounds. Under the terms of the Marketinvoice Agreement, accounts receivable are sold to such private investors with recourse at a discount to their face value, which is defined by Marketinvoice platform at the day of the transaction and as part of the bidding process less a seller fee and a listing fee of 15 Great British Pound for the transfer of each advance payment. Transfers of accounts receivable were approximately Nil and 0.2 million Great British Pound (approximately $ Nil and $0.3 million) as of March 31, 2017 and 2016, respectively, which is included within lines of credit in the consolidated balance sheets. As of March 31, 2017 and March 31, 2016, the Company had unutilized limits of 1.5 and 1.3 million Great British Pound (approximately $1.9 million and $1.9 million), respectively, available under the Market Invoice Agreement.

The Company is party to a supply chain factoring agreement (the "Citibank Agreement") with Citibank, ("Citibank") whereby the Company's UK subsidiary may sell its eligible accounts receivable under one of its contracts to Citibank on a revolving basis and with no limit. Under the terms of the Citibank Agreement, accounts receivable are sold to Citibank without recourse at their face value less base interest of 0.5% and a mark-up of 2.5%. There was no transfers of accounts receivable as of March 31, 2017 and March 31, 2016.

The Company is party to a supply chain factoring agreement (the "Telefonica Agreement") with Telefonica, ("Telefonica") whereby the Company's UK subsidiary may sell its eligible accounts receivable to Telefonica on a revolving basis and up to 1.0 million Great British Pound. Under the terms of the Telefonica Agreement, accounts receivable are sold to Telefonica without recourse at their face value less base interest of 0.5% and a mark-up of 2.5%. There was no transfers of accounts receivable as of March 31, 2017 and March 31, 2016.

The Company is party to a supply chain factoring agreement (the "Citibank Agreement") with Citibank A.Ş., ("Citibank") whereby the Company's Turkish subsidiary may sell its eligible accounts receivable of Vodafone Telekomünikasyon A.Ş. under one of its contracts to Citibank on a revolving basis and with no limit. Under the terms of the Citibank Agreement, accounts receivable are sold to Citibank without recourse at their face value less base interest of TL LIBOR +2.5%. Transfers of accounts receivable were approximately TRY 4.3 million (approximately $1.1 million) as of March 31, 2017.

NOTE 4—PROPERTY AND EQUIPMENT

At March 31, 2017 and 2016, property and equipment consisted of the following:

	March 31,	
	2017	2016
	(In thousands)	
Computer and electronics	**10,062**	10,086
Software	**7,482**	7,112
Machinery and equipment	**19,593**	19,313
Furniture and office equipment	**6,585**	6,475
Office building	**2,239**	2,394
Leasehold improvements	**3,477**	1,497
Vehicles	**10,237**	10,911
Property and equipment	**59,675**	57,788
Less: accumulated depreciation and amortization	**(44,518)**	(36,848)
Property and equipment, net	**15,157**	20,940

Property and equipment under capital leases amount to $7.9 million and $8.3 million as of March 31, 2017 and 2016, respectively. Accumulated depreciation for property and equipment under capital leases amounted to $5.1 million and $3.4 million as of March 31, 2017 and 2016, respectively.

Depreciation and amortization expense related to property and equipment for the year ended March 31, 2017 and 2016 was $11.0 million and $10.0 million, respectively.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

As of March 31, 2017 and 2016, intangible assets consisted of the following:

	March 31,	
	2017	**2016**
	(In thousands)	
Goodwill	**3,443**	3,443
Other intangible assets:		
Customer relationships	**33,731**	33,859
Backlog	**11,526**	11,531
Trade names	**6,689**	6,689
Patents	**48**	48
Other	**213**	200
Total other intangible assets	**52,207**	52,327
Less: Accumulated amortization		
Customer relationships	**(16,356)**	(13,612)
Backlog	**(9,003)**	(7,889)
Trade names	**(2,156)**	(1,461)
Patents	**(48)**	(43)
Other	**(148)**	(118)
Accumulated amortization	**(27,711)**	(23,123)
Other intangible assets, net	**24,496**	29,204

The Company reviews its definite-lived intangible assets for impairment, in accordance with ASC 350 — Intangibles — Goodwill and

Other. The result of this review identified no impairment of the intangible assets as of March 31, 2017 and 2016.

Amortization expense related to intangibles was $4.7 million and $5.8 million for the year ended March 31, 2017 and 2016, respectively. The weighted average amortization period for customer relationships is 12 years; 10 years for patents; 10 years for trade names; 1.5 years for backlog and 2 years for others.

The following summarizes expected amortization expense for each of the five succeeding years (In thousands):

	$
March 31, 2018	**4,612**
March 31, 2019	**4,445**
March 31, 2020	**3,878**
March 31, 2021	**3,207**
March 31, 2022	**3,203**
Thereafter	**5,151**
	24,496

NOTE 6—BORROWINGS

Unsecured Credit Facilities

In March 2015, the Company entered into a $50.0 million uncommitted line of credit agreement with Citibank, N.A ("Citibank") which allows borrowing up to $50.0 million until March 1, 2016. In March 2016, the maturity was changed to March 2017, which was further extended to March 2018. The facility accrues interest at a rate of LIBOR plus 0.75%. The facility is an unsecured facility. In April 2016, the Company entered into an agreement with Citibank for additional credit facility, which allows borrowing up to $30.0 million until April 15, 2018. The facility accrues interest at a rate of LIBOR plus 0.90%. Tech Mahindra serves as a guarantor for the facilities.

As of March 31, 2017, $64.0 million was drawn against the Citibank facility. Total interest expense on the facility was $0.93 million and $0.43 million for the year ended March 31, 2017 and 2016, respectively.

In March 2015, the Company received a $40.0 million line of credit from JPMorgan Chase Bank, N.A. ("JPMorgan") under which it can have borrowings until February 29, 2016. The line of credit was increased to $48.0 million in September, 2015. In February 2016, the maturity was changed to February 2017, which was further extended to February 27, 2018. Each loan issued under the promissory note matures no later than twelve months from the date of the loan. The facility accrues interest at a rate of the greater of (i) the Prime Rate, (ii) Federal Funds Effective Rate plus 0.5%, (iii) the Eurodollar Rate for a one-month period plus 1.0%. The facility is an unsecured facility. Tech Mahindra serves as a guarantor for the facility.

As of March 31, 2017, $31.30 million was drawn against the JPMorgan facility. Total interest expense on the facility was $0.54 million and $0.55 million for the year ended March 31, 2017 and 2016, respectively.

Tech Mahindra (Americas) Notes

The Company entered into a loan agreement with Tech Mahindra (Americas) Inc. (TMA Note 1), on July 14, 2015 under which it can have borrowings up to $10.0 million. The facility accrues interest at a rate of 2.85% per annum with an original maturity date of July 15, 2016. The agreement was amended to extend the end date to January 15, 2018.

As of March 31, 2017, $10.0 million was drawn against the TMA Note 1 facility. Total interest expense on the facility was $0.24 million and $0.1 million for the year ended March 31, 2017 and 2016, respectively.

On November 20, 2015, the Company entered into a loan agreement with Tech Mahindra (Americas) Inc. (TMA Note 2) under which it can have borrowings up to $10.0 million. The facility accrues interest at a rate of 1.75% per annum with a maturity date of May 19, 2016; the agreement was amended to extend the end date to November 19, 2017 with a revised interest rate of 2.77% per annum.

As of March 31, 2017, $10.0 million was drawn against the TMA Note 2 facility. Total interest expense on the facility was $0.2 million and $0.04 million for the year ended March 31, 2017 and 2016, respectively.

The aggregate maturities (inclusive of interest accrued and due) of all borrowings as of March 31, 2017 are as follows (In thousands):

	$
2018	**128,206**
2019	**181**
2020	**118**
2021	**39**
	128,544

As of March 31, 2017 and 2016, the total outstanding borrowings, as discussed above, are as follows:

	2017	2016
	(In thousands)	
Citibank line of credit, including accrued interest	**64,108**	50,050
JP Morgan line of credit, including accrued interest	**31,362**	41,040
Accounts receivable (factoring arrangements) (See Note 3)	**1,643**	6,014
Tech Mahindra (Americas) Notes, including accrued interest	**23,647**	20,153
Other credit facilities	**7,784**	8,962
	128,544	126,219

The Company entered into multiple interest rate swaps agreements with JP Morgan and Citibank to reduce exposure to interest rate fluctuations on its variable rate debt. Upon proper qualifications, these contracts are accounted for as cash flow hedges under current accounting standards. All derivative financial instruments are reported at fair value within the consolidated balance sheets. Changes in the fair value of derivative instruments designated as cash flow hedges approximated $1.7 million gain and loss of $0.5 million for the year ended March 31, 2017 and 2016, respectively and are recorded in accumulated other comprehensive income/(loss), a component of shareholder's equity, to the extent they are deemed effective. Based on the criteria established by current accounting standards, all of the Company's cash flow hedge contracts are deemed to be highly effective.

The Company's interest rate swap arrangements as of March 31, 2017 were as follows:

Banking Institution		**Notional Amount**	**Variable Rate Received**	**Fixed Rate Paid**	**Contract Commencement Date**	**Contract Maturity Date**
JP Morgan	$	20,000,000	3 - months LIBOR	1.804%	31-Mar-17	31-Dec-19
JP Morgan	$	15,000,000	3 - months LIBOR	2.482%	31-Mar-17	30-Jun-17
JP Morgan	$	15,000,000	3 - months LIBOR	2.648%	30-Jun-17	29-Sep-17
JP Morgan	$	15,000,000	3 - months LIBOR	2.799%	30-Sep-17	29-Dec-17
JP Morgan	$	10,000,000	3 - months LIBOR	2.939%	31-Dec-17	29-Mar-18
JP Morgan	$	10,000,000	3 - months LIBOR	3.051%	31-Mar-18	29-Jun-18
JP Morgan	$	10,000,000	3 - months LIBOR	3.161%	30-Jun-18	28-Sep-18
JP Morgan	$	10,000,000	3 - months LIBOR	3.281%	30-Sep-18	31-Dec-18
Citibank	$	40,000,000	3 - months LIBOR	1.224%	31-Mar-17	31-Dec-20

In July 2014, towards consideration for the Company's purchase of Leadcom, the Company is obliged to pay the remaining $9.2 million of the purchase price to the seller in equal monthly installments of $0.4 million between 2015 and 2017. As of March 31, 2017 and March 31, 2016, $0.4 million and $3.7 million of this obligation was outstanding, respectively.

NOTE 7—RESTRUCTURING CHARGE

The Company's restructuring activities are undertaken as necessary to execute management's strategy and streamline operations, consolidate and ultimately achieve net cost reductions. During the year ended March 31, 2017 and 2016, the Company implemented an integration and restructuring plan encompassing various entities within the Americas, Europe, and Middle East regions. It recorded restructuring charges totaling $15.15 million as a result of staff reductions, excess office space and one time settlement cost. The Company has made a provision of 11.5 million Euros ($12.3 million) which represents payment obligation to Ziggo Services B.V. and Ziggo B.V., for releasing LCC Network Services B.V (LCC Netherlands) from the contractual obligation defined under the Network Build Contract (dated April 1, 2016) entered between the Company, Ziggo Services B.V. and Ziggo B.V. The settlement consideration is payable over 3 tranches viz 4.0 million Euros each in April 2017 and March 2018 and 3.5 million Euros in March 2019.

A reconciliation of the restructuring activities for the years ended March 31, 2017 and March 31, 2016 is as follows:

	Severance	One time settlement	Others	Total
	$	$	$	$
Accrued restructuring as of March 31, 2015	**43**	**—**	**524**	**567**
Restructuring charge	**1,970**	**—**	**206**	**2,176**
Charges against the provision:				
Payments for excess office space, net of sublease income	**—**	**—**	**(362)**	**(362)**
Payments for severance	**(999)**	**—**	**—**	**(999)**
Other	**2**	**—**	**—**	**2**
Accrued restructuring as of March 31, 2016	**1,016**	**—**	**368**	**1,384**
Restructuring charge	**2,751**	**12,296**	**99**	**15,146**
Charges against the provision:				
Payments for excess office space, net of sublease income	**—**	**—**	**(446)**	**(446)**
Payments for severance	**(3,581)**	**—**	**—**	**(3,581)**
Other	**(2)**	**—**	**89**	**87**
Accrued restructuring as of March 31, 2017	**184**	**12,296**	**110**	**12,590**

At March 31, 2017 and 2016, the accrued restructuring was classified as follows:

	March 31,	
	2017	2016
	(In thousands)	
Accrued restructuring, current	**8,776**	1,253
Accrued restructuring, noncurrent	**3,814**	131
	12,590	1,384

Management expects to finance its restructuring programs through cash generated from its ongoing operations or through cash available under its existing credit facility, subject to the terms of applicable covenants. Management does not expect the execution of these programs to have an adverse effect on its liquidity position.

NOTE 8—INCOME TAXES

As a result of Tech Mahindra Acquisition of the Company in January 2015, the Company filed its final consolidated federal income tax return which includes all of its US Subsidiaries for year ended December 31, 2014. The Company with all of its US Subsidiaries became part of the group consolidated federal income tax return of Tech Mahindra (Americas), Inc. starting with period ended March 31, 2015.

The Company has subsidiaries that file tax returns in several foreign jurisdictions. The Company and its subsidiaries also file tax returns in local tax jurisdictions in many of the countries in which they do business. Many of the Company's subsidiaries' tax returns have been examined through various dates. Generally, the Company is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ending December 31, 2012 to March 31, 2016. In addition, the Company is currently open to audit under the statute of limitations in various foreign jurisdictions for the tax years between 2005 and 2017.

The provision/(benefits) for income taxes for the year ended March 31, 2017 and March 31, 2016 consisted of the following:

	2017	2016
	(In thousands)	
	$	$
Current:		
Federal	**(7,506)**	(15,125)
State and local	**(315)**	(1,346)
Foreign	**3,584**	8,304
	(4,237)	(8,167)
Deferred:		
Federal	**-**	-
State and local	**-**	-
Foreign	**895**	(582)
	895	(582)
Total	**(3,342)**	(8,749)

Deferred income taxes, net includes the following components as of March 31, 2017 and March 31, 2016:

	2017	2016
	(In thousands)	
Gross deferred tax assets	**43,322**	25,943
Less: valuation allowance	**(34,244)**	(21,908)
Deferred tax assets, net of valuation allowance	**9,078**	4,035
Gross deferred tax liabilities	**(13,612)**	(8,001)
Net deferred tax (liabilities)/ assets	**(4,534**	(3,966)

Based on the Company's financial results for the year ended March 31, 2017 and March 31, 2016, projected future taxable income and tax planning strategies, the Company's deferred tax assets are primarily comprised of net operating losses of $24.9 million and $16.3 million at March 31, 2017 and March 31, 2016, respectively. The Company's deferred tax liabilities are primarily related to intangible assets recorded during the acquisition of Leadcom.

Pursuant to Section 382 of the Internal Revenue Code, the Company underwent an ownership change for tax purposes (i.e., a more than 50% change in stock ownership in aggregated 5% shareholder) as a result of the acquisition by Tech Mahindra (Americas), Inc.

The Company has U.S. operating loss carry-forwards of $62.2 million as of March 31, 2017 which expire beginning in 2029. Of this amount, $56.7 million will be expiring before utilization under Sec 382 limitation. The Company also has $64.7 million of foreign net operating loss carry-forwards, some of which can be carried forward indefinitely, subject to certain restrictions. In addition, the Company had foreign tax credit carry-forwards of $1.1 million for foreign tax purposes that do not expire.

Foreign income tax expense is generated from business conducted in countries where the Company has subsidiaries or has established branch offices or has performed significant services that constitute a "permanent establishment" for tax reporting purposes. Foreign income tax also includes withholding tax on projects in countries where the Company does not have a registered presence.

The Company has made no provision for deferred U.S. income taxes or additional foreign taxes on any unremitted earnings of its controlled foreign subsidiaries because the Company considers these earnings to be permanently reinvested.

In determining the income tax valuation allowances, management considers whether it is likely that any portion of the deferred tax assets will be realized. Based on the Company's financial results for the year ended March 31, 2017 and March 31, 2016, projected future taxable income and tax planning strategies, the Company increased its valuation allowance on foreign and domestic net operating loss carry-forwards and other deferred tax assets by $12.3 million and $14.2 million during the year ended March 31, 2017 and 2016 respectively.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable-income during the period when the benefit remains available and in those countries where the tax assets can be used.

NOTE 9—OTHER CURRENT LIABILITIES AND ACCRUED EXPENSES

At March 31, 2017 and 2016, other current liabilities consisted of the following:

	March 31,	
	2017	2016
	(In thousands)	
	$	$
Lease liability, current portion	**2,502**	2,808
Other	**10,375**	7,519
Other current liabilities	**12,877**	10,327

NOTE 10—HEALTH AND RETIREMENT PLANS

April to December 2016

The Company has a defined contribution profit sharing plan under Section 401(k) of the Internal Revenue Code that provides for voluntary employee contributions of up to 60% of compensation for the Company's US employees. After six months of employment, the Company makes a matching contribution of 25 cents for every dollar of an employee's contribution up to 6.0% of each employee's compensation.

January to March 2017

The Company has a defined contribution pension plan under Section 401(k) of the Internal Revenue Code that provides for voluntary employee contributions of up to 100% of compensation for the Company's US employees subject to the limits established by Internal Revenue Service regulations.

The Company's contributions and other expenses associated with the plan for the year ended March 31, 2017 and March 31, 2016 were approximately $0.1 million and $0.2 million, respectively.

The Company's foreign subsidiaries have various pension plans under local tax and labour laws. In most countries, the Company is obligated to make contributions to these plans and those contributions vary by country. Contributions and other expenses related to these plans were approximately $5.25 million and $5.24 million for the year ended March 31, 2017 and March 31, 2016, respectively.

The Company's US group health benefits are self-insured for claims up to $0.3 million, per participant per plan year (individual stop loss) under the Tech Mahindra stop loss policy. It also carries reinsurance coverage for claims in excess of $0.2 million per participant, per plan year. It also carries aggregate reinsurance capped at approximately $43 million for the entire Tech Mahindra population, depending on the number of participants during the year and actual monthly enrollments.

Characteristics of the Company's non-US health benefits vary by region.

NOTE 11—RELATED PARTY TRANSACTIONS

During the year ended March 31, 2017 and 2016, the Company had the following related party transactions with the below mentioned related parties.

1. **List of related parties and relationships (where there are transactions):**

   Ultimate Holding Company

   Tech Mahindra Limited

   Holding Company

   Tech Mahindra Americas Inc.

   Fellow subsidiaries

   Tech Mahindra Drc Sarlu

   Tech Mahindra Gmbh

Fixstream Networks Inc.

Tech Mahindra De Mexico S De Rl De Cv

Tech Mahindra Limited Iberia Sucursal En España

Tech Mahindra Nigeria Ltd

2. Related party transactions

(In thousands)

Nature of Transaction	Name of related party	March 31, 2017	March 31, 2016
Revenue from services	Tech Mahindra Americas Inc.	**1,840**	-
	Tech Mahindra Gmbh	**334**	-
	Tech Mahindra Limited	**6,543**	5,938
	Tech Mahindra Limited Iberia Sucursal En España	**66**	28
Cost of revenues	Tech Mahindra Americas Inc.	**774**	703
Subcontractor expenses	Fixstream Networks Inc.	**19**	-
	Tech Mahindra Americas Inc.	**314**	-
	Tech Mahindra Limited	**12,582**	8,122
Rent income	Tech Mahindra Limited Iberia Sucursal En España	**101**	22
Rent expense	Tech Mahindra De Mexico S De Rl De Cv	**79**	43
	Tech Mahindra Limited	**132**	66
Reimbursement for services	Tech Mahindra De Mexico S De Rl De Cv	**417**	34
	Tech Mahindra Limited	**317**	730
Interest expenses	Tech Mahindra Americas Inc.	**494**	153
Taxes	Tech Mahindra Americas Inc.	**7,855**	15,346
	Tech Mahindra Limited	**857**	-

3. Balances with related parties (as at year-end)

(In thousands)

Nature of balance	Name of related party	March 31, 2017	March 31, 2016
Loan Payable	Tech Mahindra Americas Inc.	**23,000**	20,153
	Tech Mahindra Drc Sarlu	**50**	-
Loan Receivable	Tech Mahindra Gmbh	**300**	-
Payable	Fixstream Networks Inc.	**37**	-
	Tech Mahindra Americas Inc.	**1,845**	703
	Tech Mahindra De Mexico S De Rl De Cv	**8**	50
	Tech Mahindra Limited	**13,766**	8,786
Receivables	Tech Mahindra Americas Inc.	**24,963**	15,346
	Tech Mahindra De Mexico S De Rl De Cv	**150**	40
	Tech Mahindra Gmbh	**30**	-
	Tech Mahindra Limited	**1,447**	826
	Tech Mahindra Limited Iberia Sucursal En España	**80**	36
	Tech Mahindra Nigeria Ltd	**13**	13

NOTE 12—INVESTMENTS IN OTHER ENTITIES

In July 2014, the Company acquired a 49% interest in SARL Djazatech (“Djazatech”), an Algerian based holding company, holding a 100% interest in the shares of “LCC UK Algerie”, an Algeria based operating telecommunications service company. Consideration for the equity interest consisted of cash consideration of $0.7 million, of which $0.3 million was paid in 2014 and $0.4 million was paid in 2015.

Any additional consideration is contingent upon the achievement of certain gross margin targets throughout four earn out periods, ending on December 31, 2014, 2015, 2016, and June 30, 2017.

As of March 31, 2017 and 2016 based on management projections, the likelihood of meeting the gross margin targets were not more likely than not, therefore, no contingent liability nor additional investment is reflected in the Company's consolidated balance sheets as of March 31, 2017 or March 31, 2016.

The Company accounts for this investment under the equity method and recognizes its 49% share of Djazatech's profits and losses. An equity loss of $0.4 million was recorded during the year ended March 31, 2017 and an equity gain of $0.42 million was recorded during the year ended March 31, 2016.

NOTE 13—COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases office facilities, warehouses, vehicles and certain equipment under non-cancelable operating leases expiring on various dates over the next eleven years. The lease agreements include renewal options and provisions for rental escalations and require the Company to pay for executory costs such as taxes and insurance. Some of the lease agreements also allow the Company to elect an early out provision by giving notice and paying certain lease termination penalties. Benefits associated with a rent abatement period and certain lease incentives on office facilities are reflected ratably over the period of the lease. For leases that have been terminated, the applicable portion of the benefit has been offset against the lease termination penalty.

Future minimum rental payments and receivables under non-cancelable operating leases, excluding executory costs as of March 31, 2017 are as follows:

	Rental Payable	Rental Receivables Under Subleases
	(In thousands)	
	$	$
2018	**6,606**	(1,020)
2019	**3,961**	(829)
2020	**2,136**	(698)
2021	**1,314**	(559)
2022	**1,153**	(578)
Thereafter	**5,980**	(3,631)
	21,150	(7,315)

Rent expense under operating leases was approximately $11.8 million and $15.2 million for the year ended March 31, 2017 and March 31, 2016, respectively.

Capital Leases

The Company leases office equipment, tools, and cars under non-cancelable capital leases expiring on various dates over the next four years.

Future obligations under capital leases commencing on April 1, 2017 are as follows:

	Minimum Lease Payments (In thousands)
	$
2018	**2,747**
2019	**576**
2020	**100**
2021	**5**
2022	**-**
Thereafter	**-**
	3,428
Less: Amount representing interest	**(262)**
	3,166

Legal Proceedings

The Company is a party to various litigation matters and claims that are normal in the course of operations and while the results of such litigation matters and claims cannot be predicted with certainty, the Company believes that it is not reasonably possible that the final outcome of such matters will have a material adverse impact on the consolidated financial position, results of operations or cash flows of the Company.

NOTE 14—SUBSEQUENT EVENTS

The Company evaluated its financial statements for subsequent events through May 22, 2017, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
SOFGEN HOLDINGS LIMITED

Report on the special purpose condensed Consolidated Financial Statements

We have audited the accompanying special purpose condensed consolidated financial statements of Sofgen Holdings Limited (hereinafter referred to as the Holding Company/ Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statements of Profit and Loss, Changes in Equity and Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the special purpose condensed consolidated financial statements).

Management's Responsibility for the special purpose condensed Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these special purpose condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (the Act) as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the special purpose condensed consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose condensed consolidated financial statements based on our audit. While conducting the audit, we have taken into account the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose condensed consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the special purpose condensed consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the special purpose condensed consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial control system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the special purpose condensed consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the special purpose condensed consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid special purpose condensed consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2017, and their consolidated profit, changes in equity and their consolidated cash flows for the year ended on that date.

Restriction on use

These special purpose condensed consolidated financial statements have been prepared by the Company solely to enable its holding company, Tech Mahindra Limited to prepare special purpose condensed consolidated financial statements. Accordingly, our report is meant for the purpose mentioned above and is not meant to report on Sofgen Holdings Limited as a group and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Nilesh Lahoti
Partner
(Membership No.130054)

Place: Pune
Date: May, 25, 2017

CONDENSED CONSOLIDATED BALANCE SHEET AS AT YEAR ENDED

		Note No.	31-Mar-17	USD. in Million 31-Mar-16
ASSETS				
Non-current assets				
(a)	Property, Plant and Equipment	3	**0**	0
(b)	Capital work-in-progress		**-**	-
(c)	Investment Property	5	**-**	-
(d)	Goodwill	6	**2**	4
(e)	Intangible assets	4	**0**	0
(f)	Financial Assets			
	(i) Investments	7	**1**	0
	(ii) Trade receivables	8	**-**	-
	(iii) Loans	9	**-**	-
(iv)	Other Financial Assets	10	**0**	0
(g)	Advance Income Taxes (Net of provisions)		**-**	
(h)	Deferred tax assets (net)		**0**	0
(i)	Other non-current assets	11	**1**	1
Total Non-current Assets			**4**	5
Current assets				
(a)	Inventories	12	**-**	-
(b)	Financial Assets			
	(i) Investments	13	**-**	-
	(ii) Trade receivables	14	**14**	9
	(iii) Cash and cash equivalents	15	**3**	5
	(iv) Other Balances with Banks	16	**-**	-
	(v) Loans	17	**-**	-
	(vi) Other Financial Assets	18	**5**	4
(c)	Other current assets	19	**1**	2
			23	20
Assets held-for-sale			**-**	
Total Current Assets			**23**	20
Total Assets			**27**	25

CONDENSED CONSOLIDATED BALANCE SHEET AS AT YEAR ENDED

	Note No.	31-Mar-17	31-Mar-16
			USD. in Million
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	20	**2**	2
(b) Other Equity	21	**(6)**	(0)
Equity Attributable to Owners of the Company		**(4)**	2
Non-Controlling Interests		**-**	-
Total Equity		**(4)**	2
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	**0**	0
(ii) Other Financial Liabilities	23	**-**	-
(b) Provisions	24	**1**	1
(c) Deferred tax liabilities (Net)		**0**	-
(d) Other non-current liabilities	25	**-**	-
Total Non - Current Liabilities		**1**	1
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	26	**18**	13
(ii) Trade payables	27	**9**	4
(iii) Other Financial Liabilities	28	**-**	0
(b) Other current liabilities	29	**3**	4
(c) Provisions	30	**0**	1
(d) Current Tax Liabilities (Net)		**0**	-
Total Current Liabilities		**30**	22
Total Equity and Liabilities		**27**	25

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner
Pune, India
Date: May 25, 2017

For Sofgen Holdings Limited

Alexander L. Dembitz
Director
Pune, India
Date: May 25, 2017

Vikram Narayanan Nair
Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

USD. in Million

		Note No.	**31-Mar-17**	31-Mar-16
I	Revenue from operations		**45**	42
II	Other Income	31	**(0)**	0
III	**Total Revenue (I +II)**		**45**	42
IV	**EXPENSES**			
	Subcontracting Expenses		**9**	9
	Employee benefit expense	32	**30**	27
	Finance costs	33	**0**	0
	Depreciation and amortisation expense	34	**0**	1
	Other expenses	35	**11**	8
	Total Expenses		**50**	45
V	**Share of (Profit) / Loss of Associates**		**-**	-
VI	**Profit/(loss) before Exceptional Item and Tax (III-IV-V)**		**(5)**	(3)
VII	Exceptional Item (net)		**-**	-
VIII	**Profit/(loss) before tax (VI+VII)**		**(5)**	(3)
IX	**Tax Expense**			
	Current tax		**1**	1
	MAT charge / (credit)		**-**	-
	Earlier years excess provision written back		**-**	-
	Deferred tax		**0**	0
	Total tax expense		**1**	1
X	**Profit/(loss) after Tax**		**(6)**	(4)
XI	**Profit/(Loss) for the year ended attributable to:**			
	Owners of the Company		**(6)**	(4)
	Non controlling interests		**-**	
			(6)	(4)
XII	**Other comprehensive income**			
A	I. Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities / (asset)		**-**	-
	(b) Equity instruments through other comprehensive income		**1**	-
	II. Income tax relating to items that will not be reclassified to profit or loss		**-**	-
B	I. Items that will be reclassified to profit or loss			
	(a) Exchange differences in translating the financial statements of foreign operations		**0**	-
	(b) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		**-**	-
	II. Income tax on items that will be reclassified to profit or loss		**-**	-
XIII	**Total comprehensive income for the year ended (X+XII)**		**(6)**	(4)
XIV	**Total comprehensive income for the year ended attributable to:**			
	Owners of the Company		**(6)**	(4)
	Non controlling interests		**-**	-
XV	**Earnings per Equity Share in USD**			
	Basic & Diluted		**(5)**	(3)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner
Pune, India
Date: May 25, 2017

For Sofgen Holdings Limited

Alexander L. Dembitz
Director
Pune, India
Date: May 25, 2017

Vikram Narayanan Nair
Director

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2017

				USD. in Million
	Consolidated Cash Flow Statement for the			**Year ended**
			March 31, 2017	March 31, 2016
A	**Cash Flow from Operating Activities**			
	Profit before Tax		**(5)**	(3)
	Adjustments for :			
	Depreciation and Amortization Expense	0		1
	Allowances for Doubtful Receivables and Bad Debts written off and Allowances for Doubtful Advances, Deposits and Advances written off	1		1
	Provision for Impairment of Goodwill	2		-
	Finance Costs	0		0
	Sundry Balances Written back	0		0
			3	2
			(2)	(1)
	Operating Profit before working capital changes			
	Trade Receivables and Other Assets	(6)		(2)
	Trade Payables, Other Liabilities and Provisions	2		(1)
			(4)	(2)
	Cash Generated from Operations		**(6)**	(3)
	Income Tax Refund / (Paid) (net)		**(0)**	(1)
	Net Cash Flow from / (used in) Operating Activities (A)		**(6)**	(4)
B	**Cash Flow from Investing Activities**			
	Purchase of Property, Plant and Equipment and Intangible Assets	(0)		(1)
	Purchase of Treasury Bonds and Bills	0		-
	Net Cash Flow from / (used in) Investing Activities (B)		**(0)**	(1)
C	**Cash Flow from Financing Activities**			
	Proceeds from Long-Term Borrowings(net)	(0)		(3)
	Repayment of Long-Term Borrowings	-		-
	Short-Term Borrowings (net)	4		12
	Net Cash Flow from / (used in) Financing Activities (C)		**4**	9
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(2)**	4
	Cash and Cash Equivalents at the beginning of the		**5**	1
	Cash and Cash Equivalents at the end of the		**3**	5

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner
Pune, India
Date: May 25, 2017

For Sofgen Holdings Limited

Alexander L. Dembitz
Director
Pune, India
Date: May 25, 2017

Vikram Narayanan Nair
Director

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2017

1. Corporate Information:

The Company SOFGEN Holdings Ltd (the "Company") was incorporated in Cyprus on 27 May 2008 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 229, Arch. Makarios III Ave. Meliza Court, 4th floor, 3105, Limassol, Cyprus

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 25, 2017.

2. Significant accounting policies:

2.1 Statement of Compliance:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis for preparation of financial statements:

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payment, leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.3 Basis of Consolidation:

The Consolidated Financial Statements comprise the financial statements of Sofgen Holdings Limited and its subsidiaries (the Company and its subsidiaries constitute “the Group”). The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has ability to affect the entity’s returns by using its power over the entity. The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances, transactions including unrealized gain / loss from such transactions and cash flows are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the company's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

2.4 Business Combinations:

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquire. Acquisition related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IND AS 109 Financial Instruments or IND AS 37 Provisions, Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in profit or loss.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Goodwill and intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Intangible assets purchased including acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

2.5 Use of Estimates:

The preparation of financial statements requires the management of the Group to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Critical accounting estimates

i) Revenue Recognition

The Company applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii) Income taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. The policy for the same has been explained under Note 2.18.

iii) Property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The policy for the same has been explained under Note 2.6.

iv) Impairment of Investments

The Group reviews its carrying value of investments in subsidiaries and other entities at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

v) Provisions

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.22.

vi) Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets and their estimated useful life. These valuations are conducted by independent valuation experts.

vii) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

2.6 Property, Plant & Equipment and Intangible assets:

Property, Plant & Equipment and intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as under based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Computers	2 to 3 years
Furniture and Fixtures	3 to 10 years
Leasehold Improvements	3 years
Office Equipment	3 to 20 years

The estimated useful lives and residual values of the Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Project specific intangible assets are amortised over their estimated useful lives on a straight line basis or over the period of the license/lease period, whichever is lower.

An item of Property, Plant & Equipment and intangibles asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

2.7 Investment Property:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost model in accordance with Ind AS 16 Property, Plant and Equipment.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.8 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

i. Finance lease:

Where the Group, as a lessor, leases assets under finance lease, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on constant rate of return on the outstanding net investment.

Assets taken on finance lease are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance cost and reduction of outstanding liability. Finance costs are recognised as an expense in the statement of profit or loss over the period of lease, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Group's general policy on borrowing costs.

ii. Operating lease:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

iii. Sale and Lease back transaction :

In case of a sale and leaseback transaction resulting in a finance lease, any excess or deficiency of sales proceeds over the carrying amount is deferred and amortised over the lease term in proportion to the depreciation of the leased asset.

Profit or Loss on Sale and Lease back arrangements resulting in finance leases are recognised, in case the transaction is established at fair value, else the excess over the fair value is deferred and amortised over the period for which the asset is expected to be used.

2.9 Impairment of Assets:

i) Financial assets

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

ii) Non-financial assets

a) Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

b) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU’s expected to benefit from the synergies arising from the business combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of profit and loss and is not reversed in the subsequent period.

2.10 Inventories:

Work in progress is evaluated based on the using the proportionate completion method of accounting, unless work completed cannot be reasonably estimated.

2.11 Revenue recognition:

Revenue from software services and business process outsourcing services include revenue earned from services rendered on ‘time and material’ basis, time bound fixed price engagements and system integration projects.

Revenue recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

The Group also performs time bound fixed price engagements, under which revenue is recognised using the proportionate completion method of accounting, unless work completed cannot be reasonably estimated. Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates and can be reasonably estimated.

The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known.

Revenue from maintenance contracts is recognised over the period of the contract in accordance with its terms.

Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customers/unearned revenue.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Group and when there is a reasonable certainty with which the same can be estimated.

Revenues from the sale of software and hardware products are recognised upon delivery / deemed delivery, which is when title passes to the customer, along with risk and rewards.

Reimbursement / recoveries from customers are separately identified as contractual receivables when no significant uncertainty as to measurability or collectability exists.

The Group recognizes unearned finance income as financing revenue over the lease term using the effective interest rate method.

Dividend income is recognised when the Group’s right to receive dividend is established. Interest income is recognized using effective interest rate method.

2.12 Government grants:

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated financial statements and transferred to profit or loss on a systematic and rational basis over the useful life of the related assets.

Grants related to revenue are accounted for as other income in the period in which the related costs which Government intend to compensate are accounted for to the extent there is no uncertainty in receiving the same. Incentives which are in the nature of subsidies given by the Government which are based on the performance of the Group are recognised in the year of performance / eligibility in accordance with the related scheme.

Government grants in the form of non-monetary assets, given at a concessional rate, are accounted for at their fair value.

2.13 Foreign currency transactions:

The functional currency of the group is USD.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

2.14 Foreign Operations:

For the purpose of these consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

2.15 Financial Instruments:

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

i) Non-derivative financial instruments:

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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Group, on initial application of IND AS 109 has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

ii) Financial Guarantee contracts

Financial guarantee contracts issued by the Company are initially measured at fair value and subsequently measured at the higher of the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 Revenue.

iii) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company’s obligation are discharged, cancelled or have expired.

2.16 Employee Benefits:

a) Gratuity:

The Group accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method. Certain overseas subsidiaries of the Company also provide for retirement benefit plans in accordance with the local laws.

Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur. (Refer note 53 below). Past service cost is recognised in profit or loss in the period of a plan amendment.

b) Provident fund:

The eligible employees are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the company and its Indian subsidiaries make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner its Indian subsidiaries except in case of one subsidiary where a portion of the contribution is made to approved provident fund trust managed by that subsidiary. The contribution to trust managed by the subsidiary is accounted for as a defined benefit plan as the subsidiary is liable for any shortfall in the fund assets based on the government specified minimum rate of return.

c) Superannuation and ESIC:

Superannuation fund and employees' state insurance scheme (ESI), which are defined contribution schemes, are charged to the Statement of Profit and Loss on accrual basis.

d) Compensated absences:

The Group provides for the compensated absences subject to certain Group's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for its Indian subsidiaries, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries.

The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the Balance Sheet date.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the period in which they occur.

The Group also offers a short term benefit in the form of encashment of unavailed accumulated compensated absence above certain limit for all of its employees and same is being provided for in the books at actual cost.

e) Other short term employee benefits:

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised in the statement of profit and loss during the period when the employee renders the service.

2.17 Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss.

2.18 Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax after the tax holiday period.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liability (DTL) is not recognised on the accumulated undistributed profits of the subsidiary company in the consolidated financial statements of the company, if it is determined that such accumulated undistributed profits will not be distributed in the foreseeable future. When it is probable that the accumulated undistributed profits will be distributed in the foreseeable future, then DTL on accumulated undistributed profits of the subsidiary company is recognised in the consolidated statement of profit and loss of the company.

In cases, where the DDT paid by subsidiary on distribution of its accumulated undistributed profits is not allowed as a set off against the Company's own DDT liability, then the amount of such DDT is recognised in the consolidated statement of profit and loss.

The Group recognises interest levied and penalties related to income tax assessments in interest expenses.

2.19 Earnings per Share:

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.20 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

2.21 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2017

Share based payments

Ind AS 102 Share based payments was issued in February 2015. MCA on March 17, 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 102.

The amendments made to Ind AS 102 covers Measurement of cash-settled share-based payments,

Classification of share-based payments settled net of tax withholdings and accounting for a modification of a share-based payment from cash-settled to equity-settled.

The amendments are to be applied prospectively for annual periods beginning on or after April 1, 2017. Earlier application is not permitted. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Statement of Cash flows

Ind AS 7 Statement of Cash Flows was issued in February 2015. MCA on March 17, 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 7.

The amendments made to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments are to be applied prospectively for annual periods beginning on or after April 1, 2017. Earlier application is not permitted. When the amendments are first applied, entities are not required to present comparative information for earlier periods. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Note -3: Property, Plant and Equipment

USD. in Million

Particulars	Gross Block						Accumulated Depreciation / Amortisation						Net Block (as at)
	Balance at the beginning of the year	Additions through business combination	Additions during the year	Deletions during the year	FCTR	Balance at the end of the year	Balance at the beginning of the year	Acquisitions through business combinations	For the year	Deductions during the year	FCTR	Balance at the end of the year	31-Mar-17
Tangible Assets													
Computers	1		0	-	-	1	1	-	0	-	(0)	1	0
	1		0	-	(0)	1	1	-	0	-	(0)	1	0
Furniture and Fixtures	0		0	-	-	0	0	-	0	-	(0)	0	0
	0		0	-	(0)	0	0	-	0	-	(0)	0	0
Office Equipments	0		0	-	(0)	0	0	-	0	-	(0)	0	0
	0		0	0	(0)	0	0	-	0	-	(0)	0	0
Leasehold Improvements	0		-	-	(0)	0	0	-	0	-	(0)	0	0
	0		0	-	0	0	0	-	0	-	(0)	0	0
Total	1	-	0	-	(0)	1	1	-	0	-	(0)	1	0

Notes:

Numbers in Italics pertains to the previous year.

Note -4
Other Intangible Assests

USD. in Million

Description of Assets	**31-Mar-17**	31-Mar-16
Software (other than internally generated) Gross Block:		
Opening Balance as at April 1	**2**	1
Additions during the year		1
Deletions during the year		0
"Effect of foreign currency exchange differences "	**(1)**	0
Closing Gross Block	**1**	2
II. Accumulated depreciation and impairment for the year ended		
Opening Balance as at April 1	**2**	1
Amortisation expense for the year	**0**	1
"Effect of foreign currency exchange differences "	**(1)**	0
Closing Accumulated depreciation / impairment	**1**	2
Closing Net Block	**0**	0

Note -5
Investment Property

USD. in Million

Description of Assets	Land	Buildings	Total
		As at 31-Mar-17	
I. Gross Block			
Balance as at 1 April, 2016			-
Additions relating to acquisitions/ Business combination			-
Addition others			-
Disposals			-
Classified as held for sale			-
Impairment losses recognised/ (reversed) in profit and loss			-
Transferred from Inventories and property, plant and equipment			-
Effect of foreign currency exchange differences			-
Clsoing Gross Block	-	-	-
II. Accumulated depreciation and impairment for the year ended March 31, 2017			
Balance as at 1 April, 2016			-
Charge for the year			-
Additions relating to acquisitions/ Business combination			-
Reversals/ Disposals during the year			-
Classified as held for sale			-
Transferred from Inventories and property, plant and equipment			-
Effect of foreign currency exchange differences			-
Closing Accumulated depreciation / impairment	-	-	-
Net Closing balance (I-II)	-	-	-

Note - 6: Goodwill on Consolidation

A reconciliation of the carrying amount of 'Goodwill on Consolidation' at the beginning and end of the reporting year

USD. in Million

Goodwill on Consolidation	31-Mar-17	31-Mar-16
Cost		
Balance as at 1 April	**4**	4
Deletion	**-**	-
Additional amounts recognised from business cominations occurring during the year	**-**	-
Derecognisd on disposal of a subsidiary	**-**	-
Reclassified as held for sale	**-**	-
Effect of foreign currency exchange differences	**-**	-
Others (Describe)	-	-
Balance at end of year	**3.88**	4
Accumulated Impairment		
Balance as at 1 April	**-**	-
Impairment losses recognised in the year	**1.50**	-
Derecognised on disposal of a subsidiary	**-**	-
Classified as held for sale	**-**	-
Effect of foreign currency exchange differences	**-**	-
Balance at end of year	**1.50**	-
Net Balance	**2.38**	4

Note 7: Non-Current Investments: Table 1 and 2

Period Ended 31-Mar-17

USD. in Million

Sr No	Quoted / Unquoted	No. of Shares	Name of the Company	Type of Share Capital	Relationship	Currency	Face Value	Total Investment	Provision Amount	Net	Market Value in Case of Quoted Investments
1	Quoted		Bonds					0		0	
2	Quoted	138,496	Bank of Cyprus					0		1	
					Total Amount					1	-

Note -8
Trade Receivables-Non Current

USD. in Million

Particulars	**As at 31-Mar-17**	As at 31-Mar-16
Trade Receivables		
Considered Doubtful	-	
Less: Allowance for Doubtful Debts	-	
TOTAL	-	-

Note 9
Loans

Currency USD

Particulars	**As at 31-Mar-17**	As at 31-Mar-16
Loans to related parties		
- Unsecured, considered good	-	
	-	-

Note 10
Other Financial Assets

USD. in Million

Particulars		**As at 31-Mar-17**	As at 31-Mar-16
a) Unbilled Revenue		-	
	TOTAL (a)	-	-
b) Interest Receivable			
(i) Interest accrued on deposits, loans and advances		-	
(ii) Interest - Others		-	
	TOTAL (b)	-	-
c) Security Deposits			
- Unsecured, considered good		0	0
- Doubtful		0	-
Less : Allowance for bad and doubtful deposits		(0)	-
	TOTAL (c)	0	0
d) Lease Receivable			
Considered Good		-	
Considered Doubtful		-	
Provision		-	
	TOTAL (d)	-	-
e) Foreign Currency Derivative Assets		-	
	TOTAL (e)	-	-

USD. in Million

Particulars		As at 31-Mar-17	As at 31-Mar-16
f)	**Fixed deposits/Margin Money Deposits having maturities of more than 12 months from the Balance Sheet date**	-	
	TOTAL (f)	-	-
g)	**Advances to Related Parties**		
	- Unsecured, considered good	-	
	- Unsecured, considered doubtful	-	
	- Doubtful	-	
	TOTAL (g)	-	-
h)	**Financial guarantee contracts**		
	Considered Good	-	
		-	-
	TOTAL (h)	-	-
	TOTAL (a+b+c+d+e+f+g+h)	0	0

Note 11
Other Non-Current Assets

USD. in Million

Particulars		As at 31-Mar-17	As at 31-Mar-16
a)	**Balance with Government Authorities**		
	Considered Good	0	
	Considered Doubtful	-	
	Provision	-	
	TOTAL (a)	0	-
b)	**Capital Advances**		
	Considered Good	-	
	Considered Doubtful	-	
	Provision	-	
	TOTAL (b)	-	-
c)	**Prepaid Expenses**	1	1
	TOTAL (c)	1	1
d)	**Advance towards Investments**	-	
	TOTAL (d)	-	-
e)	**Share application money given to subsidiaries**		
	Considered Good	-	
	Considered Doubtful	-	
	Provision	-	
	TOTAL (e)	-	-
f)	**Other Loans and Advances**		
	- Secured, considered good	-	
	- Unsecured, considered doubtful	-	
	Less : Allowance for bad and doubtful advances	-	
	TOTAL (f)	-	-
TOTAL		-	-
	TOTAL (a+b+c+d+e+f)	1	1

Note 12: Inventories

USD. in Million

Particulars	As at 31-Mar-17	As at 31-Mar-16
- Hardware, Software and Product Components	**-**	
Total	**-**	-

Note 13: Details for Current Investments

Year Ended 31-Mar-17 USD. in Million

Table 1

Sr No	Type of Investment	Quoted / UnQuoted	No. of Units	Currency	Market Rate	Name of Scheme	Amount
1							-
2							-
3							-
4							
						Total Amount	-

Note -14
Trade Receivables-Current

USD. in Million

Particulars	As at 31-Mar-17 Current	As at 31-Mar-16 Current
Trade receivables outstanding for a period of more than 6 months		
(a) Unsecured, considered good	**2**	2
(b) Doubtful	**0**	0
Other Trade receivables		
(a) Unsecured, considered good	**12**	8
(b) Doubtful	**-**	0
Less: Allowance for doubtful debts	**(0)**	(1)
TOTAL	**14**	9

Note - 15
Cash and Cash Equivalents

USD. in Million

Particulars		As at 31-Mar-17	31-Mar-16
(a)	Cash in hand	**0**	0
(b)	Fund in Transit	**0**	-
(c)	Cheques on Hand	**-**	-
(d)	Unrestricted Balances with banks		
	(i) In Current Account	**3**	4
	(ii) In Deposit Account (having original maturity less than 3 months)	**0**	1
Total Cash and cash equivalents		**3**	5

Note - 16
Other Balances with Bank

USD. in Million

Particulars		As at 31-Mar-17	31-Mar-16
a)	**Other Bank Balances**		
	(i) Unrestricted Cash and bank balances		
	- Deposit account with banks (having original maturity more than 3 months)	**-**	-
	(ii) Restricted Cash and bank balances		
	- Balances held as Margin Money/Security towards obtaining Bank Guarantees	**-**	-
	- Unclaimed Dividend	**-**	-
	- Balance held under Escrow Account	**-**	-
	TOTAL (a)	**-**	-
TOTAL		**-**	-

Note 17
Loans

USD. in Million

Particulars	As at 31-Mar-17	31-Mar-16
Loans to Related Parties		
- Unsecured, considered good	**-**	
TOTAL	**-**	-

Note 18
Other Financial Assets

USD. in Million

Particulars		As at 31-Mar-17 Current	As at 31-Mar-16 Current
a) Unbilled Revenue		**5**	**4**
	TOTAL (a)	**5**	**4**
b) Interest Receivable			
(i) Interest accrued on deposits, loans and advances		-	
(ii) Interest - Others		-	
	TOTAL (b)	-	-
c) Security Deposits			
- Unsecured, considered good		-	-
- Doubtful		-	-
Less : Allowance for bad and doubtful deposits		-	-
	TOTAL (c)	-	-
d) Lease Receivable			
Considered Good		-	
	TOTAL (d)	-	-
e) Foreign Currency Derivatives Assets		-	
	TOTAL (e)	-	-
f) Advances to Related Party			
- Unsecured, considered good		-	
- Unsecured, considered doubtful		-	
- Doubtful		-	
	TOTAL (f)	-	-
g) Financial guarantee contracts			
Considered Good		-	
	TOTAL (g)	-	-
h) Contractually Reimbursable Expenses			
Considered Good		-	
Considered Doubtful		-	
Less: Allowance for doubtful receivables		-	
	TOTAL (h)	-	-
	TOTAL (a+b+c+d+e+f+g+h)	**5**	4

Note 19
Other current assets

USD. in Million

Particulars		As at 31-Mar-17	As at 31-Mar-16
a)	**Balance with Government Authorities**		
	Considered Good	**0**	1
	Considered Doubtful	**-**	-
	Provision	**-**	-
	TOTAL (a)	**0**	1
b)	**Advances to Employees**		
	- Unsecured, considered good	**1**	0
	- Doubtful	**-**	-
	Less : Allowance for bad and doubtful loans	**-**	-
	TOTAL (b)	**1**	0
c)	**Prepaid Expenses**	**-**	-
	TOTAL (c)	**-**	-
d)	**Share Application Money given to Subsidiaries**		
	Considered Good	**-**	
	TOTAL (d)	**-**	**-**
e)	**Other Loans and Advances**		
	- Secured, considered good	**0**	1
	- Unsecured, considered doubtful	**-**	-
	Less : Allowance for bad and doubtful advances	**-**	-
	TOTAL (e)	**0**	1
	TOTAL (a+b+c+d+e)	**1**	2

Note -20: Equity share capital

USD. in Million

Particulars	Number of Shares	Equity share capital 31-Mar-17	Equity share capital 31-Mar-16
Authorised:			
Ordinary shares of Euro 1 each	**4,797,938**	**5**	5
Option shares of €0,01 each	**17,500,000**	**0**	0
Class A shares of €1 each	**27,062**	**0**	0
Issued Subscribed and Paid up share Capital	**1,092,910**	**2**	2
Balance at March 31, 2017	**1,092,910**	**2**	2

Note -21: Other Equity

USD. in Million

Particulars	Share Application Money pending Allotment	Reserves & Surplus							Hedging Reserve	Fair Value through OCI (FVTOCI)	Foreign Currency Translation Reserve	Attributable to Owners of the Parent	Non Controlling Interests	Total
		Capital Reserve on Consolidation	Capital reserve	Securities Premium Reserve	Share Option Outstanding Account	General Reserve	Statutory Reserve	Retained Earnings						
Balance at the beginning of reporting year April 1, 2016	-	-	-	11	-	1	0	(10)	-	(0)	(2)	(0)		(0)
														-
Profit for the year								(6)				(6)	-	(6)
Other Comprehensive Income								-	-	1	0	1	-	1
Total Comprehensive income	-	-	-	-	-	-	-	(6)	-	1	0	(5)	-	(5)
Money received / Movement on account of issue of shares / exercise of Options (net)												-		-
Transfer from share option outstanding account to Securities premium on exercise of stock options												-		-
Amortised Amount of Stock Compensation Cost (net)					-							-		-
Dividends								-				-		-
Tax on Dividend								-				-		-
Others						(0)		(0)				(1)		(1)
Acquisition of Subsidiary												-		-
Acquisition of non Controlling Interests												-		-
Balance at the end of reporting year March 31, 2017	-	-	-	11	-	1	0	(16)	-	0	(2)	(6)	-	(6)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner
Pune, India
Date: May 25, 2017

For Sofgen Holdings Limited

Alexander L. Dembitz
Director
Pune, India
Date: May 25, 2017

Vikram Narayanan Nair
Director

Note - 22: Non-Current Borrowings

USD. in Million

Particulars	As at 31-Mar-17	As at 31-Mar-16
A. Secured Borrowings:		
Cash Credit and Loans Repayable on Demand		
-From Banks (other than Finance Lease Obligations)	**-**	0
(Secured by current Assets)		
Total Secured Borrowings	**-**	0
B. Unsecured Borrowings - at amortised Cost		
From Banks (other than Finance Lease Obligations)	**0**	-
Total Unsecured Borrowings	**0**	-
Total Borrowings	**0**	**0**

Note - 23: Other Financial Liabilities

USD. in Million

Particulars	As at 31-Mar-17	As at 31-Mar-16
Deposits received from Dealers	**-**	-
Contractual Obligation	**-**	-
Creditors for capital supplies/services	**-**	-
Foreign currency Derivatives Liabilities	**-**	-
Contingent consideration on acquisitions	**-**	-
	-	-

Note - 24: Provisions

USD. in Million

Particulars	As at 31-Mar-17	As at 31-Mar-16
Provision for Employee Benefits		
Gratuity	**0**	0
Others	**1**	1
Total Provisions	**1**	1

Note - 25: Other Non Current Liabilities

USD. in Million

Particulars	As at 31-Mar-17	As at 31-Mar-16
Unearned Revenue	**-**	-
Advances received from customers	**-**	-
TOTAL	**-**	-

Note - 26: Borrowings -Current

USD. in Million

Particulars	As at 31-Mar-17	As at 31-Mar-16
Secured Borrowings		
From Banks		
Cash Credit / Packing Credits	**-**	-
Other loans	**10**	7
(Secured by current Assets)		
	10	7
Unsecured Borrowings		
From Banks/Financial Institution	**0**	1
Loans from related parties	**8**	5
Total Unsecured Borrowings	**8**	6
Total Current Borrowings	**18**	13

Note - 27: Trade Payables

USD. in Million

Particulars	As at	
	31-Mar-17	31-Mar-16
Trade Payables other than Accrued Salaries and Benefits	**7**	2
Accrued Salaries and Benefits	**2**	2
Total trade payables	**9**	4

Note - 28: Other Financial Liabilities

USD. in Million

Particulars	As at	
	31-Mar-17	31-Mar-16
Current:		
Current maturities of long-term loans (secured)	**-**	0
Current maturities of long-term loans (Unsecured)	**-**	-
Total	**-**	0

Note - 29: Other Current Liabilities

USD. in Million

Particulars	As at	
	31-Mar-17	31-Mar-16
Advances received from customers		
Unearned revenue	**2**	2
Statutory Dues	**1**	2
Others	**0**	-
TOTAL OTHER LIABILITIES	**3**	4

Note - 30: Provisions

USD. in Million

Particulars	As at	
	31-Mar-17	31-Mar-16
Provision for employee benefits		
Gratuity	**-**	-
Others	**0**	1
Total Provisions	**0**	1

Note - 31: Other Income

USD. in Million

Particulars	For the year ended	
	31-Mar-17	31-Mar-16
Interest Income		
- On Bank deposits	**0**	0
- Other financial assets carried at amortised cost	**0**	0
Foreign Exchange gain/(loss) net	**(0)**	(0)
Sundry Balances Written Back	**0**	0
Miscellaneous Income	**0**	0
Total Other Income	**(0)**	0

Note - 32: Employee Benefits Expense

USD. in Million

Particulars	For the year ended	
	31-Mar-17	31-Mar-16
Salaries and wages, including bonus	**28**	26
Contribution to provident and other funds	**1**	1
Gratuity	**0**	0
Staff welfare expenses	**1**	0
Total Employee Benefit Expense	**30**	27

Note - 33: Finance Cost

USD. in Million

Particulars	For the year ended	
	31-Mar-17	31-Mar-16
Interest On Short Term Loan & Cash Credits	**0**	0
Interest On Loans From Related Parties	**0**	0
Other Interest Expense	**0**	-
Total finance costs	**0**	0

Note - 34 : Depreciation and Amortization Expense USD. in Million

Particular	For the year ended 31-Mar-17	31-Mar-16
Depreciation / Amortisation on PPE and Intangible Assets	**0**	1
	0	1

Note - 35: Other Expenses USD. in Million

Particulars		For the year ended 31-Mar-17	31-Mar-16
Power & Fuel Expenses		**0**	0
Rent		**1**	1
Rates and taxes		**0**	0
Communication Expenses		**0**	0
Travelling Expenses		**3**	3
Recruitment Expenses		**0**	0
Training		**1**	0
Hire Charges		**(0)**	-
Legal and other professional costs		**1**	1
Repair and maintenance Expenses			
- Buildings (including leased premises)		**-**	-
- Machinery and Computers		**0**	-
- Others		**0**	0
Insurance charges		**0**	0
Software, Hardware and Project Specific Expenses		**1**	1
Claims and Warranties (Net)		**-**	-
Advertisement, Promotion & Selling Expenses		**1**	0
General Office Expenses		**0**	0
(Profit)/ Loss on sale of fixed assets		**-**	-
Impairment of Goodwill		**2**	-
Provision for Doubtful Receivables, Unbilled Revenue and Bad Debts written off		**1**	0
-Provided during the quarter	-		0
-Bad Debts written off	0.57		-
-Less: Provision reversed during the quarter	0.24		-
Provision for Doubtful Advances, Deposits and Advances written off		**0**	1
-Provided during the quarter	-		1
-Bad Debts written off	0		-
-Less: Provision reversed during the quarter	0		0
Donation		**0**	0
Miscellaneous Expenses		**0**	0
Total Other Expenses		**11**	8

36 Particulars of Consolidation

The consolidated financial statements present the consolidated accounts of the Group, which consists of financial statements of Sofgen and its subsidiaries:

Name of Company	Country of Incorporation	Extent of Holding	
		As at March 31, 2017	As at March 31, 2016
Sofgen Holdings Limited and its following subsidiaries :	Cyprus	**100%**	100%
• Sofgen Americas Inc	U.S.A.	**100%**	100%
• Sofgen Services Limited	Cyprus	**100%**	100%
• Sofgen Limited [refer note 37]	Cyprus	**-**	100%
• Sofgen (UK) Limited	U.K.	**100%**	100%
• Compania Sofgen SRL [refer note 37]	Romania	**-**	100 %
• Sofgen Luxembourg SARL [refer note 37]	Luxembourg	**-**	100%
• Sofgen Ireland Limited	Ireland	**100%**	100%
• Sofgen SA	Switzerland	**100%**	100%
• Sofgen Consulting AG	Switzerland	**100%**	100%
• Sofgen SaveTax S.A (refer note 38)	Switzerland	**-**	100%
• Sofgen SA	Bahamas	**100%**	100%
• Sofgen Africa Limited	Kenya	**100%**	100%
• Sofgen West Africa Limited	Ghana	**100%**	100%
• Sofgen India Private Limited	India	**100%**	100%
• Sofgen SDN. BHD.	Malaysia	**100%**	100%
• Sofgen Services Pte. Ltd.	Singapore	**100%**	100%
• Sofgen Australia Pty Limited [refer note 37]	Australia	**-**	100%

37 Disinvestments in / Liquidations of subsidiaries:

During the year ended March 31, 2017, the following entities of the Group have applied for liquidation and the same are under process of liquidation or liquidated.

- Sofgen Limited
- Sofgen Australia Pty. Ltd. (liquidated on June 29, 2016)
- Sofgen Luxembourg SARL. (liquidated on August 10, 2016)
- Compania Sofgen SRL (closed effective December 6, 2016)

38 Scheme of Merger of Sofgen Save Tax SA with Sofgen SA, Switzerland

The Board of Directors of the Sofgen Save Tax SA in their meeting held on February 22, 2017, has approved the scheme of its merger and arrangement applicable under article 23 alinea 1 LFus, with the Softgen SA, Switzerland a 100% subsidiary of the Sofgen Holdings Limited with effect from November 1, 2016 and pursuant thereto the entire business and all the assets and liabilities, duties, taxes and obligations of Sofgen Save Tax SA have been transferred to and vested in the Company with effect from November 1, 2016.

39 Company Assessment Provision/Diminution:

The Company's management assesses the operations of the entities, including the future projections, to identify the indications of diminution, other than temporary, in the value of investment recorded in the books of accounts and accordingly no additional provision is required to be made other than amounts provided for in books of accounts.

40 Contingent Liabilities

Bank Guarantees/corporate guarantees outstanding as at March 31, 2017: USD 0.40 Million (March 31, 2016: USD Nil Million).

41 Goodwill

Following is the summary of changes in carrying amount of goodwill:

USD in Million

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Balance at the beginning of the year	**4**	4
Addition during the year	**-**	-
On acquisition during the year	**-**	-
Deletion during the year	**-**	-
Impairment of Goodwill	**2**	-
Foreign currency exchange gain / (loss)	**-**	-
Balance at the end of the year	**2**	4

The Group tests goodwill annually for impairment. The goodwill of the Group included 2 Million, and 4 Million on account of the investment in subsidiaries as of March 31, 2017 and March 31, 2016 respectively. Allocation of goodwill by segments as of March 31, 2017 and March 31, 2016 is as follows:

USD in Million

Particulars	**As At March 31, 2017**	As At March 31, 2016
IT Business	**2**	4
Total	**2**	4

Allocation of goodwill to cash-generating units:

Goodwill has been allocated for impairment testing purposes to their underlying / segmental classification. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a year and over and an applicable discount rate.

Budgeted Projections are based on the same expected gross margins throughout. The cash flows beyond five-year period have been extrapolated using a steady growth rate. The management believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

The key assumptions used are as follows:

Budgeted Projections: The values assigned to the assumption reflect past experience and are consistent with the mangement's plans for focusing operations in these markets. The management believe that the planned market share growth per year for the next five years is reasonably achievable.

Budgeted gross margins: Average gross margins achieved in the period immediately before the budget margin period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. The management expect efficiency improvements of 3 - 5% per year to be reasonably achievable.

Price inflation: The values assigned to the key assumption are consistent with external sources of information.

42 Details of employee benefits as required by IND AS-19 - Employee Benefits are as under:

a) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss for the year ended March 31, 2017 in respect of defined contribution plan is USD 0.04Million (year ended March 31, 2016: USD 0.02 Million).

b) Defined Benefit Plan

The defined benefit plan comprises of gratuity. The gratuity plan is non-funded. The movement of present value of defined obligation is as follows:

USD in Million

Particulars	**March 31 2017**	March 31, 2016
Projected benefit obligation, at the beginning of year	**0.09**	0.05
Service cost	**0.02**	0.02
Interest cost	**0.01**	0.01
Remeasurements of the net defined benefit liability (asset)#	**(0.01)**	0.03
Exchange Gain/(loss)	**0.00**	0.00
Benefits paid	**(0.01)**	(0.02)
Projected benefit obligation, at the end of year	**0.10**	0.09

The composition of funded plan of Sofgen as at March 31, 2017 is as follows:

USD in Million

Particulars	**March 31, 2017**	March 31, 2016
Opening fair value of plan assets	**0.06**	0.04
Fair value of plan assets on acquisition	**-**	-
Expected return on plan assets	**(0.01)**	-
Contributions	**0.02**	0.03
Benefits paid	**(0.01)**	(0.01)
Remeasurement – (return)/loss on plan assets excluding amount included in net interest income	**-**	-
Closing fair value of plan assets at year end	**0.06**	0.06

USD in Million

#Composition of Remeasurements of the net defined benefit liability (asset):		
Particulars	**March 31, 2017**	March 31, 2016
Actuarial (gain)/loss – experience	**(0.02)**	0.02
Actuarial (gain)/loss – demographic assumptions	**-**	0.01
Actuarial (gain)/loss – financial assumptions	**0.01**	-
Total Remeasurements	**(0.01)**	0.03

USD in Million

Particulars	**March 31, 2017**	March 31, 2016
Service cost	**0.02**	0.02
Past Service Cost (Plan Amendments)	**-**	-
Interest cost	**0.01**	0.01
Interest Income on Plan Assets	**(0.01)**	-
Expense recognized in the Statement of Profit and Loss	**0.02**	0.03
Actuarial (Gain)/Loss recognized in OCI	**March 31, 2017**	March 31, 2016
Actuarial (Gain)/Loss arising during period	**-**	-
Remeasurement – (return)/loss on plan assets excluding amount included in net interest income	**-**	-
Total	**-**	-

Principal Actuarial Assumptions (Funded)	**March 31, 2017**	March 31, 2016
Discount Rate	**7%**	7.75%
Expected rate of increase in compensation	**12%**	12%
Withdrawal Rate	**5%**	5%

- The discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated terms of the obligations.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected benefit payments for the year ending:

USD in Million

Year ending	As on March 31, 2017
March 31, 2017	**0.00**
March 31, 2018	**0.00**
March 31, 2019	**0.00**
March 31, 2020	**0.00**
March 31, 2021	**0.00**
March 31, 2022 to March 31, 2026	**0.03**

Weighted Average duration of defined benefit obligation – 15 Years

Sensitivity analysis: A quantitative sensitivity analysis for significant assumption as at March 31 2017 is as shown below:

Effect on DBO on account of 0.5 % change in the assumed rates:						
DBO Rates Types	**Discount Rate**		**Salary Escalation Rate**		**Withdrawal Rate**	
Year	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
March 31, 2017	0.09	0.10	0.10	0.09	-	-
March 31, 2016	0.08	0.09	0.08	0.08	-	-

The sensitivity results above determine their individual impact on Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

43 Financial Instruments and Risk Review

Financial Risk Management Framework

The Group is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity, which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, loans, derivative financial instruments, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations, non-convertible debentures issued by government aided institutions which are funds deposited at a bank for a specified time period.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 23 Million and USD 18 Million as of March 31, 2017 and March 31, 2016 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balances with banks, loans and other financial assets.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks provided by the Group. The Group's maximum exposure in this respect is the maximum amount the Group would have to pay if the guarantee is called on. Refer Note 40 above.

Trade receivables

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

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Group's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2017, March 31, 2016 and April 1, 2015. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Before accepting any new customer, the Group uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Movement in the expected credit loss allowance:

USD in Million

Particulars	**As at March 31, 2017**	As at March 31, 2016
Balance at the beginning of the year	**0.59**	0.05
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**(0.11)**	0.54
Balance at the end of the year	**0.48**	0.59

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk

a) Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Great Britain Pound, Australian Dollar and Canadian Dollar against the respective functional currencies of Tech Mahindra Limited. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange.

The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currencies of Tech Mahindra Limited.

The carrying value and fair value of financial instruments by categories as of March 31, 2017 is as follows:

USD in Million

Particulars	**Fair value through P&L**	**Fair value through OCI**	**Derivative instruments in hedging relationship**	**Amortised cost**	**Total carrying value**	**Total Fair Value**
Assets:						
Cash and cash equivalents	-	-	-	3	3	3
Other balances with banks	-	-	-	-	-	-
Trade receivables	-	-	-	14	14	14
Investments(Other than subsidiaries and associates)	1	-	-	-	1	1
Loans	-	-	-	-	-	-
Other financial assets	-	-	-	5	5	5
Total	1	-	-	22	23	23
Liabilities:						
Trade and other payables	-	-	-	9	9	9
Borrowings	-	-	-	18	18	18
Other financial liabilities	-	-	-	-	-	-
Total	-	-	-	27	27	27

The carrying value and fair value of financial instruments by categories as of March 31, 2016 is as follows:

USD in Million

Particulars	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship	Amortized cost	Total carrying value	Total Fair Value
Assets:						
Cash and cash equivalents	-	-	-	5	5	5
Other balances with banks	-	-	-	-	-	-
Trade receivables	-	-	-	9	9	9
Investments(Other than subsidiaries and associates)	0	-	-	-	0	0
Other financial assets	-	-	-	4	4	4
Total	0	-	-	18	18	18
Liabilities:						
Trade and other payables	-	-	-	4	4	4
Borrowings	-	-	-	13	13	13
Other financial liabilities	-	-	-	0	0	0
Total	-	-	-	17	17	17

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

USD in Million

Particulars	**Less than 1 year**	**1-3 years**	**3-5 years**	**Total**
Non Derivative Financial Liabilities				
Finance lease obligation	-	-	-	-
Other borrowings	-	-	-	-
Trade Payables	9	-	-	9
Financial Liabilities	-	-	-	-
Other financial liabilities	-	-	-	-
Total	9	-	-	9
Derivative Financial Liabilities	-	-	-	-
Total	9	-	-	9

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

USD in Million

Particulars	**Less than 1 year**	**1-3 years**	**3-5 years**	**Total**
Non Derivative Financial Liabilities				
Finance lease obligation	-	-	-	-
Other borrowings	-	-	-	-
Trade Payables	4	-	-	4
Financial Liabilities	-	-	-	-
Other financial liabilities	0	-	-	0
Total	4	-	-	4
Derivative Financial Liabilities	-	-	-	-
Total	4	-	-	4

Fair value Disclosure:

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

USD in Million

Particulars	**As at March 31, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mutual fund units	**-**	**-**	**-**	**-**
Equity Shares	**1**	**-**	**-**	**1**
Treasury Bonds and bills	**0**	**-**	**-**	**0**
Non-convertible debentures	**-**	**-**	**-**	**-**
Derivative financial assets	**-**	**-**	**-**	**-**
Total	**1**	**-**	**-**	**1**
Financial Liabilities:				
Derivative financial Liabilities	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**

USD in Million

Particulars	**As at March 31, 2016**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mutual fund units	-	-	-	-
Equity Shares	0	-	-	0
Treasury Bonds and bills	0	-	-	0
Non-convertible debentures	-	-	-	-
Derivative financial assets	-	-	-	-
Total	0	-	-	0
Financial Liabilities:				
Derivative financial Liabilities	-	-	-	-
Total	-	-	-	-

Interest Rate Sensitivity Analysis

If interest rates had been 0.25 basis points higher/lower and all other variables were held constant, the Group’s profit for the year ended March 31, 2017 would decrease/increase by USD 0.02 Million (March 31, 2016: decrease/increase by USD 0.01 Million). This is mainly attributable to the Group’s exposure to interest rates on its variable rate borrowings.

d) Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement.

44 Current Tax and Deferred Tax

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

USD. in Million

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Profit before income taxes	**(5)**	(3)
Enacted tax rates	**13%**	13%
Income tax expense calculated at tax rate	**(1)**	(1)
Effect of income that is exempt from tax	**0**	0
Effect of expenses that are not deductible in determining taxable profit	**1**	1
Effect of differential overseas tax rates	**0**	0
Others	**1**	1
Income tax expense recognised in profit or loss	**1**	1

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in India on taxable profits under the India tax laws.

Current tax expense for the year ended March 31, 2017 is net of reversal of provision of USD 1 Million (year ended March 31, 2016: USD 1 Million) pertaining to earlier periods written back, no longer required.

Deferred Tax:

The breakup of Deferred Tax Assets presented in the Balance Sheet is as follows:

USD in Million

Particulars	**As at March 31, 2017**	As at March 31, 2016
Employee Benefits	**-**	-
Property, Plant and Equipment	**-**	-
Provisions	**-**	-
Deferred tax on undistributed profits	**-**	-
Effective portion of hedging Instruments	**-**	-
Other Items	**0**	0
Total	**0**	0

The breakup of Deferred Tax Liability presented in the Balance Sheet is as follows:

USD in Million

Particulars	**As at March 31, 2017**	As at March 31, 2016
Other Items	**0**	-
Total	**0**	-

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

USD in Million

Particulars	**For year ended March 31, 2017**					
	Opening balance	**Addition on acquisition**	**Recognised in Profit and loss**	**Recognised in OCI**	**Others***	**Closing balance**
Employee Benefits	**-**	**-**	**-**	**-**	**-**	**-**
Property, Plant and Equipment	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**-**	**-**	**-**	**-**	**-**	**-**
Deferred tax on undistributed profits	**-**	**-**	**-**	**-**	**-**	**-**
Effective portion of hedging Instruments	**-**	**-**	**-**	**-**	**-**	**-**
Other Items	**1**	**0**	**(1)**	**-**	**-**	**0**
Net Deferred Tax Assets	**1**	**0**	**(1)**	**-**	**-**	**0**

The tax effect of significant timing differences that has resulted in deferred tax liabilities are given below:

Particulars	**For year ended March 31, 2017**					
	Opening balance	**Addition on acquisition**	**Recognised in Profit and loss**	**Recognised in OCI**	**Others***	**Closing balance**
Other Items	**0**	**-**	**-**	**-**	**-**	**0**
Net Deferred Tax Liabilities	**0**	**-**	**-**	**-**	**-**	**0**

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

USD in Million

	For year ended March 31, 2016				
Particulars	**Opening balance**	**Recognised in Profit and loss**	**Recognised in OCI**	**Others***	**Closing balance**
Employee Benefits	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Provisions	-	-	-	-	-
Deferred tax on undistributed profits	-	-	-	-	-
Effective portion of hedging Instruments	-	-	-	-	-
Other Items	0	0	-	0	0
Net Deferred Tax Assets	0	0	-	0	0

*includes exchange (gain)/ loss

Deferred income tax liabilities have not been recognized on temporary differences amounting to USD NIL Million and USD NIL Million of March 31, 2017 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

45 As required under Indian Accounting Standard 24 "Related Party Disclosures" (Ind AS – 24), following are details of transactions during the year ended March 31, 2017 and outstanding balances as of that date with the related parties of the Group as defined in Ind AS – 24.

a) List of Related Parties and Relationships

Name of Related Party	Relation
Mahindra & Mahindra Limited	Promoter/Enterprise having significant influence.
Mahindra-BT Investment Company (Mauritius) Limited	Promoter Group Company/Enterprise having significant influence.
Mahindra Holding Limited	Promoter Group Company /Enterprise having significant influence.
Tech Mahindra Limited	Holding Company
Mahindra Engineering Services UK Limited	Fellow Subsidiary Company
Alexander L. Dembitz# Vikram Nair**	Key Management Personnel

Designated Key Management Personnel w.e.f. June 3, 2008.

** Designated Key Management Personnel w.e.f. March 13, 2015.

b) Related Party Transactions for the year ended March 31, 2017

Nature of Transactions	**Name of the party**	**For the year ended**	
		March 31, 2017	March 31, 2016
Revenue	Tech Mahindra India Limited	**4**	1
Sub-contracting cost	Tech Mahindra India Limited	**1**	0
Rent Expense	Tech Mahindra (Malaysia) SDN. BHD.	**-**	0
Interest Expenses	Mahindra Engineering Services (Europe) Limited	**0**	0
	Tech Mahindra India Limited	**-**	0
	Tech Mahindra GmbH	**-**	0

Balance as on	**Name of the party**	**March 31, 2017**	March 31, 2016
Trade Payables	Tech Mahindra India Limited	**2**	0
	Tech Mahindra (Malaysia) SDN. BHD.	**-**	0
Trade Receivables	Tech Mahindra India Limited	**4**	1
	Tech Mahindra De. Mexico S.DE.R.L.DE.C.V	**0**	-
Unbilled Revenue Receivable	Tech Mahindra India Limited	**-**	0
	Tech Mahindra De. Mexico S.DE.R.L.DE.C.V	**-**	0
Loan taken	Mahindra Engineering Services (Europe) Limited	**6**	5
	Tech Mahindra GmbH	**2**	
Accrued expenses payable	Tech Mahindra India Limited	**-**	0
Payable to Key Management Personnel	Alexander L. Dembitz	**#**	**#**
	Simon Andre Israel	**#**	**#**

The disclosure with respect to remuneration is not given as the employee consent as per local laws is not received.

46 Ind AS 108 establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers.

Based on the "management approach" as defined in Ind AS 108, the management evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments.

Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Information on reportable segments for the year ended March 31, 2017 is given below:

A. Revenues as per geographies

USD. in Million

Geography	**For the year ended**	
	March 31, 2017	March 31, 2016
Americas	**6**	2
Europe region	**15**	9
Rest of world	**24**	31
Total	**45**	42

47 Previous period’s figures including subsidiaries have been regrouped/reclassified wherever necessary, to correspond with the current period’s classification /disclosure / Group financial statements

For and on behalf of the Board of Directors

Alexander L. Dembitz
Director

Vikram Narayanan Nair
Director

May 25, 2017

TECH MAHINDRA DRC SARLU

Board of Directors

Mr. Sriram Veeravalli Sevellimedu

Mr. Ayan Chatterjee

Mr. Sourabh Banerji

Registered Office

Immeuble Le Prestige, 1er Étage,

4239 Avenue Tombalbaye Commune de la Gombe,

Kinshasa, Rép. Dém. du Congo

Bankers

CITIBANK DRC

Auditors

GPO Partners SPRL

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2016

The directors submit their report together with the audited financial statements for the year ended 31st December 2016, which disclose the state of affairs of the company.

Principal Activity

The principal activity of the company is to provide global solution on information technology to various sector of the economy. It is engaged in directing, operating, managing, investing in or provide telecommunication, networking, communication, internet information and other information technology related services.

Directors

The directors who held office during the year and to the date of this report were:

Mr. Sourabh Banerji Director (Indian)

Mr. Sriram Veeravalli Sevellimedu Director (Indian)

Mr. Ayan Chatterjee Director (Indian)

Directors interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors has notified the company of any direct or indirect interest in contracts or proposed contracts with the company during the year.

Donations and Charitable Gifts

There were no donations made during the year.

Human Resources

Employment of Disabled Persons

The company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled person in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's working environment.

Health, Safety and welfare at Work

The company enforces strict health and safety rules and practices at work environment, which are reviewed and tested regularly. The company retains top-class private hospitals where medical facilities are provided for staff at the company's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The company operates both Group Personal Accident and contributing to the Nigeria Social Insurance Trust Fund in compliance with the requirements of Employees Compensation Act (ECA), 2010. It also operates a contributory pension plan in line with the Pension Reform Act, 2004.

Employee Involvement and Training

The company ensures, through various form, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) 2004, Messrs. GPO Partners SPRL will be reappointed to continue in office as Auditors to the Company having indicated their willingness to do so.

By order of the Board

Ayan Chatterjee
Director

Date: 20th January, 2017
Place: Kinhansa, DRC

THE DEMOCRATIC REPUBLIC OF CONGO

MINISTRY OF FINANCES AND BUDGET

TAX AUTHORITY

CENTER FOR THE SUBMISSION OF : ……………………..

STANDARDIZED FINANCIAL STATEMENTS OF OHADA ACCOUNTING SYSTEM (SYSCOHADA)

FINANCIAL YEAR ENDING 31-12-2016

NAME OF THE COMPANY

CORPORATE NAME **SOCIETE TECH MAHINDRA LIMITED**
(or name and first name of the owner)

COMMON ACRONYM : SOCIETE TECH MAHINDRA LIMITED

FULL ADDRESS : KINSHASA BOULEVARD

DU 30 JUIN N°3642, IMM CONGO FUTUR COMMUNE DE LA GOMBE

TAX NUMBER …………………..

NORMAL SYSTEM

Documents submitted

Iidentification sheet and various information	X
Balance sheet	X
Income statement	X
Statement of source and expenditure of funds	X
Annexed statement	X
Additional report	X
Number of pages submitted per copy.....................	
Number of copies submitted	

For Tax Authority use

Deposit date
Name of Tax Authority staff who received the deposit
Signature and seal

FIRD
PAGE 3/3

Corporate name : **SOCIETE TECH MAHINDRA LIMITED**
Sigle usuel :
Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**
Tax number : Financial year ending : **31-12-2016** Duration(in months) : **12**

MANAGERS ([1])

Name	First names	Quality	Tax number	Address PO.Box city country)	
BANERJI	SOURABH	GM		KINSHASA	

([1]) Managers = Managing Director, General Manager, Manager Others

KEY SHAREHOLDERS OR PARTNERS (by descending order of the capital subscribed)

Name		First names	Nationality		Capital	
					Amount (millions FCFA)	%
TECH MAHINDRA LIMITED			INDIA		93,050,000	100%
				TOTAL	93,050,000	100%

MEMBERS OF THE BOARD OF DIRECTORS

Name	First names	Quality	Address (PO.Box, city, country)
BANERJI	SOURABH	GM	KINSHASA
CHATTERJEE	AYAN	FM	GHANA
SEVELLIMEDU	SRIRAM	OPS HEAD	INDIA

BRANCHES AND PARTICIPATIONS

Designation				Nationality			Capital	
							Amount (millions FCFA)	%
						TOTAL		

IDENTIFICATION SHEET AND VARIOUS INFORMATION

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Common acronym

Address : **PO.Box KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. Fiancial year ending 31-12-2016 Duration (in months : **12**

ZA FINANCIAL YEAR FROM 01-01-2016 TO 31-12-2016

ZB THE REPORTING DATE 31-12-2016

ZC THE PREVIOUS FINNCIAL YEAR CLOSED . LENGTH OF THE PREVIOUS FINANCIAL YEAR IN MONTHS .

ZD KG (Greffe) 9.355/M (Trade register number) — Business register number

ZE ………… (Social security funds number) — Import code number — ……………….. (Main activty code)

ZF **SOCIETE TECH MAHINDRA LIMITED** (Corporate name) ………… (Acronym)

ZG Phone number — Facsimile number — …. (Code) ….. (Postoffice box) ….. (City)

ZH **KINSHASA BVD DU 30 JUIN N°3642 ,IMM CONGO FUTUR COMMUNE DE LA GOMBE**
Full geographic address (building, street, area, city, country)

ZI **MANAGEMENT, COMMITTEE AND SUPPLY OF THE TELECOMMUNICATION SYSTEM**
Specific designation of the key activity of the company — % capac. prod. util.

Name, address and quality of the person to be contacted in case of request for additional information.

………………………………
Name of the employee of the company or
Name, address and phone of the auditor's firm or the professional REGISTERED TO THE NATIONAL REGISTER OF ACCOUNTANTS AND CERTIFIED ACCOUNTANTS who produced the financial statements.

Names and addresses of or auditors

☐ Not liable ☐ No, (refusal) ☐ Yes with reservation ☐ Yes without reservation — ☐ Not liable ☐ No ☐ Yes

Financial statements certified (tick the box) — Fiancial statements approved by the General Assembly (tick the box)

AYAN CHATTERJE
Name of the signatory of the financial statements

FINANCE MANAGER
Title of the signatory of the financial statements

Date of signature

Signature

Bank domiciliations :

Bank :	Account number
CITIBANK KINSHASA	**100041103**

FIRD
PAGE 2/3

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Acronym

Address **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tav number …………………….. FY ending **31-12-2016** Duration (months) **12**

Code	Item	Value
ZK	Lragal form	O 3
ZL	Tax system	1
ZM	Country of Headquaters	1 1
ZN	Number of companies in the country	O 1
ZO	Number of companies outsdie the country which benefit from special accounting	O O
ZP	First financial year in the country	2 O 1 2

Control of the company (tick the box)

Code	Item	Tick
ZQ	Entreprise under public control	
ZR	Entreprise under national private control	X
ZS	Entreprise under foreign private control	

ACTIVITY OF THE COMAPNY

Designation of the activity (2)	**Code nomenclature of the activity (1)**	**Turnover HT (CA HT) (3) or Value added (VA)**	**% activity in the turnover HT or VA**
MANAGEMENT, COMMITTEE AND SUPPLY OF THE TELECOMMUNICATION SYSTEM		1,337,067,882	90
ACCESSORY PRODUCTS		142,766,923	10
Miscellenious		1,479,834,805	100

TOTAL

(1) Refer to the tables of codes

(2) List accurately the activities in descending order of turnover . HT, or value added (V. A.).

(3) Delete as appropriate (preferably use V.A)

NORMAL SYSTEM BALANCE SHEET
PAGE 1/4

BALANCE SHEET

Corporate name	SOCIETE TECH MAHINDRA LIMITED			
		Common acronym		
Address	PO.Box			
Tax number	Financial year ending	31-12-2016	Duration (in months) :	12

Réf.	ASSET	Fiancial year N			FY. N - 1
		Crude	Amort/Prov	Net	Net
	FIXED ASSET				
AA	**Capital spending**				
AX	Installation cost				
AY	Deferred charges				
AC	Bond redemption premium				
AD	**Intangible assets**				
AE	Research and development expenses				
AF	Patents, licenses, software				
AG	Goodwill				
AH	Other intangible assets				
AI	**Intangible assets**				
AJ	Lands				
AK	Buildings				
AL	Fixtures and fittings	**209,700,687**	**209,700,687**		**-13,343,894**
AM	Equipment	**1,127,700,015**	**1,059,898,521**	**67,801,494**	**208,715,485**
AN	Transport equipment	**95,452,220**	**95,452,174**	**46**	**46**
AP	**Advance payments on intangible assets**				
AQ	**Financial assets**				
AR	Equity security				
AS	Other financial fixed assets	**50,797,064**		**50,797,064**	**18,130,449**
AW	(1) including H. A. O. :				
	Gross				
	Net				
AZ	**TOTAL FIXED ASSETS (I)**	**1,483,649,986**	**1,365,051,382**	**118,598,604**	**213,502,086**

NORMAL SYSTEM BALANCE SHEET

PAGE 2/4

BALANCE SHEET

Corporate name	SOCIETE TECH MAHINDRA LIMITED		
		Sigle usuel :	
Address :	PO.Box	KINSHASA BVD. DU 30 JUIN N°3642	
Tax number ……………………..	FY ending	31-12-2016	Duation (in months) : 12

Réf.	ASSET	FY N			FY N - 1
		Crude	Amort/Prov	Net	Net
AZ	Referral total fixed assets	1,483,649,986	1,365,051,382	118,598,604	213,502,086
	CURRENT ASSETS				
BA	**Current assets H. A. O.**				
BB	**Stocks**				
BC	Goods				
BD	Raw material and other supplies				
BE	In progress				
BF	Manufactured products				
BG	**Debts and similar assets**				
BH	Supplier advance paid	14,559,536		14,559,536	141,902,269
B I	Clients	939,593,908		939,593,908	
BJ	Other debts	448,190,232		448,190,232	4,599,134,200
BK	**TOTAL CURRENT ASSETS (II)**	1,402,343,676		1,402,343,676	4,741,036,469
	TREASURY -ASSET				
BQ	Investment security				
BR	Deposit in transit				
BS	Banks, post office cheques, cash	3,279,579,465		3,279,579,465	2,229,331,053
BT	**TOTAL TREASURY-ASSET (III)**	3,279,579,465		3,279,579,465	2,229,331,053
BU	**Conversion differences-Asset (IV)** (probable loss of exchange)				
BZ	**TOTAL GENERAL (I + II + III + IV)**	6,165,573,127	1,365,051,382	4,800,521,745	7,183,869,608

TECH MAHINDRA DRC SARLU

NORMAL SYSTEM BALANCE SHEET

PAGE 3/4

BALANCE SHEET

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Common acronym

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

Réf.	LIABILITY		FY	FY
	(before distribution)		**N**	N - 1
	EQUITY AND RESOURCES			
CA	**Equity**			
CB	Shareholders uncalled capital -			
CC	**Primium and reserves**			
CD	Premium contribution, issuance , merger			
CE	Revaluation deiation			
CF	Unavailable reserves			
CG	Free reserves			
CH	Retained earning	+ or -		
C I	**Net result of the FY**	(profit + or loss -)	**-264,391,889**	-2,529,302
CK	**Other equity**			
CL	Investment grant			
CM	Regulated related provisions funds			
CP	**TOTAL EQUITY (I)**		**-264,391,889**	-2,529,302
	FINANCIAL DEBTS AND SIMILAR RESOURCES			
	-1.00			
DA	Loans			
DB	Debts of leasings and contracts			
DC	Various financial debts		**4,113,191,480**	6,092,834,422
DD	Financial provisions for risks and charges			
DE	(1) including H. A. O. :			
DF	**TOTAL FINANCIAL DEBTS (II)**		**4,113,191,480**	6,092,834,422
DG	**TOTAL STABLE RESOURCES (I + II)**		**3,848,799,591**	6,090,305,120

NORMAL SYSTEM BALANCE SHEET

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BALANCE SHEET

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Common acronym

Address : **BP** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

Réf.	LIABILITY	FY	FY
	(prior distribution)	N	N - 1
DG	Referral Total stable resources	**3,848,799,591**	6,090,305,120
	CURRENT LIABILITY		
DH	Current liabilities and resources H.A.O.		
D I	Customer advances received		
DJ	Suppliers operation	**5,524**	
DK	Tax liabilities	**517,796,557**	211,145,416
DL	Accrued payroll	**13,519,275**	137,062,334
DM	Other debts		
DN	Risks provisioned	**420,400,798**	745,356,738
DP	**TOTAL CURRENT LIABILITY (III)**	**951,722,154**	1,093,564,488
	CASH-LIABILITY		
DQ	Banks, credit discount		
DR	Banks, credit cash discount, treasury		
DS	Banks, overdraft		
DT	**TOTAL CASH LIABILITY (IV)**		
DU	Conversion difference-Liability (V) (probable profit of exchange)		
DZ	**TOTAL GENERAL (I + II + III + IV + V)**	**4,800,521,745**	7,183,869,608

NOMINAL ACCOUNT STANDARDIZED SYSTEM

PAGE 1/4

PROFIT AND LOSS ACCOUNT

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Common acronym

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

Réf.	COSTS (1st Part)		FY N	FY N - 1
	OPERATING ACTIVITY			
RA	Purchase of goods			
RB	Variation of stock	(- or +)		
	(gross margin on goods see TB			
RC	Purchase of raw material and related supplies			
RD	- variation of stock	(- ou +)		
	(gross margin on goods see TG			
RE	Other purchase		**126,240,883**	173,711,537
RH	- variation pf stock	(- ou +)		
R I	Transport		**103,272,536**	93,806,675
RJ	External service		**686,218,643**	460,540,583
RK	Tax		**5,015,089**	6,429,998
RL	Other expenses		**165,778,299**	
	(Value added see TN)			
RP	Personnel expenses (1)		**497,824,903**	767,681,884
RQ	(1) including foreign employees			
	(gross surplus of operation see TQ)			
RS	Depreciation on investment and other allowances		**185,202,111**	316,758,266
RW	**Total operation charges**		**1,769,552,464**	1,818,928,943

(Operating profit see TX)

PROFIT AND LOSS ACCOUNT

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Common acronym

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

Réf.	PRODUCTS (1st Part)			**FY N**	FY N - 1
	BUSINESS ACTIVITY				
TA	Sale of goods				
TB	**GROSS MARGIN ON GOODS**				
TC	Sale of manufactired products				
TD	Works, services sold			**1,337,067,882**	1,920,340,793
TE	Inventoried products (or destocking)		**(+ or -)**		
TF	Capitalized production				
TG	**GROSS MARGIN ON EQUIPMENT**	**1,337,067,882**	**1,920,340,793**		
TH	Incidental products			**142,766,923**	88,381,205
T I	TURNOVER	**1,479,834,805**	**2,008,721,998**		
TJ	(1) including to export				
TK	Operating grant				
TL	Other products				
TN	**VALUE ADDED**	**393,309,355**	**1,274,233,205**		
TQ	**GROSS OPERATING SURPLUS**	**-104,515,548**	**506,551,321**		
TS	Reversal of a proviion				
TT	Transfer of expenses				
TW	**Total of operating products**			**1,479,834,805**	2,008,721,998
TX	**OPERATING RESULT**	**-289,717,659**	**189,793,055**		

PROFIT AND LOSS ACCOUNT

Corporate name		**SOCIETE TECH MAHINDRA LIMITED**		
		Common acronym		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

Réf.	CHARGES (2nd Part)	**FY N**	FY N - 1
RW	Referral Total of operating expenses	**1,769,552,464**	1,818,928,943
	FINANCIAL ACTIVITY		
SA	Financial expenses		
SC	Loss of exchange		87,537,645
SD	Depreciation on investment and other allowances		
SF	**Total of financial charges**		87,537,645
	(Financial income see UG)		
SH	**Total of expenses from ordinary activities**	**1,769,552,464**	1,906,466,588
	(Profit and loss from ordinary activities see UI)		
	WITHOUT ORDINARY ACTIVITIES H.A.O		
SK	Accounting values for sale of property		
SL	Charges H.A.O.		
SM	Depreciation H.A.O.		
SO	**Total of charges H.A.O.**		
	(Profit and loss H.A.O. see UP)		
SQ	Employees participation		
SR	Tax on the income	**203,019,022**	104,784,712
SS	**Total participation and tax**	**203,019,022**	104,784,712
ST	**TOTAL GENERAL OF EXPENSES**	**1,972,571,486**	2,011,251,300

(Net income see UZ)

PROFIT AND LOSS ACCOUNT

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Common acronym

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

Réf.	PRODUCTS (2nd Part)			FY N	FY N - 1
TW	Referral Total of operating products			**1,479,834,805**	**2,008,721,998**
	FINANCIAL ACTIVITY				
UA	Financial income				
UC	Profit of exchange				
UD	Reversal of provisions				
UE	Transfer of expenses				
UF	Total of financial products				
UG	FINANCIAL INCOME (+ or -)		**-87,537,645**		
UH	Total of products from ordinary activities			**1,479,834,805**	**2,008,721,998**
U I	PROFIT AND LOSS FROM ORDINARY ACTIVITIES (1) (+ or -)	**-289,717,659**	**102,255,410**		
UJ	(1) including the related taxe : **203,019,022** WITHOUT ORDINARY ACTIVITIES (HAO)				
UK	Products from disposals of fixed assets				
UL	Products HAO.			**228,344,792**	
UM	Reversals HAO.				
UN	Transfer of expenses				
UO	Total of HAO products.			**228,344,792**	
UP	HAO income (+ or -)	**228,344,792**			
UT	TOTAL GENERAL OF PRODUCTS			**1,708,179,597**	**2,008,721,998**
UZ	NET INCOME Profit (+) ; Loss (-)	**-264,391,889**	**-2,529,302**		

NOMINAL ACCOUNT STANDARDIZED SYSTEM

FINANCIAL TABLE OF RESOURCES AND EMPLOYEES (TAFIRE)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Common acronym		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

PART 1 : DETERMINATION OF THE FINANCIAL BALANCE OF THE FY N
GLOBAL SELF FINANCING CAPACITY (C.A.F.G)

CAFG = EBE
- Charges décaissables restantes } à l'exclusion des cessions
+ Produits encaissables restants } d'actif immobilisé

		E.B.E.	**-104,515,548**
(SA) Financial expenses		(TT) Transferts of operating xhargesr d'exploitation	
(SC) Losses of exchange		(UA) Revenus financiers	
(SL) Charges H.A.O. OOAs		(UE) Transferts de charges financières	
(SQ) Participation		(UC) Gains de change	
(SR) Income tax	**203,019,022**	(UL) Produits H.A.O.	**228,344,792**
		(UN) Transferts de charges H.A.O.	
Total (I)	**203,019,022**	Total (II)	**123,829,244**

CAFG : Total (II) - Total (I) = **-79,189,778** (N - 1) : **314,228,964**

■ **SELF FINANCING (AF)**

AF = CAFG - Distributions of the dividend in the FY (1)

AF = **-79,189,778** = **-79,189,778** (N - 1) : **314,228,964**

■ **VARIATION OF FINANCING REQUIREMENT OPERATIONS (B.F.E.)**

Var. B.F.E. = Var. Stocks (2) + Var. receivables (2) + Var. Current debts (2)

Variation of stocks : N - (N - 1)	Jobs Increase (+)		Resources Decrease (-)
(BC) Goods		or	
(BD) Raw material		or	
(BE) in progress		or	
(BF) Manufactured products		or	
(A) Total change in net stock		or	

(1) Dividend paid during he FY including interim dividend.
(2) To the exclusion of HAO items.

FINANCIAL TABLE OF RESOURCES AND EMPLOYEES (TAFIRE)

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**				
		Common acronym			
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**			
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**	

Variation of the stock : N - (N - 1)	**Jobs Increase (+)**		**Resources Decrease (-)**
(BH) Suppliers transferred advance		ou	**127,342,733**
(B I) Clients	**939,593,908**	ou	
(BJ) Other receivables		ou	**4,150,943,968**
(BU) Difference in exchanget - Asset		ou	
(B) Total chnge in net receivables		ou	**3,338,692,793**

Variation of current debts : N - (N - 1)	**Jobs Decrease (-)**		**Resources Increase (+)**
(D I) Clients, advance received		ou	
(DJ) Suppliers operation		ou	**5,524**
(DK) Tax liability		ou	**306,651,141**
(DL) Accrued payroll	**123,543,059**	ou	
(DM) Other debts		ou	
(DN) Contigency provision	**324,955,940**	ou	
(DU) Difference of conversion - Liability		ou	
(C) Change in total net current debts			
	141,842,334	ou	
VARIATION IN B.F.E. = (A) + (B) + (C)		ou	**3,196,850,459**

- **EXCESS OPERATING CASH (E.T.E.)**

ETE = EBE - variation BFE - Capitalized production

		N		**N - 1**
Gross surplus on operation		**-104,515,548**		**506,551,321**
- Variation of B.F.E.(- if jobs ; + if resources)	(- or +)	**3,196,850,459**		**-2,798,932,327**
- Capitalized production		**-**		**-**
EXCESS OPERATING CASH		**3,092,334,911**		**-2,292,381,006**

FINANCIAL TABLE OF RESOURCES AND EMPLOYEES (TAFIRE)

(following)

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Common acronym

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

Réf.		FY N Jobs	Resources	FY N - 1 (E - ; R +)
	I. INVESTMENTS AND DISINVESTMENTS			
FA	Fixed assets charges increases in the FY)		////////////////////	
	Internal growth			
FB	Acquisitions/disposal of intangible assets			
FC	Acquisitions/disposal of tangible assets	**1,432,852,922**		**-1,432,852,922**
	External growth			
FD	Acquisitions/disposal of intangible assets	**50,797,064**		**-18,130,449**
FF	**TOTAL INVESTMENT**	**1,483,649,986**		**-1,450,983,371**
FG	**II. VARIATION OF FINANCING REQUIREMENT OPERATION (see. supra : Var. B.F.E.)**	**2,798,932,327 ou**		**-2,798,932,327**
FH	**A . ECONOMIC JOBS TO BE FINANCED (FF + FG)**	**4,282,582,313**		**-4,249,915,698**
F I	III. JOBS/RESOURCES (B.F., H.A.O.)	**ou**	**-**	**-218381734.00**
FJ	**IV. FINANCIAL JOBS CONSTRAINTS (1)**		////////////////////	
	Refund (as per schedule) of financial loans and debts			
	(1) Excluding the anticipated prepayment included in VII			
FK	**B - TOTAL JOBS TO BE FINANCED**		**-4,282,582,313**	**-4,468,297,432**

FINANCIAL TABLE OF RESOURCES AND JOBS (FTRJ)

(following)

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Sigle usuel :

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

Réf.			FY N Jobs	Resources		FY N - 1 (E - ; R +)
	V. INTERNAL FINANCING					
FL	Dividends (jobs) / C.A.F.G. (Resources)			**-79,189,778**		**314,228,964**
	VI. FINANCING BY EQUITY					
FM	Increases in the capital by new contributions		//////////////////////	**2,529,302**		**751,817,179**
FN	Investment grants		//////////////////////			
FP	Levy on the capital (including withdrawal by the owner)			//////////////////////		
	VII. FINANCING BY NEW LOANS					
FQ	Loans (2)					
FR	Other financial liabilities (2)		**1,979,642,942**			**1,400,537,550**
	(2) Early refund subscribed separartely in jobs					
FS	**C - NET FINANCIal RESOURCES**		**1,979,642,942**	**-76,660,476**		**2,466,583,693**
FT	**D - EXCESS OR LACK OF FINANCIAL RESOURCES**		**ou**	**1,050,248,412**		**-183,826,080**
	VIII. VARIATION IN CASH					
	Net cash					
FU	at the closing of the FY + or -	**3,279,579,465**				
FV	at the opeing of the FY + or -	**2,229,331,053**				
FW	**Variation of cash : (+ if jobs ; - if resources)**	**1,050,248,412**	**1,050,248,412 ou**			**183,826,080**
	Control : D = VIII with opposite sign					
Note : I, IV, V, VI, VII : in terms of flux ; II, III, VIII : différences " balance sheet "						
	CONTROL (from the mass of goods N and N - 1)			**Jobs**		**Resources**
	Change in working capital(F.d.R.) : FdR(N) - FdR(N - 1)				**ou**	**4,247,098,871**
	Variation of total B.F.(B.F.G.) : BFG(N) - BFG(N - 1)			**3,196,850,459**	**ou**	
	Variation of cash (T) : T(N) - T(N - 1)			**1,050,248,412**	**ou**	
			TOTAL	**4,247,098,871**	**=**	**4,247,098,871**

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT OF THE NORMAL SYSTEM

Note. : in case of lack of space reserved below, please give explainations on a separate sheet to be attached at the end of the bundle

I - BINDING INFORMATION :

A - ACCOUNTING RULES AND METHODS :

I - A1 GENERAL METHOD OF EVALUATION USED BY THE COMPANY :

I - A2 SPECIFIC METHODS OF EVALUATION USED BY THE COMPANY :

NIL

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT OF THE NORMAL SYSTEM

I - A3 DISPENSATION USED BY THE COMPANY : justification of the choices made and where appropriate, indication of the impact on the property, the financial situation and the result of the company.

NIL

I - A4 METHODS OF THE PRESENTATION USED BY THE COMPANY, INCLUDING MODIFICATIONS THAT INTERVENED FROM ONE FY TO ANOTHER :

NIL

I - A5 DISPENSATION TO THE RULES OF PRESENTATION USED BY THE COMPANY :
Justification of changes including the indication of their impact on the property, the financial situation and the result of the company.

NIL

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT OF THE NORMAL SYSTEM

B - ADDITIONAL INFORMATION RELATED TO THE BALANCE SHEET AND THE PROFIT OR LOSS ACCOUNT

I - B1 EXCEPTIONAL CIRCUMSTANCES LIKELY TO DISTORT THE COMPARISON OF FINANCIAL STATEMENTS FROM A FY TO ANOTHER :

NIL

I - B2 INFORMATION ABOUT THE REVALUATIONS DONE BY THE COMPANY :

Nature and date of revaluations :
NIL

Items revaluated by lines of the balance sheet	**Amount Costs history**		**Additional depreciations**

Revaluation methods used :

NIL

Tax management of the revaluation difference and additional depreciations :

NIL

Amount of the difference included in the capital :	

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT OF THE NORMAL SYSTEM

I - B3 DEBTS GUARANTEED BY PLEDGES :

	CRUDE AMOUNT	REAL SECURITIES		
		MORTGAGE	ALLOTMENT	GUARANTEE/ OTHERS
Financial liabilities and resources : Convertible bond loans Other bond loans Loans and debts of credit institutions Other financial liabilities	NIL			
TOTAL (1)				
Leasing: Debts from leasing of property Debts from equipment leasing Debts on related coontracts	NEANT			
TOTAL (2)				
Debts of current liability : Suppliers and related accounts Clients Personnel Social security and social organisations State International organisations Partners and group Divers creditors **TOTAL (3)**	NEANT			
TOTAL (1) + (2) + (3)				

I - B4 FINANCIAL ASSISTANCE :	ASSISTANCE GIVEN	ASSISTANCE RECEIVED
Assistance to affiliated companies Assistance taken in terms of pensions or the related allowance Securities, guarantees and sureties Mortgage, security, pledge, others Discounted bills Professional trade debts yield conditional loan write-off		
TOTAL		

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT OF THE NORMAL SYSTEM

I - B5 COMPONENT PARTS OF GOODWILL :	**Amount**
Customer	
Patronage	
Lease renewal	
Trade name	
Banner	

Accounting modalities of goodwill depreciation :

NIL

I - B6 COMMENTS ON POTENTIAL EXEMPTIONS, IN TERMS OF RESEARCH AND DEVELOPMENT COSTS TO THE RULES :

Depreciation over a duration between two and five years :

NIL

About non distribution of the dividend before the completion of the depreciation :

NIL

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

I - B7 CONTRACTS INCLUDING TITLE RETENTION CLAUSE :

I - B7 - A Items included in the asset : object of the title retention clause :	**Amount due**
NIL	

I - B7 - B Debts related to the title rentetion clause :	**Amount of the sales**
NIL	

I - B8 SIGNIFICANT DIFFERENCE FOR THE MEASUREMENT OF EACH POST OF CURRENT ASSET	**Evaluation according to the method used**	**Evaluation to the last price of the market known**	**Evaluation difference**
NIL			

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

I - B9 CLARIFICATIONS ON THE TYPE, AMOUNT AND ACCOUNTING TREATMENT :

I - B9 - A Start-up costs (1) :

(1) Indicate potential exemptions to the interdiction of the dividend istribution.

I - B9 - B Charges to distribute on many FY :

I - B10 INDICATIONS ON THE METHOD FOR THE CALCULATION OF PARTIAL PROFIT ON SEVERAL FY OPERATIONS (OR OVERLAP TWO YEARS AT LEAST) :

NIL

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

I - B11 INFORMATION ON THE RESULTS OF joint OPERATIONS :
LOSSES, PROFIT TRANSFERED, GAINS RECORDED, LOSSES TRANSFERED
:

NIL

I - B12 - Information needed for National Statistics

I - B12 - 1 DETAIL OF THE PRODUCT :

	Amount State	Amount other States of the Region	Amount outside the Region
Royalties for patents, concessions, licences, trade mark and similar rights :			
Royalties for the rental of farm lands :			

	Amount
Operating subsidy on the products :	
Portion of research and development costs in the fixed asset capitalized production :	
Portion of mining and oil reaserch costs in capitalized production :	
Financial products : investment incomes :	
Financial products : profits on sales of investment securities:	
Financial products : portion of accrued and received interests during the FY :	
Attendance fee and other remunerations of managers received :	

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

I - B12 - 2 Detail products outside Ordinary Activities :	**Amount**

I - B12 - 3 Type of transfers of expenses by post de charges concernés :	**Amount**
TOTAL	

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

I - B12 - 4 DETAIL OF CHARGES :	**Amount**
Transport costs on purchase	
transport costs on sales	
Insurance premium	**62,521,505**
Royalties for patents, concessions, licences, trade mark and similar rights	
Royalties for the rental of agricultural land	
Cotribution	
Donations	
Effective social contribution	
Imputed social contribution	
Gross wages ans salaries	**497,824,903**
Products tax and duties	
Property tax	
Credit loss	
Loss on investment securities held for sale	
Allotment for depreciation of financial fixed assets	
Provisioned charge for the depreciation of investment	
Accrued intrests paid	
Attendance fee and other remuneration of managers	

I - B12 - 5 Content of the elements of the post Charges Outside Ordinary Activities :	**Amount**
TOTAL	

(following)

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Sigle usuel :

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

C - SPECIFIC INFORMATION :

I - C1 Second-hand goods acquired :	**Amount State**	**Other amounts States of the Region**	**Amount Outside the Region**

I - C2 Acquisitions and sale of works of art :	**Amount acquisitions**	**amount Sales**

I - C3 Initial timeframes for credits of two years or more :	**Time frames**

I - C4 Initial timeframes for credits of more than two years	**Timeframes**

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

I - C5 Initial timeframes for debts of two years and more :	**Timeframes**

I - C6 Initial timeframes for debts of more than two years	**Timeframes**

I - C7 Amount of VAT :	**Charged**	**Recoverable**	**Supported non-deductible**

D - FOR COMPANIES :

I - D1 Composition of social capital : Nominal value of share or participations : **10,000**

Name and first name	**Nationality**	**Share or contribution**	**O or ADP (1)**	**Number**	**Amount Total**	**Sales or reimbursments during the FY**
		TOTAL				

(1) O : ordinary, ADP without right to vote.

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

I - D2 List od branches and interests :

Corporate name	Location (city/country)	% Held	Amount of equity	Result last FY

I - D3 Advance and credits granted affiliates and company executives:

Name	First name	Timeframe	Rate	Term	Amount granted in the FY	Amount reimbursed in the FY

(following)

Corporate name	SOCIETE TECH MAHINDRA LIMITED			
		Sigle usuel :		
Address :	PO.Box	KINSHASA BVD. DU 30 JUIN N°3642		
Tax number ……………………..	FY ending	31-12-2016	Duation (in months) :	12

II - VERY IMPORTANT INFORMATION :

A -VARIOUS INFORMATION :

	Type	Tax system	Timeframes
II - A1 - A Subventions Investmen subsidies:			
II - A1 - B			
Regulated provisions	**RETIREMENT**		**3 YEARS**

II - A2 Variation of exchange	Type	Amount	Currencies	Timeframes
A - Credits :				
B - Debts :				

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

II - A3 Evaluation based on the market price of the last month of the FY for the stocks purchased :	**Market price**
Goods	
Raw material	
Other supplies	

II - A4 - A Accrued credits in the FY :	**Principal**	**Interests**

II - A4 - B Accrued debts in the FY :	**Principal**	**Interests**

II - A 5 Components of exchange losses and profits :	**Amount**

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

II - A 6 Analysis of differred tax :	**Amount**

B - FOR COMPANIES :

II - B1 Current account of partners :

Names	**First names**	**Special clauses**	**Amount**	**Term**
MIEZAN AGUI				
DUTCH STEVEDORING				

	Type	**Amount**
II - B2 - A Credits linked to investments		
II - B2 - B Debts linked to investments		

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

	Type	Amount
II - B3 **Detail about unavailable reserves and free reserves**		

	Amount
II - B4 Global amount of remunerations of members of management, administration and monitoring bodies :	

III - TABLES :

TABLES IN THE FOLLOWING PAGES ARE PART OF THE ANNEX STATEMENT OF THE NORMAL SYSTEM

TABLE 1 : FIXED ASSET,
TABLE 2 : DEPRECIATONS,
TABLE 3 : APITAL GAIN AND TRANSFER OF LESS CAPITAL GAIN,
TABLE 4 : PROVISIONS IN THE BALANCE SHEET,
TABLE 5 : PROPERTY TAKEN IN LEASING AND RELATED CONTRACTS,
TABLE 6 : MATURITY OF LOANS AT THE END OF THE FY,
TABLE 7 : MATURITY OF DEBTS AT THE END OF THE FY,
TABLE 8 : INTERMEDIATE CONSUMPTION OF THE FY,
TABLE 9 : DISTRIBUTION OF THE INCOME AND OTHER CHARACTERISTIC ELEMENTS OF THE FIVE LAST FY
TABLE10 : PROPOSED ALLOCATION OF THE PROFIT OF THE FY,
TABLE11 : OUTSIDE STAFFING TOTAL PAYROLL AND PERSONNEL.

ADDITIONAL STATEMENTS OF THE NORMAL SYSTEM :

The additional statement of the normal system includes the following two statements :

TABLE 12 : PRODUCTION OF THE FY,
TABLE 13 : PURCHASES DESTINED TO PRODUCTION.

(following)

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Sigle usuel :

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

TABLE 1 : FIXED ASSETS **FY from 01-01-2016 to 31-12-2016**

SITUATIONS AND TRANSACTIONS SECTIONS	A	INCREASES B			DECREASES C		D = A + B - C
	GROSS AMOUNT AT THE OPENING OF THE FY	Acquisitions Contributions Creations	Transfer between line items	Due to a revaluation done during the v	Disposals Separations Out of service	Transfer between line items	GTOSS AMOUNT AT THE CLOSING OF THE FY
CAPIALIZED COSTS							
Installation expenses							
Deferred charges to be distributed							
Bonds redemption primiums							
INTANGBLE ASSETS							
Research and development expenses							
Patents, licences, software							
Goodwill							
Other intagible assets							
FIXED ASSETS							
Land							
Building							
Fixture and fittings		209,700,687					209,700,687
Equipment		1,127,700,015					1,127,700,015
Transport equipment		95,452,220					95,452,220
ADVANCE PAYMENT TRANSFERRED ON FIXED ASSETS							
FINANCIAL ASSETS							
Equity securities							
Other financial assets		50,797,064					50,797,064
TOTAL GENERAL		1,483,649,986					1,483,649,986

Note : write at the bottom of the page, if they are significant, the amounts (by posts) of intangible or tangible asset at the closure..

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

TABLE 2 : NON DEDUCTIBLE COSTS

FY from 01-01-2016 to 31-12-2016

SITUATIONS AND TRANSACTIONS SECTIONS	**A** ACCUMULATED DEPRECIATIONS AT THE OPENING OF THE FY	**B** INCREASE IN ALLOWANCES IN THE FY	**C** DECREASES : Depreciations related to elements out of asset	**D = A + B - C** ACCUMULATED DEPRECIATIONS AT THE CLOSING OF THE FY
CAPITALIZED COSTS				
Installation expenses				
Deferred charges to be distributed				
Bonds redemption primiums				
TOTAL				
INTANGIBLE ASSETS				
Research and development expenses				
Patents, licences, software				
Goodwill				
Other intangible assets				
TOTAL (I)				
FIXED ASSETS				
Lands				
Buildings				
Fixtures and fittings	209,700,687			209,700,687
Equipment	874,696,410	185,202,111		1,059,898,521
Transport equipment	95,452,174			95,452,174
TOTAL (II)	**1,179,849,271**	**185,202,111**		**1,365,051,382**
TOTAL (I + II)	**1,179,849,271**	**185,202,111**		**1,365,051,382**
Total allotments of the FY		**185,202,111**		

(following)

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Sigle usuel :

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

TABLE 6 : MATURITY OF LOANS AT THE CLOSING OF THE FY

CREDITS	GROSS	ANALYSIS BY TIMEFRAME				OTHER ANALYSIS		
	AMOUNT	AT LEAST ONE YEAR	WITH DUE	MORE THAN ONE YEAR AND AT LEAST TWO YEARS	MORE THAN TWO YEARS	AMOUNT IN FOREIGN CURRENCIES	AMOUNTS TO AFFILIATED COMPANIES	AMOUNTS IN NOTES
CREDITS FROM FIXED ASSET (I)								
Loans (1)								
Receivables from participations								
Other financial assets								
CREDITS FROM CURRENT ASSET (II)	**1,402,343,676**	**1,402,343,676**						
Suppliers	**14,559,536**	**14,559,536**						
Clients and related accounts	**939,593,908**	**939,593,908**						
Personnel	**133,741,650**	**133,741,650**						
Social security and other welfare agencies	**8,558,231**	**8,558,231**						
State	**305,890,351**	**305,890,351**						
International organizations								
Partners and groups								
Miscellanious debtors								
Credits H.A.O.								
Deferred income								
TOTAL (I) + (II)	**1,402,343,676**	**1,402,343,676**						

(1) Loans givebn during the FY : amount : **/ Repayment received in the FY : amount :**

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

TABLE 7 : MATURITY OF DEBTS AT THE CLOSING OF THE FY

CREDITS	GROSS AMOUNT	ANALYSIS BY TIMEFRAME				OTHER ANALYSIS		
		AT LEAST ONE YEAR	WITH DUE	MORE THAN ONE YEAR AND AT LEAST TWO YEARS	MORE THAN TWO YEARS	AMOUNT IN FOREIGN CURRENCIES	AMOUNTS TO AFFILIATED COMPANIES	AMOUNTS IN NOTES
FINANCIAL DEBTS AND RELATED RESOURCES								
Convertible bond loans (1)								
Other bond loans (1)								
Loans and debts from credit institutions (1)								
Other financial debts (1) (2)								
TOTAL (I)								
Debts from financial leasing								
Debts from equipment leasing								
Debts on related contracts								
TOTAL (II)								
DEBT FROM CURRENT ASSET								
Sppliers and related accounts	5,524	5,524						
Clients								
Personnel	13,519,275	13,519,275						
Social security and welfare agencies								
AN ET A DEUX	517,796,557	517,796,557						
International organizations								
Partners and groups								
Miscellanious debtors		2,178,350						
Debts H.A.O.								
Deferred income								
TOTAL (III)	531,321,356	533,499,706						
TOTAL (I) + (II) + (III)	531,321,356	533,499,706						

(1) Loans taken in the FY : / Loans repaid in the FY :
(2) Total debts to partners (natural persons) :

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**				
		Sigle usuel :			
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**			
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**	

TABLE 8 : INTERMEDIATE CONSUMPTION OF THE FY
(specific account of)

TYPE	**ACCOUNT NUMB.**	**AMOUNT** (in thousand of francs CFA)
WATER	6,051	
ELECTRICITY	6,052	
OTHER ENERGIES	6,053	43,928,511
NOT STORABLE MAINTENANCE SUPPLIES	6,054	
NOT STORABLE OFFICE SUPPLIES	6,055	82,312,372
SMALL EQUIPMENT AND TOOLING	6,056	
TRANSPORTATION FOR THIRD PARTIES ACCOUNT	613	
TRANSPORT FOR EMPLOYEES	614	
MAINTENANCE AND REPAIR OF REAL PROPERTY	6,241	4,242,218
MAINTENANCE , REPAIR OF PERSONNEL PROPERTY	6,242	90,510,108
ADVERTISING, PUBLICATIONS, PUBLIC RELATIONS	627	
TELECOMMUNICATIONS CHARGES	628	54,406,650
COMPENSATIONS OF INTERMEDIARIES AND ADVISORS	632	96,603,938

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**				
		Sigle usuel :			
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**			
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**	

TABLE 9 : DISTRIBUTION OF INCOME AND OTHER CHARACTERISTIC ELEMENTS OF THE LAST FIVE Fys

FY CONCERNED (1) / TYPE OF INDICATIONS	N	N - 1	N - 2	N - 3	N - 4
STRUCTURE OF THE CAPITAL AT THE CLOSING OF THE FY (2)					
Capital stock					
Common share					
Shares to preferred dividend (A.D.P.) novoting right					
New shares to be ssued					
by conversion of bonds					
by exercice of subscription right					
OPERATIONS AND INCOMES OF THE FY (3)					
Sales turnover without taxes	1,479,834,805	2,008,721,998			
Profit from ordinary activities (R.A.O.) excluding charges and reversals (operating and financial)	-289,717,659	102,255,410			
Employees participation in profits					
Tax on the income	203,019,022	104,784,712			
Net income (4)	-264,391,889	-2,529,302			
INCOME PER SHARE					
Income distributed (5)					
Dividend allocated to each share					
PERSONNEL AND SALARY POLICY					
Average number of employees in the FY (6)					
Average number of foreign employees					
Payroll distributed in the FY (7)	497,824,903	175,066,892			
Social benefits paid in the FY (8) (Social security, welfare)		91,075			
Foreign employees charged to the company (9)					

(1) Including the FY of which the financial statements are subject to the approval of the Assembly.
(2) Indication in case of the partial release of the capital of the amount of the uncalled capital.
(3) The elements of this section are those in the income account.
(4) The income, when it is negative, must be put between parenthesis.
(5) The FY N corresponds to the dividend of the last FY proposed.
(6) Personnel
(7) Total of accounts 661, 662, 663.
(8) Total of accounts 664, 668.
(9) Account 667.

(following)

Corporate name **SOCIETE TECH MAHINDRA LIMITED**

Sigle usuel :

Address : **PO.Box** **KINSHASA BVD. DU 30 JUIN N°3642**

Tax number …………………….. FY ending **31-12-2016** Duation (in months) : **12**

TABLE 10 : PROPOSED ALLOCATION OF THE PROFIT OF THE FY

FY from 01-01-2016 to 31-12-2016

ALLOCATION	**AMOUNT (1)**	**SOURCES**	**AMOUNT (1)**
Legal reserve		Refer to previous earnings (losses)	
Statutary or contractual reserves		Brought foward from previous FY (profits)	
Other reserves (available)		Net profit of the FY	-264,391,889
Dividends (2)		From reserves (3)	
Other allocations			
Brought forward from previous FY	-264,391,889		
TOTAL (A)	**-264,391,889**	**Checked by : Total A = Total B TOTAL (B)**	**-264,391,889**

1) Negative amounts are in brackets or preceded by a sign (-).
2) If there are many categories of dividend beneficiaries, indicate the amount for each.
3) Indicate its reserves items deductions were done.

TECH MAHINDRA DRC SARLU

NORMAL SYSTEM

ADDITIONAL STATEMENT N° 1 PAGE 1/3

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT TAX /NATIONAL ACCOUNTANCY AUTHORITY

DETAIL OF EXPENSES IN FCFA

601,100	Purchases of goods in the gion	
601,200	Purchases of goods in the Region	
601,300	Purchases of goods to the venture in the Region	
601,400	Purchases of goods to the venturre outside the Region	
601,900	Decrease, remises et ristournes obtenus	
RA	Purchase of goods	
603,100	Variations in stocks of goods	
RB	Variation in stocks	
602,100	Purchases of raw material in the Region	
602,200	Purchases of raw material outside the Region	
602,300	Purchases of raw material to the venture in the Region	
602,400	Purchases of raw material to the venture outside the Region	
602,900	Decrease, discount and rebate obtained	
RC	Purchase of raw material and related supplies	
603,200	Variations in stocks of raw material	
RD	Variation in stocks	
604,100	Consummables	
604,200	Fuel	
604,300	Maitenance product	
604,400	Supplies of workshps and factories	
604,600	Supplies oof shops	
604,700	Office supplies	
604,900	Decrease, discount and rebate obtained	
605,100	Water	
605,200	Electricity	
605,300	Other energies	43,928,511
605,400	Non storable supplies of maintenance	
605,500	Office supplies	82,312,372
605,600	Small equipment and tooling	
605,700	Study and service delivery	
605,800	Works, material and equipment	
605,900	Decrease, discount and rebate obtained	
608,100	Packing lost	
608,200	Recoverable packing non identifiable	
608,300	Mixed use packing	
608,900	Decrease, discount and rebate obtained	
RE		126,240,883
603,300	Variation in stocks of other supplies	
RH		

NORMAL SYSTEM

ADDITIONAL STATEMENT N° 1
PAGE 2/3

(following)

Corporate name	**SOCIETE TECH MAHINDRA LIMITED**			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT TAX/NATIONAL ACCOUNTANCY AUTHORITY

DETAIL OF EXPENSES IN FCFA (FOLLOWED)		**FY N**
611,000	incoming freight	
612,000	Outgoing freight	
613,000	Freight for third parties	
614,000	Personnel transportation	
616,000	Freight of envelops	
618,100	Travels and displacement	103,272,536
618,200	Transport between the facility and the sites	
618,300	Administrative transportation	
RI	Transports	103,272,536
621,000	Sub-contracting	5,500,656
622,100	Land rental	
622,200	Building rental	277,083,094
622,300	rental of equipment	
622,400	Malis on packings	
622,500	Rental of packings	
622,800	Miscelanious rentals	75,804,812
623	Leasing	
624,100	Maintenance of personnel property	4,242,218
624,200	Maintenance of real property	90,510,108
624,300	Maintenance	
624,800	Other maintenance	
625	Insurances	62,521,505
626,100	Studies and researchs	
626,500	General documentation	
626,600	Technical documentation	
627	Advertisment	
628,000	Telecommunication costs	54,406,650
631	Bank charges	19,545,662
632,100	Commissions on purchases	
632,200	Commissions on sales	
632,300	Remunerations of consigners	
632,400	Fees	96,603,938
632,500	Acts and litigation costs	
632,800	Miscelanious costs	
632,900	Corporate costs	
633,000	Saff training costs	
634	Royalties	
635	Membership	
637	Foreign employees	
638,100	Staff recruiting costs	
638,200	Moving expenses	
638,300	Receptions	
638,400	Missions	
RJ	External services	686,218,643

TECH MAHINDRA DRC SARLU

NORMAL SYSTEM

ADDITIONAL STATEMENT N° 1 PAGE 3/3

(following)

Corporate name	SOCIETE TECH MAHINDRA LIMITED			
		Sigle usuel :		
Address :	**PO.Box**	**KINSHASA BVD. DU 30 JUIN N°3642**		
Tax number ……………………..	FY ending	**31-12-2016**	Duation (in months) :	**12**

ADDITIONAL STATEMENT TAX/NATIONAL ACCOUNTANCY AUTHORITY

DETAIL OF CHARGES IN FCFA (FOLLOWED)		FY N
641,100	Land tax	
641,200	Patents	
641,310	Payroll tax of local employees	5,015,089
641,320	Payoll tax of non local employees	
641,800	Other direct tax	
645,000	indirect tax	
646,000	Stamp, vignettes	
647,000	Amendes and penalties	
648,000	Other tax	
RK	Tax and duties	5,015,089
651	Miscelanious losses	165,778,299
652-653	Portion of profits on joint operations	
654,000	Accounting values of the disposals of fixed assets	
658,100	Attendance sheet	
658,200	Donations	
658,300	Sponsoring	
659	Provisioned charges	
RL	Other charges	165,778,299
661	Salairies and benefits of local employees	471,610,841
662	Salairies and benefits of non local employees	26,214,062
663	Staff indeminities	
664 1	Social charges of local employees	
664 2	Charges sociales of non local employees	
666	Remuneration and charges of individual exploitant individuel	
667	Foreign staff	
668	Miscelanious costs of personnel	
RP	Personnel costs	497,824,903
671-675	Fiancial costs	
677,000	Losses on disposals of invetment securities	
678,000	Losses on financial risks	
679,000	Fiancial charges provisioned	
SA	Fiancial charges	
676,000	Loss of exchange	
SC	Loss of exchange	
681	Allocation to fixed assets	185,202,111
691	Allocations to provisions	
RS	Allocation to depreciation and provisions	185,202,111
687	Allocation to depreciations of financial nature	
697	Allocation to financial provisions	
SD	Allocation to depreciation and provisions	
	TOTAL ORDINARY CHARGES	1,769,552,464

NTH DIMENSION LIMITED

Board of Directors
Mr. Vikram Nair
Mr. Manoj Bhat
Mr. Rajib Bhattacharya
Mr. Martin Wakely
Mr. Huw Owen
Mr. Narayanan T. S. (resigned on December 2, 2016)

Registered Office
1st Floor, Charles Schwab Building
401, Grafton Gate (E),
Milton Keynes, MK9 1AQ
United Kingdom

Bankers
HSBC Bank

BALANCE SHEET AS AT ENDED

	Note No.	31-Mar-17	31-Mar-16
			Currency GBP
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	**-**	-
(b) Capital work-in-Progress		**-**	
(c) Investment Property	5	**-**	-
(d) Goodwill	6	**-**	-
(e) Other Intangible Assets		**-**	-
(f) Financial Assets			
(i) Investments	7	**-**	
(ii) Trade Receivables	8	**1,491,000**	-
(iii) Loans	9	**-**	-
(iv) Other Financial Assets	10	**-**	-
(g) Deferred Tax Assets (Net)		**397,566**	7,583
(h) Other Non-Current Assets	11	**101,366**	-
Total Non-Current Assets		**1,989,932**	7,583
Current Assets			
(a) Inventories	12	**-**	-
(b) Financial Assets			
(i) Investments	13	**-**	
(ii) Trade Receivables	14	**433,278**	3,392,071
(iii) Cash and Cash Equivalents	15	**684,056**	755,246
(iv) Other Balances with Banks	16	**-**	-
(iv) Loans	17	**-**	-
(v) Other Financial Assets	18	**4,556**	4,200
(c) Other Current Assets	19	**238,903**	262,941
Total Current Assets		**1,360,793**	4,414,458
Total Assets		**3,350,725**	4,422,041
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	20	**22**	18
(b) Other Equity	21	**(1,014,077)**	692,852
Equity Attributable to Owners of the Company		**(1,014,055)**	692,870
Non-Controlling Interests		**-**	-
Total Equity		**(1,014,055)**	692,870
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	**-**	-
(ii) Other Financial Liabilities	23	**-**	-
(b) Provisions	24	**-**	-
(c) Deferred Tax Liabilities (Net)		**-**	
(d) Other Non-Current Liabilities	25	**-**	-
Total Non - Current Liabilities		**-**	-

BALANCE SHEET AS AT ENDED

Currency GBP

	Note No.	**31-Mar-17**	31-Mar-16
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	26	**2,500,000**	2,000,000
(ii) Trade Payables	27	**1,718,663**	1,081,185
(iii) Other Financial Liabilities	28	**46,357**	7,568
(b) Other Current Liabilities	29	**75,208**	420,220
(c) Provisions	30	**24,552**	37,917
(d) Current Tax Liabilities (Net)		**-**	182,280
Total Current Liabilities		**4,364,780**	3,729,171
Suspense Account (Net)		**-**	
Total Equity and Liabilities		**3,350,725**	4,422,041

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED

Currency GBP

		Note No.	31-Mar-17	31-Mar-16
I	Revenue from Operations		**3,282,524**	4,853,743
II	Other Income	31	**(4,593)**	(8,714)
III	**Total Revenue (I +II)**		**3,277,931**	4,845,029
IV	**EXPENSES**			
	Subcontracting Expenses		**2,673,636**	2,111,617
	Employee Benefit Expense	32	**1,486,089**	1,325,451
	Finance Costs	33	**38,789**	7,601
	Depreciation and Amortisation Expense	34	**-**	-
	Other Expenses	35	**1,176,329**	532,811
	Total Expenses		**5,374,843**	3,977,480
V	**Share of (Profit) / Loss of Associates**		**-**	
VI	**Profit/(loss) before Exceptional Item and Tax (III-IV-V)**		**(2,096,912)**	867,549
VII	**Exceptional Item (net)**		**-**	
VIII	**Profit/(loss) Before Tax (VI+VII)**		**(2,096,912)**	867,549
IX	**Tax Expense**			
	Current tax		**-**	182,280
	MAT charge / (credit)		**-**	
	Earlier years excess provision written back		**-**	
	Deferred Tax		**(389,983)**	(7,583)
	Total Tax Expense		**(389,983)**	174,697
X	**Profit/(loss) after Tax**		**(1,706,929)**	692,852
XI	**Profit/(Loss) for the period attributable to:**			
	Owners of the Company		**(1,706,929)**	692,852
	Non Controlling Interests		**-**	
			(1,706,929)	692,852
XII	**Other Comprehensive Income**			
A	I. Items that will not be recycled to Profit or Loss			
	(a) Remeasurements of the Defined Benefit Liabilities / (Asset)		**-**	
	(b) Equity instruments through Other Comprehensive Income		**-**	
	II. Income tax relating to items that will not be reclassified to Profit or Loss		**-**	
B	I. Items that may be reclassified to Profit or Loss			
	(a) Exchange differences in translating the Financial Statements of Foreign Operations		**-**	
	(b) Effective portion of gains and loss on Designated Portion of Hedging Instruments in a Cash Flow Hedge		**-**	
	II. Income tax on items that will be reclassified to Profit or Loss		**-**	
XIII	Total Other Comprehensive Income for the period (X+XII)		**(1,706,929)**	692,852
XIV	Total comprehensive income for the period attributable to:			
	Owners of the Company		**(1,706,929)**	692,852
	Non controlling interests		**0**	

Note -3: Property, Plant and Equipment

Currency GBP

Particulars	Gross Block						Accumulated Depreciation / Amortisation						Net Block (as at)
	Balance at the beginning of the period	Additions through business combination	Additions during the period / year	Deletions during the period / year	FCTR	Balance at the end of the period	Balance at the beginning of the period	Acquisitions through business combinations	For the period / year	Deductions during the period / year	FCTR	Balance at the end of the period	31-Mar-17
Tangible Assets													
Freehold Land	-					-						-	-
Leasehold Land													
Buildings	-					-	-					-	-
Computers	-					-	-					-	-
Plant and Equipments	-					-	-					-	-
Furniture and Fixtures	-					-	-					-	-
Vehicles	-					-	-					-	-
Office Equipments	-					-	-					-	-
Leasehold Improvements	-					-	-					-	-
Taken on Finance Lease :													
Computers	-					-	-					-	-
Plant and Equipments	-					-	-					-	-
Furniture & Fixtures	-					-	-					-	-
Vehicles	-					-	-					-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

Note -4

Other Intangible Assests

As at 31-Mar-17 Currency GBP

Description of Assets	**Intellectual property rights**	**Patents**	**Software (other than internally generated)**	**Customer Relationship**	**Brand**	**Technology**	**License**	**Goodwill**	**Software taken on lease**	**Total**
Gross Block:										
Balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-
Additions through business combination										-
Additions during the period										-
Additions from internal developments										-
Disposals or classified as held for sale										-
Revaluation increase/(decrease)										-
"Effect of foreign currency exchange differences "										-
Closing Gross Block	-	-	-	-	-	-	-	-	-	-
II. Accumulated depreciation and impairment for the period ended										
Balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-
Amortisation expense for the Period										-
Eliminated on disposal of assets										-
Acquisitions through business combinations										-
Eliminated on reclassification as held for sale										-
Eliminated on Disposal of group undertakings										-
Impairment losses recognised / (Reversed) in Statement of Profit and Loss										-
"Effect of foreign currency exchange differences "										-
Closing Accumulated depreciation / impairment	-	-	-	-	-	-	-	-	-	-
Closing Net Block	-	-	-	-	-	-	-	-	-	-

Note -5
Investment Property

Currency GBP
As at 31-Mar-17

		Land	Buildings	Total
I.	**Gross Block**			
	Balance at the beginning of the reporting period			
	Additions relating to acquisitions/ Business combination			-
	Addition others			-
	Disposals			-
	Classified as held for sale			-
	Impairment losses recognised/ (reversed) in profit and loss			-
	Transferred from Inventories and property, plant and equipment			-
	Effect of foreign currency exchange differences			-
	Closing Gross Block			-
		-	-	-
II.	**Accumulated depreciation and impairment for the period ended**			
	Balance at the beginning of the reporting period			
	Charge for the period			-
	Additions relating to acquisitions/ Business combination			-
	Reversals/ Disposals during the period			-
	Classified as held for sale			-
	Transferred from Inventories and property, plant and equipment			-
	Effect of foreign currency exchange differences			-
	Closing Accumulated depreciation / impairment			-
		-	-	-
Net Closing balance (I-II)		-	-	-

Note - 6: Goodwill on Consolidation

A reconciliation of the carrying amount of 'Goodwill on Consolidation' at the beginning and end of the reporting period

Currency GBP

Goodwill on Consolidation	31-Mar-17	31-Mar-16
Cost		
Balance at the beginning of the reporting period		
Deletion		
Additional amounts recognised from business cominations occurring during the year		
Derecognisd on disposal of a subsidiary		
Reclassified as held for sale		
Effect of foreign currency exchange differences		
Others (Describe)		
Balance at end of period	**-**	-
Accumulated Impairment		
Balance at the beginning of the reporting period		
Impairment losses recognised in the year		
Derecognised on disposal of a subsidiary		
Classified as held for sale		
Effect of foreign currency exchange differences		
Balance at end of period	**-**	-
Net Balance	**-**	-

Note 7: Non-Current Investments: Table 1 and 2

Period Ended 31-Mar-17

Currency GBP

Sr No	Quoted / Unquoted	No. of Shares	Name of the Company	Type of Share Capital	Relationship	Currency	Face Value	Total Investment	Provision Amount	Net	Market value - incase of quoted investment
1										-	
2										-	
3										-	
4										-	
5										-	
6										-	
7										-	
8										-	
9										-	
10										-	
11										-	
					Total Amount					-	-
					As per Financials					-	
					Control Total					-	

Note -8
Trade Receivables-Non Current

Currency GBP

Particulars	**As at 31-Mar-17**	31-Mar-16
Trade Receivables		
Considered Doubtful	**1,491,000**	
Less: Allowance for Doubtful Debts	**-**	
TOTAL	**1,491,000**	-

Note 9
Loans

Currency GBP

Particulars	**As at 31-Mar-17**	31-Mar-16
a) Loans to related parties		
- Unsecured, considered good	**-**	
TOTAL	**-**	-

Note 10
Other Financial Assets

Currency GBP

Particulars	**As at 31-Mar-17**	31-Mar-16
a) Unbilled Revenue	**-**	
	-	-
b) Interest Receivable		
(i) Interest accrued on deposits, loans and advances	**-**	
(ii) Interest - Others	**-**	
	-	**-**
c) Security Deposits		
- Unsecured, considered good	**-**	
- Doubtful	**-**	
Less : Allowance for bad and doubtful deposits	**-**	
	-	**-**
d) Lease Receivable		
Considered Good	**-**	
Considered Doubtful	**-**	
Provision	**-**	
	-	**-**

Currency GBP

Particulars	As at 31-Mar-17	31-Mar-16
e) Fixed deposits/Margin Money Deposits having maturities of more than 12 months from the Balance Sheet date	-	
	-	-
f) Foreign Currency Derivative Assets	-	
	-	-
g) Advances to Related Parties		
- Secured, considered good	-	
- Unsecured, considered doubtful	-	
- Doubtful	-	
	-	-
h) Balance with Government Authorities		
Considered Good	-	
Considered Doubtful	-	
Less: Provision	-	
	-	-
TOTAL	-	-

Note 11
Other Non-Current Assets

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
a) Balance with Government Authorities		
Considered Good	-	
Considered Doubtful	-	
Less: Provision	-	
	-	-
b) Capital Advances		
Considered Good	-	
Considered Doubtful	-	
Less: Allowance on advances to suppliersLess: Provision	-	
	-	-
c) Prepaid Exp	93,646	
	93,646	-
d) Advance Income Taxes (Net of provisions)	7,720	
	7,720	-
e) Advance towards Investments	-	
	-	-
f) Share application money given to subsidiaries		
Considered Good	-	
Considered Doubtful	-	
Provision	-	
	-	-
g) Other Loans and Advances		
- Secured, considered good	-	
- Unsecured, considered doubtful	-	
Less : Allowance for bad and doubtful advances	-	
	-	-
TOTAL	101,366	-

Note 12: Inventories

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
- Hardware, Software and Product Components	-	
Total	**-**	-

Please provide the Breakup:

Inventory	**31-Mar-17**	31-Mar-16
Hardware/Software/Equipments		
Components		
Any other to be specified		
Total	**-**	-

Note 13: Details for Current Investments (Table 1)

Period Ended 31-Mar-17 Currency GBP

Table 1

Sr No	Type of Investment	Quoted / UnQuoted	No. of Units	Currency	Market Rate	Name of Scheme	Amount
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

Note -14
Trade Receivables-Current

Currency GBP

Particulars	31-Mar-17 Current	As at 31-Mar-16 Current
Trade Receivables		
Over Six Months		
(a) Unsecured, considered good*	**433,278**	3,392,071
(b) Doubtful	**-**	
Others		
(a) Unsecured, considered good**	**-**	
(b) Doubtful	**-**	
Less: Allowance for doubtful debts	**-**	
TOTAL	**433,278**	3,392,071

Note
1. * Net of remittances received aggregating to Rs. Million (previous year: Rs. Million) pending adjustments against invoices.
2. ** Net of remittances received aggregating to Rs. Million (previous year: Rs. Million) pending adjustments against invoices.

Note - 15
Cash and Cash Equivalents

Currency GBP

Particulars	As at 31-Mar-17	31-Mar-16
Current Cash and bank balances		
Cash in hand	**-**	
Fund in Transit	**-**	
Balances with banks		
(i) In Current Account	**684,056**	755,246
(ii) In Deposit Account	**-**	
Total	**684,056**	755,246

Reconcliation of Cash and Cash Equivalents

Particulars	As at 31-Mar-17	31-Mar-16
Total Cash and Cash Equivalents	**684,056**	755,246
Add: Current Cash and bank balances	**-**	-
Add: Current Restricted cash and bank balances	**-**	-
Total Cash and Bank Balance	**684,056**	755,246

Note - 16
Other Balances with Bank

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
a) Other Bank Balances		
(i) Unrestricted Cash and bank balances		
- Deposit account with banks (having original maturity more than 3 months)	-	
(ii) Restricted Cash and bank balances		
- Unclaimed Dividend	-	
- Balances held as Margin Money/Security towards obtaining Bank Guarantees	-	
- Balance held under Escrow Account	-	
TOTAL	-	-

Note 17
Loans

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
a) Loans to Related Parties		
- Unsecured, considered good	-	
Total	-	-

Note 18
Other Financial Assets

Currency GBP

Particulars	As at 31-Mar-17 Current	As at 31-Mar-16 Current
a) Unbilled Revenue	-	**4,200**
	-	**4,200**
b) Interest Receivable		
(i) Interest accrued on deposits, loans and advances	-	
(ii) Interest - Others	-	
	-	-
c) Security Deposits		
- Unsecured, considered good	**4,556**	
- Doubtful	-	
Less : Allowance for bad and doubtful deposits	-	
	4,556	-

Currency GBP

Particulars		As at 31-Mar-17 Current	As at 31-Mar-16 Current
d)	**Lease Receivable**		
	Considered Good	-	
		-	-
e)	**Foreign Currency Derivatives Assets**	-	
		-	-
f)	**Advances to Related Parties**		
	- Secured, considered good	-	
	- Unsecured, considered doubtful	-	
	- Provision	-	
		-	-
g)	**Balance with Government Authorities**		
	Considered Good	-	
	Considered Doubtful	-	
	Less: Provision	-	
		-	-
h)	**Contractually Reimbursable Expenses #**		
	Considered Good	-	
	Considered Doubtful	-	
	Less: Allowance for doubtful receivables	-	
		-	-
TOTAL		**4,556**	4,200

Note 19
Other current assets

Currency GBP

Particulars		As at 31-Mar-17	As at 31-Mar-16
a)	**Balance with Government Authorities**		
	Considered Good	-	
	Considered Doubtful	-	
	Provision	-	
		-	-
b)	**Advances to Employees**		
	Considered Good	**(63)**	2,342
	Considered Doubtful	-	
	Less : Allowance on employee advances	-	
		(63)	2,342
c)	**Prepaid Expenses**	**238,966**	250,225
		238,966	250,225

Particulars	As at 31-Mar-17	As at 31-Mar-16
d) Share Application Money given to Subsidiaries		
Considered Good	-	
	-	-
e) Other Loans and Advances		
Considered Good	-	10,374
Considered Doubtful	-	
Less: Allowance on other loans and advances	-	
	-	10,374
TOTAL	**238,903**	262,941

Statement of changes in equity

Note -20: Equity share capital

Currency GBP

Particulars	Number of Shares	Equity share capital
Authorised:		
865 (No. of shares) Ordinary Equity shares of (Put Currency and value per share £0.0100) each with voting rights	**865**	8.65
30 (No. of shares) A Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**30**	3
50 (No. of shares) B Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**50**	5
30 (No. of shares) C Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**30**	3
15 (No. of shares) D Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**15**	1.5
10 (No. of shares) E Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**10**	1
2,499,990 (No. of shares) Preference Shares (Put Currency and value per share £1) each with preference dividend rate of 3%	**2,499,990**	2499990
Issued Subscribed and Paid up share Capital as at beginning of reporting period	**960**	
865 (No. of shares) Ordinary Equity shares of (Put Currency and value per share £0.0100) each with voting rights	**865**	9
30 (No. of shares) A Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**30**	3
50 (No. of shares) B Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**50**	5
30 (No. of shares) C Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**0**	-
15 (No. of shares) D Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**15**	2
10 (No. of shares) E Ordinary Equity shares of (Put Currency and value per share £0.100) each with voting rights	**0**	-
Less: Treasury Shares		
Balance as at beginning of reporting period	**960**	18

Particulars	**Number of Shares**	Currency GBP Equity share capital
Changes in equity share capital during the year		
Issue of equity shares	**40**	4
Changes in Treasury Shares		
Issue of equity shares under employee share option plan		
Balance at the end of reporting period 31 March,2017	**1,000**	22
Check		
As per Hyperion		22
Difference (this should be Zero)		-

Details of shares held by each shareholder holding more than 5% shares:	**As at ->**	31-Mar-17
Name of the shareholder	**Number of shares held**	**% holding of total shares**
Tech Mahindra Limited	**865**	**86.5%**
Others	**85**	**8.5%**
Martin Wakeley	**50**	**5.0%**
		0.0%
		0.0%
		0.0%

Note -21: Other Equity

Currency GBP

Particulars	Share Application Money pending Allotment	Reserves & Surplus: Capital Reserve on Consolidation	Reserves & Surplus: Capital reserve	Reserves & Surplus: Securities Premium Reserve	Reserves & Surplus: Share Option Outstanding Account	Reserves & Surplus: General Reserve	Reserves & Surplus: Statutory Reserve	Reserves & Surplus: Retained Earnings	Hedging Reserve	Fair Value through OCI (FVTOCI)	Foreign Currency Translation Reserve	Attributable to Owners of the Parent	Non Controlling Interests	Total
Balance at the beginning of reporting period	-	-	-	-	-	-	-	692,852	-	-	-	692,852	-	692,852
Profit for the period								(1,706,929)				(1,706,929)	-	(1,706,929)
Other Comprehensive Income								-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	-	-	-	-	(1,706,929)	-	-	-	(1,706,929)	-	(1,706,929)
Money received / Movement on account of issue of shares / exercise of Options (net)	-			-								-		-
Transfer from share option outstanding account to Securities premium on exercise of stock options					-							-		-
Amortised Amount of Stock Compensation Cost (net)					-							-		-
Dividends												-		-
Tax on Dividend												-		-
Transfer to / from during the period		-	-			-	-	-				-		-
Balance at the end of reporting period March 31,2017	-	-	-	-	-	-	-	(1,014,077)	-	-	-	(1,014,077)	-	(1,014,077)
As per Hyperion	-	-	-	-	-	-	-	(1,014,077)	-	-	-	(1,014,077)	-	(1,014,077)
Difference (this should be zero)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

If there is difference, then please click on Submit, under 'Smart View' in MS Excel menu at the top.

Note - 22: Borrowings-Non Current Currency GBP

Particulars	As at	
	31-Mar-17	31-Mar-16
Measured at amortised cost		
A. Secured Borrowings:		
Debentures	-	
Cash Credit and Loans Repayable on Demand		
- From Banks (Other than Finance Lease Obligations)		
- From Others (Other than Finance Lease Obligations)		
Long Term Maturities of Finance Lease Obligations	-	
Total Secured Borrowings	-	-
B. Unsecured Borrowings - at amortised Cost		
From Banks (other than Finance Lease Obligations)	-	
From Others (other than Finance Lease Obligations)	-	
Loans From Group Companies (Inter-corporate Deposits)	-	
Total Unsecured Borrowings	-	-
Total Borrowings	-	-

Note - 23: Other Financial Liabilities Currency GBP

Particulars	As at	
	31-Mar-17	31-Mar-16
Security Deposits	-	
Contractual Obligation	-	
Creditors For Capital Supplies/Services	-	
Foreign Currency Derivatives Liabilities	-	
Contingent Consideration On Acquisitions	-	
	-	-

Note - 24: Provisions Currency GBP

Particulars	As at	
	31-Mar-17	31-Mar-16
Provision for Employee Benefits		
Gratuity	-	
Others	-	
Other Provisions		
Contingencies	-	
Others	-	
Total Provisions	-	-

Note - 25: Other Non Current Liabilities

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
Unearned Revenue	**-**	
Advances received from customers	**0**	
TOTAL	**-**	-

Note - 26: Borrowings -Current

Currency GBP

Particulars	**As at 31-Mar-17**	As at 31-Mar-16
Secured Borrowings		
(1) From Banks		
(i) Cash Credit / Packing Credits	**-**	
(ii) Other loans (secured by ____)	**-**	
(2) From other	**-**	
	-	**-**
Unsecured Borrowings		
(1) From Banks/Financial Institution	**-**	
(2) From other	**-**	
From Related Parties	**2,500,000**	2000000
	2,500,000	2,000,000
Total	**2,500,000**	2,000,000

Note - 27: Trade Payables

Currency GBP

Particulars	As at 31-Mar-17 Current	As at 31-Mar-16 Current
Trade Payables other than Accrued Salaries and Benefits	**1,718,663**	1,081,185
Accrued Salaries and Benefits	**-**	
Total trade payables	**1,718,663**	1,081,185

Note - 28: Other Financial Liabilities

Currency GBP

Particulars	As at	
	31-Mar-17	31-Mar-16
Current:		
Current maturities of long-term loans (secured)	**-**	
Current maturities of long-term loans (Unsecured)	**-**	
Current maturities of finance lease obligations	**-**	
Current maturities of long term debt (Secured Debentures)	**-**	
Interest payable on Borrowings	**46,357**	7568.3
Unclaimed dividends	**-**	
Foreign currency Derivatives Liabilities	**-**	
Capital Creditors	**-**	
Contractual Obligation	**-**	
Contingent consideration on acquisitions	**-**	
Total	**46,357**	7,568

Note - 29: Other Current Liabilities

Currency GBP

Particulars	**As at 31-Mar-17**	As at 31-Mar-16
Advances received from customers	**-**	
Unearned revenue	**23,092**	
Statutory Remittances	**52,116**	420220.3
Others**	**-**	
TOTAL	**75,208**	420,220

Note:

Please provide details of others below -

Summarised Breakup of Others (Other Current Liabilities):**

Currency GBP

Particulars	**31-Mar-17**	31-Mar-16
Total	**-**	-

Note - 30: Provisions

Currency GBP

Particulars	As at 31-Mar-17 Current	As at 31-Mar-16 Current
Provision for employee benefits		
Gratuity	-	
Others	**24,552**	37,917
Other Provisions		
Contingencies	-	
Warranty claims	-	
Provision for Dividend Tax	-	
Provision for Dividend	-	
Others	-	
Total Provisions	**24,552**	37,917

Note - 31: Other Income

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
Interest Income		
-On Bank deposits	-	
- Other financial assets carried at amortised cost	-	
Dividend Income on Non Current Investment	-	
Dividend Income on Current Investment	-	
Profit on Sale of Current Investments	-	
Rental income		
- From Investment property	-	
- Others	-	
Foreign Exchange gain/(loss) net	**(7,401)**	(8,714)
Provision for non-current investments no longer required	-	
Gain/ (Loss) on Investment carried at Fair value through Profit & Loss	-	
Sundry Balances Written Back	**2,808**	
Miscellaneous Income**	-	
Total Other Income	**(4,593)**	(8,714)

Please provide the Breakup / further details:

Table 1 : Miscellaneous Income**

Particulars	31-Mar-17	31-Mar-16
Total	-	-

Note - 32: Employee Benefits Expense

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
Salaries and Wages, including bonus	**1,311,686**	1,172,505
Contribution to Provident and other Funds	**174,353**	152,927
Gratuity	-	
Share Based Payments to Employees	-	
Staff Welfare Expenses	**50**	19
Total	**1,486,089**	1,325,451

Note - 33: Finance Cost

Currency GBP

Particulars	As at 31-Mar-17	As at 31-Mar-16
Interest On Debentures And Long Term Loans	-	
Interest On Short Term Loan & Cash Credits	-	
Interest On Loans From Related Parties	**38,789**	7,601
Other Interest Expense	-	
Cash Discount	-	
Total finance costs	**38,789**	7,601

Note - 34 : Depreciation and Amortization Expense

Currency GBP

Particular	As at 31-Mar-17	As at 31-Mar-16
Depreciation / Amortisation on Property ,Plant and Equipment and Intangible Assets	*	
Depreciation on Investment Property	-	
	-	-

Note - 35: Other Expenses

Currency GBP

Particulars	**As at 31-Mar-17**	As at 31-Mar-16
Power & Fuel Expenses	**37,881**	
Rent	**229,833**	
Rates and taxes	**-**	
Communication Expenses	**205,581**	38,719
Travelling Expenses	**167,180**	111,834
Recruitment Expenses	**-**	41
Training	**-**	
Hire Charges	**-**	
Legal and other professional costs	**470,727**	352,556
Repair and maintenance Expenses		
- Buildings (including leased premises)	**-**	
- Machinery and Computers	**2,250**	
- Others	**26,621**	259
Insurance charges	**20,752**	9,565
Software, Hardware and Project Specific Expenses	**-**	8,517
Claims and Warranties (Net)	**-**	
Advertisement, Promotion & Selling Expenses	**4,375**	6,962
General Office Expenses	**215**	643
(Profit)/ Loss on sale of Property, Plant & Equipments	**-**	
Allowance for Doubtful Receivables, Unbilled Revenue and Bad Debts written off	**-**	-
-Provided during the quarter		
-Bad Debts written off		
-Less: Provision reversed during the period		
Provision for Doubtful Advances, Deposits and Advances written off	**-**	-
-Provided during the quarter		
-Bad Debts written off		
-Less: Provision reversed during the period		
Donation	**2,000**	
Corporate Social Responsibility Expenditure	**-**	
Miscellaneous Expenses	**8,914**	3,715
Total	**1,176,329.00**	532,811.00

TECH MAHINDRA ARABIA LIMITED

(Limited Liability Company)

Board of Directors

Mr. Manoj Bhat

Mr. Ramachandran Satyamurthi Ramachandran

Mr. Srinivas Reddy Bandam

Mr. Mohammed Ahmed Mohammed Al Baadi

Mr. Saad Abdullah Nasser Turaiki

Registered Office

12th Floor, Al - Hugyat Towers,

Al Khobar 31952,

Kingdom of Saudi Arabia

Bankers

The Saudi British Bank

Auditors

Deloitte & Touche Bakr Abulkhair & Co.

AUDITOR'S REPORT

To the shareholders
Tech Mahindra Arabia Limited
Al Khobar, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Tech Mahindra Arabia Limited ("the Company"), which comprise the statement of financial position as at March 31, 2017, and the statement of operations, statement of cash flows and statement of changes in shareholders' (deficit) equity for the year then ended and a summary of significant accounting policies and other explanatory information in notes 1 to 15.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia.

Basis for Qualified Opinion

As stated in note 10 to the financial statements, as of March 31, 2017, the Company has due from a shareholder amounting to SR 1,471,215 (2016: SR Nil). This amount due from the shareholder is not in compliance with the Regulations for Companies in Saudi Arabia. Subsequent to the year, the Company received the full amount from the shareholder.

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

Material Uncertainty Related to Going Concern

As referred in note 2 to the financial statements, which indicates that the company has reported a loss of SR 923,184 for the year ended March 31, 2017 (2016: SR 819,662) and the accumulated losses as of March 31, 2017 amounted to SR 1,753,512 (2016: SR 819,662) which exceeded 50% of the Company's share capital. In terms of Article 181 of the Regulations for Companies, the shareholders are therefore required to resolve to continue in business or liquidate the Company. Such resolution must be published in accordance with the Article 181. The ability of the Company to continue as a going concern is dependent upon continuing support from the shareholders and profitable future operations. The shareholders resolved on December 31, 2016 to provide all the necessary financial support to ensure the going concern of the Company. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as going concern.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Auditing Standards endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte & Touche
Bakr Abulkhair & Co.

Abdul Rahman S. Al-Suwayegh
License No. 461
16 Ramadan, 1438

STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2017

	Note	**31-Mar-17 SAR**	31-Mar-16 SAR
ASSETS			
Current assets			
Cash and cash equivalents	5	**704,164**	1,510,000
Unbilled Revenue	12	**70,000**	-
Due from related parties	10	**1,471,215**	-
Prepayments		**299,594**	284,970
TOTAL ASSETS		**2,544,973**	1,794,970
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accrued expenses and other liabilities	6	**276,354**	18,745
Non- Current liabilities			
Due to a related party	10	**3,004,492**	1,595,887
End of service indemnities	7	**17,639**	-
Total non-current liabilities		**3,022,131**	1,595,887
Total liabilities		**3,298,485**	1,614,632
Shareholders' equity			
Share capital	1	**1,000,000**	1,000,000
Accumulated loss	2	**(1,753,512)**	(819,662)
Total shareholders' equity		**(753,512)**	180,338
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,544,973**	1,794,970

STATEMENT OF OPERATIONS

AS OF MARCH 31, 2017

	Note	**31-Mar-17 SAR**	31-Mar-16 SAR
Revenue	12	**70,000**	-
Cost of Revenue		**(62,191)**	-
Gross profit		**7,809**	-
General and administrative expenses	8, 10	**(930,993)**	(819,662)
NET LOSS FOR THE YEAR / PERIOD		**(923,184)**	(819,662)

STATEMENT OF CASH FLOWS

AS OF MARCH 31, 2017

	31-Mar-17 SAR	31-Mar-16 SAR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year / period	**(923,184)**	(819,662)
Adjustments for:		
End of service indemnities	**17,639**	-
Changes in operating assets and liabilities:		
Due from a related party	**(1,471,215)**	-
Unbilled Revenue	**(70,000)**	-
Prepayments	**(14,624)**	(284,970)
Accrued expenses and other liabilities	**246,943**	18,745
Net cash (used in) from from operating activities	**(2,214,441)**	(1,085,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital introduced	**-**	1,000,000
Due to related parties	**1,408,605**	1,595,887
Net cash from financing activities	**1,408,605**	2,595,887
Net change in cash and cash equivalents	**(805,836)**	1,510,000
Cash and cash equivalents at the beginning of the period	**1,510,000**	-
Cash and cash equivalents at the end of the period	**704,164**	1,510,000

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS OF MARCH 31, 2017

	Note	Tech Mahindra Limited SAR	Midad Holding Company SAR	Total SAR
Share Capital:				
Share capital introduced	1	**510,000**	**490,000**	**1,000,000**
(1,000 share of SR 1,000 each)				
Accumulated losses				
Net loss for the period from inception (August 31, 2015) to March 31, 2016		**(418,028)**	**(401,634)**	**(819,662)**
31-Mar-16		**(418,028)**	**(401,634)**	**(819,662)**
Net loss for the year ended March 31, 2017		**(470,824)**	**(452,360)**	**(923,184)**
Zakat for the year	9	**-**	**(10,666)**	**(10,666)**
31-Mar-17		**(888,851)**	**(864,661)**	**(1,753,512)**
Total shareholders' equity				
31-Mar-16		**91,972**	**88,366**	**180,338**
31-Mar-17		**(378,851)**	**(374,661)**	**(753,512)**

NOTES TO THE FINANCIAL STATEMENT

AS OF MARCH 31, 2017

1. ORGANIZATION AND ACTIVITIES

Tech Mahindra Arabia Limited (“the Company”) is a limited liability Company registered on 16 Qa’dah 1436H, (August 31, 2015) in Al Khobar, Kingdom of Saudi Arabia under commercial registration number 2051061101. The share capital of the Company is SR 1,000,000 divided into 1,000 share of SR 1,000 each.

The shareholders of the Company along with their shareholdings as of March 31, 2017, 2016 are as follows:

Name	**Shareholding %**	**Ownership SR**
Tech Mahindra Limited, incorporated in India	**51 %**	**510,000**
Midad Holding Company Limited, incorporated in Kingdom Saudi Arabia.	**49 %**	**490,000**
	100 %	**1,000,000**

The Company’s principal activity is to provide services of application development and management, network services, integration, managed services, remote infrastructure management, maintenance services, business process outsourcing, information technology-enabled services, system integration, IT networking, IT security and supply of products (hardware, software and structured cabling).

The Company did not perform any commercial operation from inception (August 31, 2015) to March 31, 2016.

As per the articles of association of the Company, the first financial period is (from inception 31 August, 2015) to 31, March 2016.

As per new Company’s law, the Company is required to update its Articles of Association within one year from the effective date of the new Companies Regulations. As of March 31, 2017, the Company is in the process of updating its Articles of Association.

The Company’s registered office is in Al Khobar, Kingdom of Saudi Arabia.

2. GOING CONCERN

The company has reported a loss of SR 923,184 for the year ended March 31, 2017 (2016: SR 819,662) and the accumulated losses as of March 31, 2017 amounted to SR 1,753,512 (2016: SR 819,662) which exceeded 50% of the Company’s share capital. In terms of Article 181 of the Regulations for Companies, the shareholders are therefore required to resolve to continue in business or liquidate the Company. Such resolution must be published in accordance with the Article 181. The ability of the Company to continue as a going concern is dependent upon continuing support from the shareholders and profitable future operations. The shareholders resolved on December 31, 2016 to provide all the necessary financial support to ensure the going concern of the Company. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The accompanying financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (“SOCPA”). The following is a summary of significant accounting policies applied by the Company:

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and short term deposits with original maturities of three months or less.

Revenue recognition

Revenue on long term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When the current estimate of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. Progress payments and advances received from customers in respect of contracts are deducted from the amount of contract work in progress and excess payments on contracts are shown as a liability.

Revenue recognized in excess of billings represents the value of work performed but not yet billed as at year-end. Billings in excess of revenue earned included in current liabilities represent the excess of amounts billed over the value of work performed at the year-end.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods/services when risks and rewards attributable to goods are transferred to the Company or services are received, whether or not billed to the Company.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of operations.

Provisions

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

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the financial statements based on the employees' length of service.

General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of costs of revenue as required under generally accepted accounting principles. Allocations between general and administrative expenses and costs of revenue, when required, are made on a consistent basis.

Zakat and income tax

The Company is subject to the Regulations of the General Authority of Zakat and Tax (“GAZT”) in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accruals basis. The zakat charge is computed on the zakat base. Income tax is computed on adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The management has made no judgements which can significantly affect the amounts recognized in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CASH AND CASH EQUIVALENTS

At March 31, 2017, and 2016 cash and cash equivalents consist entirely of bank balance.

6. ACCRUED EXPENSES AND OTHER LIABILITIES

	2017 SAR	2016 SAR
Employees' related cost	**236,038**	18,745
Professional fees	**29,650**	-
Zakat provision	**10,666**	-
	276,354	18,745

7. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

	2017 SAR	2016 SAR
1-Jan	**-**	
Provision for the year	**17,639**	-
March 31	**17,639**	**-**

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2017 SAR	2016 SAR
Employees' related cost	**591,689**	295,920
Rent (note 11)	**142,485**	284,970
Insurance	**14,625**	40,534
Professional services	**154,677**	178,465
Others	**27,517**	19,773
	930,993	819,662

9. ZAKAT AND INCOME TAX

Zakat

The principal elements of the zakat base are as follows:

	2017 SAR	2016 SAR
Non-current assets	**-**	-
Non-current liabilities	**3,022,131**	1,595,887
Opening shareholders' equity	**180,338**	-
Net loss	**(923,184)**	(819,662)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in zakat provision is as follow:

	2017 SAR	2016 SAR
Balance at the beginning of the year	**-**	-
Provision for the year	**10,666**	-
Balance at the end of the year	**10,666**	-

The company submitted its zakat and income tax returns up to March 31, 2016 and obtained the required certificates and official receipts.

No provision for income tax was made for the year 2016 and 2017, as the Company have taxable losses for the period.

10. RELATED PARTIES TRANSACTIONS AND BALANCES

In the normal course of business, the Company transacts with a related party. The terms of such transactions are on commercial bases and are approved by management.

During the year, the Company transacted with the following related parties:

Name	Relationship
Midad Holding Company	Shareholder
Tech Mahindra Limited	Shareholder

The significant transactions and the related amounts are as follows:

	2017	2016
	SAR	SAR
Expenses paid by Company on behalf of a shareholder	**1,471,215**	-
Expenses paid by shareholders on behalf of the Company	**760,865**	1,595,887
Amounts paid by shareholders on behalf of the Company	**2,243,627**	-

Due from a shareholder as at March 31, is comprised of the following:

	2017	2016
	SAR	SAR
Tech Mahindra Limited (Parent Company)	**1,471,215**	**-**

Due to shareholders as at March 31, is comprised of the following:

	2017	2016
	SAR	SAR
Midad Holding Company	**2,063,464**	1,595,887
Tech Mahindra Limited	**941,028**	
	3,004,492	1,595,887

11. OPERATING LEASE ARRANGEMENTS

	2017	2016
	SAR	SAR
		period from inception (August 31, 2015) to March 31,
Payments under operating leases recognized as an expense during the year / period	**142,485**	284,970

Operating lease payments represent rentals for offices premises. Leases and rentals are fixed and negotiated for an average term of one year.

12. TRANSACTIONS WITH MAJOR CUSTOMER

The Company's contract revenue to one customer represented 100% of total contract revenue.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments carried on the statement of financial position principally include cash and cash equivalents, due from a related party, unbilled revenue, accrued expenses and due to related parties.

Financial risk management

The Company's management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including interest rate risk, currency risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the financial statements accordingly.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Cash is substantially placed with national banks with sound credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity of the Company (comprising capital and accumulated loss).

The Company is not subject to any externally imposed capital requirements.

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm’s length transaction. As the Company’s financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company’s financial assets and liabilities are not materially different from their carrying values.

15. COMPARATIVE FIGURES

Certain figures for 2016 have been reclassified to conform with the presentation in the current year.

TECH MAHINDRA NETHERLANDS B.V.

Board of Directors
Mr. Sandeep Phadke
Mr. Tanveer Hussain

RegisteredOffice
2516 CK The Hague,
Maanplein 7, Building 4,
The Netherlands

Bankers
Citi Bank

Auditors
Deloitte Haskins & Sells LLP

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF TECH MAHINDRA NETHERLANDS B.V.

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of Tech Mahindra Netherlands B.V. ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally applicable in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

Restriction on distribution and use

The Report is intended solely for information and use of the Board of directors of the Company and for Tech Mahindra Limited (Holding Company), for preparation of Consolidated Ind AS Financial Statements. Our report is intended solely for providing our opinion on these Ind AS financial statements which is used for the preparation of the consolidated Ind AS Financial Statements of the Holding Company and should not be distributed or used for any other purpose without our prior consent.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Nilesh Lahoti
Partner
(Membership No.130054)

Place: Pune

BALANCE SHEET AS AT

Amount in Euro

	Note No.	**31-Mar-17**	31-Mar-16
ASSETS			
Current Assets			
(a) Financial Assets			
(ii) Trade Receivables	3	**497,617**	-
(iii) Cash and Cash Equivalents	4	**635,534**	45,991
(b) Other Current Assets	5	**9,335**	-
Total Current Assets		**1,142,486**	45,991
Total Assets		**1,142,486**	45,991
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	6	**46,001**	46,001
(b) Other Equity	7	**53,836**	(4,355)
Total Equity		**99,837**	41,646
Liabilities			
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	8	**750,000**	-
(ii) Trade Payables	9	**277,854**	4,346
(ii) Other Financial Liabilities	10	**247**	-
(d) Current Tax Liabilities (Net)		**14,548**	-
Total Current Liabilities		**1,042,649**	4,346
Total Equity and Liabilities		**1,142,486**	45,991

See accompanying notes forming part of the financial statements

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Amount in Euro

	Statement of Profit and Loss for the	Note No.	**Year ended 31-Mar-17**	March 31, 2016
I	Revenue from Operations		**1,507,930**	-
III	**Total Revenue (I +II)**		**1,507,930**	-
IV	**EXPENSES**			
	Finance Costs	11	**247**	-
	Other Expenses	12	**1,434,944**	4,355
	Total Expenses		**1,435,191**	4,355
V	**Profit before Tax (III-IV)**		**72,739**	(4,355)
VI	**Tax Expense**			
	Current Tax		**14,548**	-
	Deferred Tax		**-**	-
	Total Tax Expense	14	**14,548**	-
VII	**Profit after tax (V-VI)**		**58,191**	(4,355)
VIII	**Other Comprehensive Income**			
A	I. Items that will not be reclassified to Profit or Loss			
	(a) Remeasurements of the Defined Benefit Liabilities - gain / (loss)		**-**	-
	(b) Equity Instruments through Other Comprehensive Income - gain / (loss)		**-**	-
	II. Income Tax relating to items that will not be reclassified to Profit or Loss		**-**	-
B	I. Items that will be reclassified to Profit or Loss			
	(a) Effective portion of gain / (loss) on Designated Portion of Hedging Instruments in a Cash Flow Hedge (net)		**-**	-
	II. Income Tax relating to items that will be reclassified to Profit or Loss		**-**	-
	Total Other Comprehensive Income (A+B)		**-**	-
IX	**Total Comprehensive Income (VII + VIII)**		**58,191**	(4,355)
	Earnings per Equity Share (Face Value Euro 1) in Euro	15		
	Basic		**1.27**	(0.09)
	Diluted		**1.27**	(0.09)

See accompanying notes forming part of the financial statements

A. Equity Share Capital

Amount in Euro

Balance as of April 1, 2015	**Changes in equity share capital during the year**	**Balance as of March 31, 2016**
-	46,001	46,001

Balance as of April 1, 2016	**Changes in equity share capital during the year**	**Balance as of March 31, 2017**
46,001	-	46,001

B. Other Equity -Reserves and Surplus - Retained Earnings

Amount in Euro

Particulars	**Balance as at March 31, 2017**	Balance as at March 31, 2016
Balance as at	**(4,355)**	-
Profit for the year	**58,191**	(4,355)
Other Comprehensive Income (net)		
Total Comprehensive income	**53,836**	(4,355)

CASH FLOW STATEMENT FOR THE

				Amount in Euro
			Year ended	
			March 31, 2017	March 31, 2016
A	**Cash Flow from Operating Activities**			
	Profit before Tax		**72,739**	(4,355)
	Adjustments for :			
	Finance Costs	247		-
			247	-
			72,986	(4,355)
	Operating Profit before working capital changes			
	Trade Receivables and Other Assets	(506,952)		-
	Trade Payables, Other Liabilities and Provisions	273,756		4,346
			(233,196)	4,346
	Cash Generated from Operations		**(160,211)**	(10)
	Income Tax Refund / (Paid) (net)		**-**	-
	Net Cash Flow from / (used in) Operating Activities (A)		**(160,211)**	(10)
C	**Cash Flow from Financing Activities**			
	Proceeds from Issue of Equity Shares			
	Short-Term Borrowings (net)	750,000		46,001
	Finance Costs	(247)		-
	Net Cash Flow from / (used in) Financing Activities (C)		**749,753**	46,001
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**589,542**	45,991
	Cash and Cash Equivalents at the beginning of the		**45,991**	-
	Cash and Cash Equivalents (refer note III) at the end of the		**635,534**	45,991

		Amount in Euro
Cash and Cash Equivalents Comprises of	**March 31, 2017**	March 31, 2016
Balances with Banks :		
In Current Accounts	**635,534**	45,991
	635,534	45,991

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note Particulars

1 Corporate information

The company is incorporated on November 24, 2015, principal place of business at Maanplein 7, Gebouw 4, 2516 CK, Den Haag, Netherlands. The financial statements are expressed in Euro.

The principal activities of the company are that providing consultancy and services relating to devlop, advise and market software services, undertake business process outsourcing contracts for operating and management process of clients, Product for Resell (PFR) from original equipement manufacturers (OEMs) and other telecomunnication related Services.

The company is a 100% subsidiary of Tech Mahindra Limited (India).

The financial statements of the company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on , 2017.

2 Significant accounting policies:

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation of financial statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The functional currency of the Company is EURO (EUR). The Financial statements have been prepared as per section 129 (1) of the Act to assist the Tech Mahindra Limited (Parent Company) for preparation of consolidated financial statements and for the purpose of compliance with the provision of section 129 and Section 136 read with Schedule III of the Companies Act, 2013

2.3 Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenues from the sale of software and hardware products are recognised upon delivery / deemed delivery, which is when title passes to the customer, along with risk and rewards.

2.7 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.8 Foreign currency transactions:

The functional currency of the company is EURO (EUR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

2.9 Financial Instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

Non-derivative financial instruments:

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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.10 **Taxes on income**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the country.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

2.11 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Note 3 : Trade Receivables : Current

Amount in Euro

Particulars	As at 31-Mar-17	As at March 31, 2016
- Trade receivables (Unsecured)		
Over Six Months		
Unsecured, considered good	**-**	-
Doubtful	**-**	-
	-	-
Less: Allowance for doubtful debts	**-**	-
Others		
Unsecured, considered good **	**497,617**	-
Doubtful	**-**	-
	497,617	-
Less: Allowance for doubtful debts	**-**	-
Total	**497,617**	-

Note :	As at 31-Mar-17	As at March 31, 2016
** Net of remittances received aggregating pending adjustments against invoices.	**-**	-

Note 4 : Cash and Cash Equivalents

Amount in Euro

Particulars	As at 31-Mar-17	As at March 31, 2016
Cash in hand	**-**	-
Balances with banks		
In Current Account	**635,534**	45,991
In Deposit Account	**-**	-
Total	**635,534**	45,991

Note 5 : Other Current Assets

Amount in Euro

Particulars	As at 31-Mar-17	As at March 31, 2016
(Unsecured, considered good unless otherwise stated)		
Balance with Government Authorities		
Considered Good	**9,335**	-
Considered Doubtful		-
	-	
Less: Provision		-
	-	
	9,335	-

Note 6 : Equity Share Capital

Particulars	March 31, 2017		March 31, 2016	
	Number	**Amount in Euro**	Number	Amount in Euro
Authorised				
Equity shares of Euro 1/- each with voting rights	**46,001**	**46,001**	46,001	46,001
Issued, Subscribed and Paid up	**46,001**	**46,001**	46,001	46,001
Less: Ordinary (Equity) Shares of Rs. 1 each fully paid up	**-**	**-**	-	-
Adjusted : Issued, Subscribed Share Capital	**46,001**	**46,001**	46,001	46,001
Reconciliation of number of Equity Shares and amount outstanding				
Shares outstanding at the beginning of the year	**46,001**	**46,001**	-	-
Shares issued during the year	**-**	**-**	46,001	46,001
Total	**46,001**	**46,001**	46,001	46,001
Less : Shares issued to ESOP Trust but not allotted to employees	**-**	**-**	-	-
Adjusted : Issued, Subscribed Share Capital	**46,001**	**46,001**	46,001	46,001

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Tech Mahindra Limited	**46,001**	**100**	46,001	100

i) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

ii) The Company has not issue any shares during the year.

Note 7 : Other Equity

	Amount in Euro As at	
	March 31, 2017	March 31, 2016
- Retained Earnings		
Opening balance	**(4,355)**	-
Add : Profit for the year	**58,191**	(4,355)
Closing Balance	**53,836**	(4,355)

Note - 8: Borrowings -Current

		Amount in Euro
	As at	As at
	31-Mar-17	31-Mar-16
Unsecured Borrowings		
(1) From Banks/Financial Institution	**-**	-
(2) From other	**-**	-
From Related Parties (Refer Note 13)	**750,000**	-
	750,000	-
Total	**750,000**	-

Note 9 : Trade Payables

		Amount in Euro
Particulars	**As at**	
	31-Mar-17	March 31, 2016
Trade Payables other than Accrued Salaries and Benefits	**277,854**	4,346
Total	**277,854**	4,346

Note 10: Other Financial Liabilities : Current

		Amount in Euro
Particulars	**As at**	
	31-Mar-17	March 31, 2016
- Interest payable on borrowings	**247**	-
Total	**247**	-

Note 11 : Finance Costs

		Amount in Euro
Particulars	**Year ended**	
	31-Mar-17	31-Mar-16
Interest on Short term Loan and Cash Credits	**247**	-
Others	**-**	-
Total	**247**	-

Note 12 : Other Expenses

		Amount in Euro
Particulars	**Year ended**	
	31-Mar-17	31-Mar-16
Legal and Other Professional Costs	**17,947**	4,346
Software, Hardware and Project Specific Expenses	**1,415,897**	-
Miscellaneous Expenses	**1,101**	10
Total	**1,434,944**	4,355

Note 13 As required under Ind AS 24, Related Party Disclosures, following are the transactions during the year ended March 31, 2017 and outstanding balances as of that date:

Note Particulars

13 Related party transactions

13.a Details of related parties:

Description of relationship	**Names of related parties**
Holding Company	Tech Mahindra Limited
Fellow Subsidiary	Tech Mahindra GmbH

13.b Details of related party transactions during the year ended March 31, 2017 and balances outstanding as at March 31, 2017:

Amount in Euro

Particulars	**Holding Company**	**Fellow Subsidiary**	**Total**
Borrowing Taken	-	750,000	750,000
	(-)	(-)	(-)
Interest paid/Payable	-	247	247
	(-)	(-)	(-)
Balances outstanding at the end of the year			
Borrowings	-	750,000	750,000
	(-)	(-)	(-)
Interest Payable	-	246.58	247
	(-)	(-)	(-)

Note: Figures in bracket relate to the previous year

14 Current Tax and Deferred Tax:

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

Particulars	**Year ended** **31-Mar-17**	31-Mar-16
Profit before Tax	**72,739**	(4,355)
Tax at the domestic income tax rate at 20%	**14,548**	-
Effect of income that is exempt from tax	**-**	-
Effect of expenses that are not deductible in determining taxable profit	**-**	-
Effect of differential overseas tax rates	**-**	-
Others	**-**	-
Income tax expense recognised in profit or loss	**14,548**	-

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in Netherland on taxable profits under the Netherland tax laws.

Domestic income tax is calculated at 20% (2016 : 20%) of the estimated assessable profit for the year.

15 Earnings Per Share is calculated as follows:

Particulars	**Year ended**	
	31-Mar-17	31-Mar-16
Profit after taxation	**58,191**	(4,355)
Equity Shares outstanding as at the end of the year (in nos.)	**46,001**	46,001
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**46,001**	46,001
Nominal Value per Equity Share (in Euro)	**1**	1
Earnings Per Share		
Earnings Per Share (Basic) (in Euro)	**1.27**	(0.09)
Earnings Per Share (Diluted) (in Euro)	**1.27**	(0.09)

16 Financial Instruments and Risk Review

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The carrying value and fair value of financial instruments by categories as of March 31, 2017 is as follows:

Particulars			**Amount in Euro**
	Amortised cost	**Total carrying value**	**Total fair value**
Assets:			
Trade Receivables	497,617	497,617	497,617
Cash and cash equivalents	635,534	635,534	635,534
	1,133,151	**1,133,151**	**1,133,151**
Liabilities:			
Trade and other payables	750,000	750,000	750,000
Borrowings	277,854	277,854	277,854
Other financial liabilities	247	247	247
	1,028,101	**1,028,101**	**1,028,101**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 is as follows:

Particulars			Amount in Euro
	Amortised cost	**Total carrying value**	**Total fair value**
Assets:			
Trade Receivables	-	-	-
Cash and cash equivalents	45,991	45,991	45,991
	45,991	**45,991**	**45,991**
Liabilities:			
Trade and other payables	-	-	-
Borrowings	4,346	4,346	4,346
Other financial liabilities	-	-	-
	4,346	**4,346**	**4,346**

17 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

TECH MAHINDRA GROWTH FACTORIES LIMITED

Board of Directors

Mr. Vivek Agarwal

Mr. Jagdish Mitra

Mr. Sriram Gopalkrishnan

Mr. Pradeep Tagare (w.e.f. May 24,2017)

Mr. Kartheepan Madasamy (w.e.f. May 24,2017)

Registered Office

W-1, Oberoi Estate Gardens,

Off Saki Vihar Road, Next Chandivali Studio,

Chandivali, Sakinaka, Mumbai - 400072

Bankers

ICICI Bank Ltd.

Auditors

Deloitte Haskins & Sells LLP

BOARD'S REPORT

Your Directors present their Second Annual Report together with the Audited Financial Statements of the Company for the year ended March 31, 2017.

FINANCIAL SUMMARY OR HIGHLIGHTS

(Figures in ₹)

For the year ended	March 31, 2017	March 31, 2016
Income	4,51,16,627	9,97,718
Expenditure	25,89,61,758	4,97,01,792
Depreciation	37,11,413	25,993
Profit/(Loss) Before Tax & Extra Ordinary items	(21,75,56,543)	(4,87,30,067)
Profit/ (Loss) after Tax	(21,75,56,543)	(4,87,30,067)
Profit /(Loss) Carried forward to Balance Sheet	(21,75,56,543)	(4,87,30,067)

RESERVES

The Board does not propose to carry any amount to General Reserves of the Company.

STATE OF THE COMPANY'S AFFAIRS

Your Company was formed with a strategic vision to seed and grow business areas that are futuristic and disruptive. The initiatives that get incubated encompass key themes that draw synergies from digitization and consumerization. Your Company looks out for, and incubates disruptive innovations that can leverage to fold in additional value proposition rapidly for our customers. The directors expressed to position the Company as an independent hybrid incubator for start-ups (rental cum equity stake model). Services like mentorship, shared services, facility based services, etc. to be evaluated by the startups Hybrid model ,wherein the Company offer co-working space and incubation services for a rental, along with engaging with a 2-3% equity stake.

DETAILS OF BOARD MEETINGS

For the period under review, Seven Board Meetings were convened and held which were attended by majority of directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any subsidiary or Joint Venture nor has any associate Company.

DEPOSITS

The Company has not accepted any deposit as per the provisions of Companies Act, 2013 read with the Companies (Acceptance of Deposit Rules) 2014.

STATUTORY AUDITORS

At the Annual General Meeting held on August 2, 2016, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Registration No. 117366W/W-100018), were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting of the Company for the financial year 2020-2021. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

SHARE CAPITAL

The Company has not issued any equity shares carrying differential rights, sweat equity shares, employee stock options nor provided money for purchase of its own shares by employees or by trustees for the benefit of employees during the financial year. During the year, the Company allotted 2,00,00,000 equity shares of ₹10/- each to the promoters of the Company. The Company's paid up equity capital is ₹ 29,75,00,000/- comprising of 2,97,50,000 equity shares of Face Value of ₹ 10/- each at the end of the financial year 2016-17.

EXTRACT OF THE ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is forming part of the Board's report as **"Annexure I"**.

CHANGE IN THE NATURE OF BUSINESS

There are no changes in the nature of business of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of Section 135 read with Rule 9 of Companies (CSR Policy) Rules, 2014 are not applicable to the Company.

DIRECTORS

The directors of the Company are Mr. Jagdish Mitra (DIN: 06445179), Mr. Sriram Gopalakrishnan (DIN: 07238514) and Mr. Vivek Satish Agarwal (DIN: 05218475). During the year under review to comply with the provisions of Sections 196, 203 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Jagdish Mitra has been appointed as a whole time director of the Company for the period of three years w.e.f. January 19, 2017, subject to approval of the shareholders in the ensuing Annual general Meeting. The Board recommends shareholders approval for same.

Pursuant to the provisions of Section 152 (6) (c) of the Companies Act 2013, Mr. Jagdish Mitra (DIN: 06445179), Director is liable to retire by rotation and being eligible, offers himself for reappointment. Mr. Jagdish Mitra has also given confirmation to the Company that he is not disqualified to be re-appointed as Director as per Section 152 of the Companies Act, 2013.

During the year, the Company has appointed two Additional directors as Independent Directors. Mr. Pradeep Tagare (DIN 07516267) & Mr.Kartheepan Madasamy (DIN 03562906) has been appointed by the Board as Additional Directors pursuant to Section 149(1) & Section 161 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014 with effect from May 24, 2017, to be categorized as an Independent Directors. As per provisions of Section 149 & Section 160, both directors need to be appointed in the ensuing Annual General Meeting of the Company for a period of five consecutive years. The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013. The requisite Resolutions for their appointment as Independent Directors, are being proposed in the Notice of the ensuing Annual General Meeting for the approval of the Members.

KEY MANAGERIAL PERSONNEL (KMPs)

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr. Jagdish Mitra, Whole- time Director, Ms. Shweta Rai, Chief Financial Officer and Mr. Deepak Bedekar, Company Secretary were the Key Managerial Personnel of the Company during the year.

Mr. Deepak Bedekar, Company Secretary & KMP resigned from the services of the Company with effect from May 12, 2017.

COMMITTEES OF BOARD

CONSTITUTION OF AUDIT COMMITTEE:

In accordance with the provisions of Section 177 of the Companies Act, 2013, an Audit Committee of the Board was constituted comprising of Mr. Sriram Gopalakrishnan, Chairman, Mr. Pradeep Tagare, Member, Mr. Kartheepan Madasamy, Member. The terms of reference of the Committee are as prescribed under the Companies Act, 2013 read with relevant Rules.

CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE:

In accordance with the provisions of Section 178 of the Companies Act, 2013, Nomination & Remuneration Committee (NRC) was constituted comprising of Mr. Jagdish Mitra, Chairman, Mr. Pradeep Tagare, Member, Mr. Kartheepan Madasamy, Member. The terms of reference of the Committee are as prescribed under the Companies Act, 2013 read with relevant Rules.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any loans, has not provided any guarantee or security for any loan nor has done any investments during the Financial Year and therefore the provisions of Section 186 of Companies Act, 2013 are not applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with Related Parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and are at an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by the Indian Accounting Standard 24 (IND AS 24)has been made in the notes to the Financial Statements. The particulars of related party transactions in prescribed Form AOC -2 is annexed herewith as **"Annexure II"**.

RISK MANAGEMENT POLICY

The Company believes that it operates in a business environment that is characterized by increasing globalization of markets, intensifying competition and is exposed to multiple risks in the ordinary course of business. The Company is following the group guidelines for the risk management system and had broadly, identified Operational risks due to nature of business in which it operates, Strategic risks by virtue of competition risk businesses face directly or indirectly in the online as well as offline space, investment risk which is significant, Company being in the incubation period, Manpower and Regulatory risks in the form of possible attrition in manpower, regulatory changes and possible threats of content liability in view of nature of the business. Your Company believes in the robust and effective risk management policies and guidelines embedded in the organization supported by the Group Company which will help your Company in ensuring future growth.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has an adequate system of internal controls commensurate with its size and the nature of its business. It ensures that transactions are authorized, recorded and reported correctly apart from safeguarding its assets against loss from wastage, unauthorized use and disposition.

The internal control system is supplemented by well documented policies, guidelines and procedures. The Purpose of the internal review by management is to provide independent and objective reviews on a continuous basis with assessments of the policies, business activities, operations, systems and controls followed within the Company to add value, improve processes and assist the organization to achieve its goals and objectives. The Internal reviews are supplemented by group level internal audit programme which is prepared in accordance with the internal policy and processes as well as external regulatory and other compliances.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134 (5) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(ii) the directors had 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 and loss of the Company for that period;

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the directors had prepared the annual accounts on a going concern basis;

(v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Conservation of Energy & Technology Absorption

The Company being in the service industry, the rules pertaining to conservation of energy does not apply to the Company. The Company is constantly acquiring new hardware and software solutions and upgrading its existing hardware and software to provide more and better services to its customers.

b. Foreign Exchange earnings and outgo

During the year, there were no foreign exchange earnings and outgo of foreign exchange is INR 27,177.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There were no events required to be disclosed under Section 134 (3) (l) of Companies Act, 2013 which are material changes or commitments affecting the financials occurred after the end of Financial Year till the signing of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

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

OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company at group level has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up a Committee for implementation of the said policy. During the year under review the Company has not received any complaint of harassment.

HUMAN RESOURCE MANAGEMENT

Recognizing the value of human resources as the Company's growth potential, your Company has been focusing on development and management of human resources in the Company. The Company has put in place a scalable recruitment and human resource management process, enabling it to attract and retain high caliber employees.

The Company recognizes the fact that to grow and compete in an extremely fierce competitive environment, it needs to retain and grow the best talent in the industry. A number of steps were taken during the year to further strengthen the HR Processes within the Company.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the contributions made by employees towards the success of your Company. Your Directors are also thankful for the co-operation and assistance received from its customers, vendors, bankers, and regulatory and governmental authorities.

For and on behalf of the Board of Directors

Place: Noida	**Sriram Gopalakrishnan**	**Jagdish Mitra**
Date: May 24 , 2017	**Director**	**Director**

ANNEXURE I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2017
[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U72200MH2015PLC269129
2.	Registration Date	12/10/2015
3.	Name of the Company	Tech Mahindra Growth Factories Limited
4.	Category of the Company Sub-category of the Company	Company Limited by Shares Non-Government Company
5.	Address of the Registered office & contact details	W-1, Oberoi Estate Gardens, Off Saki Vihar Road, Next Chandivali Studio, Chandivali, Sakinaka, Mumbai – 400 072, Maharashtra, India 022-66882000
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of	% to total turnover of the company
1	Information Technology enabled services	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Tech Mahindra Limited Gateway Building, Apollo Bunder, Mumbai-400 001	L64200MH1986PLC041370	Holding	100%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) **Indian**									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	**97,50,000**	**97,50,000**	**100%**	-	**2,97,50,000**	**2,97,50,000**	**100%**	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Banks / FI	-	-	-	-	-	-	-	-	-
Sub Total A (1)		**97,50,000**	**97,50,000**	**100%**	-	**2,97,50,000**	**2,97,50,000**	**100%**	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) **Foreign**									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
Sub Total A (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+ (A)(2)	**-**	**97,50,000**	**97,50,000**	**100%**	**-**	**2,97,50,000**	**2,97,50,000**	**100%**	**-**
B. Public Shareholding									
1. **Institutions**	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public shareholding (B)= (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**97,50,000**	**97,50,000**	**100%**	**-**	**2,97,50,000**	**2,97,50,000**	**100%**	**-**

(ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Tech Mahindra Ltd	97,50,000	100%	NIL	2,97,50,000	100%	NIL	NIL
	Total	**97,50,000**	**100%**	**NIL**	**2,97,50,000**	**100%**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)-

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	97,50,000	100%		
	Allotments during the year*	2,00,00,000	100%	2,97,50,000	100%
	At the end of the year			2,97,50,000	100%

*Further issue of shares to Tech Mahindra Limited on September 27,2016, November 10,2016, February 20,2017, March 07,2017 & March 29,2017.

(iv) Shareholding Pattern of top ten Shareholders: NOT APPLICABLE

(Other than Directors, Promoters and Holders of GDRs and ADRs):

	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
	Shareholding of each Directors and each Key Managerial Personnel	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Figures in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
• Addition	-	5,00,00,000	-	5,00,00,000
• Reduction	-	5,00,00,000	-	5,00,00,000
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL

(Figures in ₹)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	NIL	NIL	NIL	NIL	NIL
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors: Not Applicable

(Figures in ₹)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	-	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. Remuneration To Key Managerial Personnel Other than MD/Manager/WTD: Not Applicable

(Figures in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel			
					Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Place: Noida
Date: May 24, 2017

Sriram Gopalakrishnan
Director

Jagdish Mitra
Director

ANNEXURE II

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1 Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr No.	Name(s) of the related party	Nature of relationship	Nature of Transaction	Duration of the transactions	Transactions value	Justification for transaction	Date(s) of approval by the Board	Amount paid as advances	Date of special resolution
1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2 Details of material contracts or arrangement or transactions at arm's length basis **(₹ in Million)**

Sr No.	Name(s) of the related party	Nature of relationship	Nature of Transaction	Duration of the transactions	Transactions value	% to Consol revenue	Date(s) of approval by the Board, if any	Amount paid as advances
1	Tech Mahindra Limited	Holding Company	Reimbursement of Expenses (Net)- Paid / (Receipt)	April 2016 - March 2017	5	0%	Since these RPTs are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable. However, these are reported to the Board at their quarterly meetings.	NA

For and on behalf of the Board of Directors

Place: Noida
Date: May 24, 2017

Sriram Gopalakrishnan
Director

Jagdish Mitra
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECH MAHINDRA GROWTH FACTORIES LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Tech Mahindra Growth Factories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and 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.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with 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:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company does not transact in cash and accordingly the Company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016.[Refer Note 7 to the Ind AS financial statements]

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place: Pune
Date: 24th May, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of TECH MAHINDRA GROWTH FACTORIES LIMITED (“the Company”) as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
Membership No. 208238

Place: Pune
Date: 24th May, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of the Company's business / activities during the year, clause 3(ii) of the Order is not applicable to the company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly the provisions of clause 3(iii) of the Order are not applicable to the company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under sections 73 to 76 and other related provisions of the Act. Therefore, the provisions of the clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act. Therefore, the provisions of the clause 3(vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration during the year. Hence provisions of section 197 of the Act, are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. In our opinion and according to the information and explanations given to us, the Company is not required to have an audit committee under section 177 of the Act.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Act, are not applicable.

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

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Place: Pune
Date: 24th May, 2017

BALANCE SHEET AS AT MARCH 31, 2017

₹ in Million

Particulars		Note No.	As At March 31, 2017	As At March 31, 2016
I	**ASSETS**			
A	**Non-Current Assets**			
	(a) Property, Plant and Equipment	3A	**11**	0
	(b) Capital Work-in-Progress		**-**	1
	(c) Other Intangible Assets	3B	**0**	-
	(d) Financial Assets			
	(i) Other Financial Assets	4	**6**	6
	(e) Other Non-Current Assets	5	**1**	2
	Total Non - Current Assets		**18**	9
B	**Current Assets**			
	(a) Financial Assets			
	(i) Trade Receivables	6	**11**	2
	(ii) Cash and Cash Equivalents	7	**22**	61
	(iii) Other Financial Assets	8	**2**	5
	(b) Other Current Assets	9	**8**	0
	Total Current Assets		**43**	68
	TOTAL ASSETS		**61**	77
II	**EQUITY AND LIABILITIES**			
A	**Equity**			
	(a) Equity Share capital	10	**298**	98
	(b) Other Equity	11	**(266)**	(49)
			32	49
B	**Liabilities**			
1	**Non-current liabilities**			
	(a) Provisions	12	**4**	4
	Total Non - Current Liabilities		**4**	4
2	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Trade payables	13	**12**	15
	(ii) Other Financial Liabilities	14	**-**	1
	(b) Other Current Liabilities	15	**12**	7
	(c) Current Provisions	16	**1**	1
	Total Current Liabilities		**25**	24
	TOTAL EQUITY AND LIABILITIES		**61**	77
C	**See accompanying notes forming part of the financial statements**	1 to 32		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: Pune
Date: 24th May, 2017

For and on behalf of the Board of Directors

Jagdish Mitra
Director

Sriram Gopalakrishnan
Director

Vivek Agarwal
Director

Shweta Rai
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE

₹ in Million

		Note No.	Year Ended March 31, 2017	Period From October, 2015 to March 31, 2016
I	Revenue from Information Technology Enabled Services		**40**	1
II	Other Income	17	**5**	0
III	**Total Income (I +II)**		**45**	1
IV	**EXPENSES**			
	Employee Benefits Expenses	18	**145**	30
	Subcontracting Expenses		**41**	0
	Depreciation and Amortisation Expense	3	**4**	0
	Finance Costs	19	**1**	-
	Other Expenses	20	**72**	20
	Total Expenses		**263**	50
V	**Profit/(loss) before Tax (III-IV)**		**(218)**	(49)
VI	**Tax Expense**			
	Current Tax		**-**	-
	Deferred Tax (Refer Note 29)		**-**	-
	Total Tax Expense		**-**	-
VII	**Profit/(loss) for the Year Ended (V-VI)**		**(218)**	(49)
VIII	**Other Comprehensive Income**			
	(A) (I). Items that will not be reclassified to Profit or Loss			
	(a) Remeasurement gain/(loss) on defined benefit plans		**1**	0
	(II) Income Tax effect		**-**	-
	(B) (I). Items that will be reclassified to Profit or Loss		**-**	-
	Total Other Comprehensive Income		**1**	0
IX	**Total Comprehensive Income for the Year Ended**		**(217)**	(49)
X	**Earnings per Equity Share :**			
	Basic and Diluted [in ₹] [Face Value of ₹ 10] [Refer Note 27]		**(12.87)**	(5.07)
	See accompanying notes forming part of the financial statements	1 to 32		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: Pune
Date: 24th May, 2017

For and on behalf of the Board of Directors

Jagdish Mitra
Director

Sriram Gopalakrishnan
Director

Vivek Agarwal
Director

Shweta Rai
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

₹ in million

			March 31, 2017		October 12, 2015 to March 31, 2016
A]	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Profit/(Loss) before tax		**(218)**		(49)
	Adjustments for:				
	Depreciation and amortization	**4**		0	
	Provision for Doubtful Receivables	**0**			
	Interest Received	**(1)**		-	
	Sundry Balance write back	**(4)**			
	Interest Expense	**1**		-	
			(0)		0
	Operating Profit before working capital changes		**(218)**		(49)
	Adjustments for changes in working capital:				
	Trade payable,other liabilities and provisions	**6**		28	
	Trade receivables	**(10)**		(1)	
	Other Current & Financial Assets	**(3)**		(14)	
			(7)		13
	Cash generated from operations		**(225)**		(36)
	Direct Taxes Paid		**(0)**		-
	Net cash flows from operating activities (A)		**(225)**		(36)
B]	**CASH FLOWS FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment	**(13)**		(1)	
	Investment in Fixed Deposit	**(30)**			
	Proceed from Sale of Investment in Fixed Deposit	**30**			
	Interest Received	**0**			
	Net Cash flows from/(used in) investing activities (B)		**(13)**		(1)
C]	**CASH FLOWS FROM FINANCING ACTIVITIES**				
	Proceeds from Short term borrowings	**50**		-	
	Repayments of Short term borrowings	**(50)**		-	
	Proceeds from Issue of Shares	**200**		98	
	Interest Expense	**(1)**		-	
	Net cash flows from/(used in) financing activities (C)		**199**		98

D]	**Exchange differences on translation of foreign currency cash and cash equivalents**	**-**	-
	Net Increase / (decrease) in cash and cash equivalents (A + B +C+D)	**(39)**	61
	Cash & cash equivalents at the end of the year (refer note 1 below)	**22**	61
	Cash & cash equivalents at the beginning of the year	**61**	-
	Net increase/ (decrease) in cash & cash equivalents	**(39)**	61

Particulars	**For the Year Ended March 31, 2017**	For the Period from 12th October, 2015 to March 31, 2016
	₹ in million	₹ in million
Note 1:		
Cash and cash equivalents include:		
Balance with banks		
- In current accounts	**22**	61
Total Cash and cash equivalents - Refer Note 7	**22**	61

Note 2:

Figures in brackets represent outflow of cash and cash equivalents.

Note 3:

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: Pune
Date: 24th May, 2017

For and on behalf of the Board of Directors

Jagdish Mitra
Director

Sriram Gopalakrishnan
Director

Vivek Agarwal
Director

Shweta Rai
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity share capital

(₹ in Million)

Particulars	**Number of Shares**	Equity Share Capital
Balance As at October 12, 2015	**-**	-
Changes in equity share capital	**9,750,000**	98
Balance As at March 31, 2016	**9,750,000**	98
Balance As at April 1, 2016	**9,750,000**	98
Changes in equity share capital during the Year	**20,000,000**	200
Balance As at March 31, 2017	**29,750,000**	298

b. Other Equity

Particulars	**Reserves & Surplus Retained Earnings**
Balance As at October 12, 2015	
Profit/(Loss) for the period from October 12 2015 to March 31 2016	**(49)**
Other Comprehensive Income	**-**
Total Comprehensive income	**(49)**
Balance As at March 31, 2016	**(49)**
Balance As at April 1, 2016	**(49)**
Profit/(Loss) during the Year	**(218)**
Other Comprehensive Income	**1**
Balance As at March 31, 2017	**(266)**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: Pune
Date: 24th May, 2017

For and on behalf of the Board of Directors

Jagdish Mitra
Director

Sriram Gopalakrishnan
Director

Vivek Agarwal
Director

Shweta Rai
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate Information:

Tech Mahindra Growth Factories Limited was incorporated on 12th October, 2015. It is operating mainly into two sectors i.e. Saral Rozgar business and Education Lanes business. Saral Rozgar is a direct to customer service, intended towards creating a job market for blue collared “job seekers”. Education Lanes is a virtual- interactive learning through internet and cloud based education and training service, for Corporate/Working professionals & Students.

2. Significant accounting policies:

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Company’s first financial statements prepared in accordance with Ind AS and Ind AS 101 First time adoption of Indian Accounting Standards has been applied.

An explanation and effect of transition from Indian GAAP (referred to as “Previous GAAP”) to Ind AS has been described in note 33 to these financial statements.

2.2 Basis for preparation of financial statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.3 Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Critical accounting estimates

i) Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The policy for the same has been explained under Note 2.10.

ii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company’s assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The policy for the same has been explained under Note 2.4

iii) Provisions

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.11

2.4 Property, Plant & Equipment and Other Intangible assets:

Property, Plant & Equipment and Other Intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the assets has been assessed as under based on technical advice, considering the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Computers	3 years
Plant and Equipments	3 to 5 years
Furniture and Fixtures	5 years

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Project specific intangible assets are amortised over their estimated useful lives on a straight line basis or over the period of the license, whichever is lower.

2.5 Operating Leases:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

2.6 Impairment of Assets:

i) Financial assets

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

ii) Non-financial assets

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

2.7 Revenue recognition:

Revenue from subscription contracts are recognized on accrual basis in accordance with terms of agreement entered into with customer.

Revenue from sale of saral rozgar cards is recognised when the card is activated by the user.

Revenue from online courses is recognized proportionately over the period of the course.

Amounts received or billed in advance of services performed are recorded as advances from customers/ unearned revenue.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

2.8 Financial Instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

Non-derivative financial instruments:

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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.9 Employee Benefits:

(i) Gratuity:

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full other comprehensive income and accumulated in equity in the period in which they occur. (Refer note 23 below). Past service cost is recognised in profit or loss in the period of a plan amendment.

(ii) Provident fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company.

The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

(iii) Superannuation and ESIC:

Superannuation fund and employees' state insurance scheme (ESI), which are defined contribution schemes, are charged to the Statement of Profit and Loss on accrual basis.

(iv) Compensated absences:

The Company provides for the encashment of leave subject to certain Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the balance sheet date.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the period in which they occur.

The company also offers a short term benefit in the form of encashment of unavailed accumulated compensated absence above certain limit for all of its employees and same is being provided for in the books at actual cost.

(v) Other short term employee benefits:

Other short-term employee benefits such as performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

2.10 Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognised 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 utilised.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax after the tax holiday period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis

The Company recognizes interest levied and penalties related to income tax assessments in income tax expenses.

Tax on distributed profits payable in accordance with the provisions of the Income-Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India (ICAI)

2.11 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

2.12 Earnings per Share:

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

Note -3 : Property, Plant and Equipment

₹ in Million

Particulars	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	Cost as at April 01, 2016	Additions during the Year Ended	Deletions during the Year Ended	**Balance as at March 31 , 2017**	As at April 01, 2016	For the Year Ended	Deductions during Year Ended	**Upto March 31 , 2017**	**As at March 31, 2017**	As at March 31 , 2016
3A. Tangible Assets										
Computers	0	12	-	**12**	0	3	-	**3**	**9**	0
(Previous Year)	-	0	-	**0**	-	0	-	**0**	**0**	-
Plant and Equipments	-	2	-	**2**	-	0	-	**0**	**2**	-
(Previous Year)	-	-	-	**-**	-	-	-	**-**	**-**	-
Office Equipments	0	0	-	**0**	0	0	-	**0**	**0**	0
(Previous Year)	-	0	-	**0**	-	0	-	**0**	**0**	-
Leasehold Improvements	-	0	-	**0**	-	0	-	**0**	**0**	-
(Previous Year)	-	-	-	**-**	-	-	-	**-**	**-**	-
Total	**0**	**14**	**-**	**14**	**0**	**3**	**-**	**3**	**11**	**0**
Previous Year	-	0	-	**0**	-	0	-	**0**	**0**	-
3B. Intangible Assets										
Computer Software	-	0	-	**0**	-	0	-	**0**	**0**	-
(Previous Year)	-	-	-	**-**	-	-	-	**-**	**-**	-
Total	**-**	**0**	**-**	**0**	**-**	**0**	**-**	**0**	**0**	**-**
Previous Year	-	-	-	**-**	-	-	-	**-**	**-**	-

Note-4 : Other Financial Assets

₹ In Million

Particulars	As at March 31, 2017	As at March 31, 2016
Security Deposits	**6**	6
Total	**6**	6

Note-5 : Other non-current assets

₹ In Million

Particulars	As at March 31, 2017	As at March 31, 2016
Prepaid Expenses	**1**	2
Advance Income Taxes (Net of provisions)	**0**	-
Total	**1**	2

Note -6 : Trade receivables

₹ In Million

Particulars	As at March 31, 2017	As at March 31, 2016
Trade receivables		
Over Six Months		
Considered Good	**2**	-
Considered Doubtful	**1**	-
Less: Provision for Doubtful Receivables	**(1)**	-
Others		
Considered Good	**9**	2
Considered Doubtful	**-**	-
Total	**11**	2

Note-7 : Cash and Cash Equivalents

₹ In Million

Particulars	As at March 31, 2017	As at March 31, 2016
Balances with Banks		
-In Current Accounts	**22**	61
Total	**22**	61
Of the above, the balance that meet the definition of Cash and cash equivalents as per IND AS 7 Cash Flow Statements is	**22**	61

Note: The Company does not transact in cash and accordingly the Company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016.

Note-8 : Other Financial Assets

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Unbilled Revenue	**1**	-
Dues from related party (Refer note 24)	**1**	5
TOTAL	**2**	5

Note-9 : Other current assets

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Balance with Government Authorities	**6**	-
Advance to employees	**1**	0
Prepaid Expenses	**1**	-
Others Loans and Advances	**0**	-
Total	**8**	0

Note 10 - Share capital :

Particulars	**As at March 31, 2017**		As at March 31, 2016	
	Number	**₹ in million**	Number	₹ in million
(a) Authorized :				
Equity shares of ₹ 10 each	**40,000,000**	**400**	10,000,000	100
(b) Issued, subscribed and fully paid up :				
Equity shares of ₹ 10 each fully paid up	**29,750,000**	**298**	9,750,000	98
Total	**29,750,000**	**298**	9,750,000	98

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**March 31, 2017**		March 31, 2016	
	Number	**₹ in million**	Number	₹ in million
Shares outstanding at the beginning of the year/period	**9,750,000**	**98**	-	-
Shares issued during the Year	**20,000,000**	**200**	9,750,000	98
Closing Balance	**29,750,000**	**298**	9,750,000	98

(ii) Terms, rights and restrictions attached to:

Equity Shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. 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 shareholding.

(iii) Details of shares held by the holding company and their associates:

Particulars	**March 31, 2017**	March 31, 2016
		₹in million
Equity Shares:		
Tech Mahindra Limited		
24,749,994 Equity shares of ₹ 10 each fully paid	**298**	98
Tech Mahindra Limited j/w Milind Kulkarni		
1 Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Atanu Sarkar		
1 Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Manoj Bhat		
1 Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Anil Khatri		
1 Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Aniruddha Gadre		
1 Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Sriram Gopalakrishnan		
1 Equity share of ₹ 10 each fully paid	**0**	0

(iv) Details of equity shares held by shareholder holding more than 5%:

Name of shareholder	**March 31, 2017**		March 31, 2016	
	No of Shares	**% of Holding**	No of Shares	% of Holding
Equity shares of ₹ 10 each fully paid up				
Tech Mahindra Limited, the holding company (including jointly held shares)	**29,750,000**	**100%**	9,750,000	100%

Note 11 : Other Equity

Particulars	**As at March 31, 2017**	As at March 31, 2016
		₹ in Million
Surplus in Statement of Profit and Loss		
Opening balance	**(49)**	-
Add : Profit/(loss) for the Year	**(218)**	(49)
Add : Other Comprehensive Income	**1**	-
Closing Balance	**(266)**	(49)

Note - 12 : Long Term Provisions

Particulars	**As at March 31, 2017**	As at March 31, 2016
		₹ In Million
Provision for employee benefits(refer note 23)		
Gratuity	**2**	2
Others	**2**	2
Total	**4**	4

Note - 13: Trade Payables

₹ In Million

Particulars	As at	
	March 31, 2017	March 31, 2016
Creditors for supplies / services	**9**	12
Creditors for accrued wages and salaries	**3**	3
Total	**12**	15

Note - 14: Other Financial Liabilities

Particulars	As at	
	March 31, 2017	March 31, 2016
Creditors for capital	**-**	1
	-	1

Note - 15: Other Current Liabilities

₹ In Million

Particulars	As at	
	March 31, 2017	March 31, 2016
Advances from customers	**1**	1
Deferred Revenues	**8**	4
Statutory Dues	**2**	2
Others	**0**	-
Total	**12**	7

Note-16 : Current Provisions

₹ In Million

Particulars	As at	
	March 31, 2017	March 31, 2016
Provision for employee benefits(refer note 23)		
Gratuity	**0**	0
Others	**1**	1
Total	**1**	1

Note-17 : Other Income

₹ In Million

Particulars	**For the Year Ended March 31, 2017**	For the Period From October 12, 2015 to March 31, 2016
Interest Income	**1**	0
Sundry Balances written back	**4**	-
Total	**5**	0

Note -18 : Employee Benefits Expense

₹ In Million

Particulars	**For the Year Ended March 31, 2017**	For the Period From October 12, 2015 to March 31, 2016
Salaries and Incentives	**137**	28
Contribution to provident and other funds	**5**	1
Staff welfare expenses	**2**	1
Gratuity (refer note 23)	**1**	0
Total	**145**	30

Note -19 : Finance Cost

₹ In Million

Particulars	**For the Year Ended March 31, 2017**	For the Period From October 12, 2015 to March 31, 2016
Interest on Short term Loan (Refer Note 24)	**1**	-
Other	**0**	-
Total	**1**	-

Note no -20 : Other Expenses

₹ In Million

Particulars	**For the Year Ended March 31, 2017**	For the Period From October 12, 2015 to March 31, 2016
Power & Fuel Expenses	**3**	0
Rent(Refer note 22)	**15**	5
Share Issue Expense	**3**	0
Communication Expenses	**2**	0
Travelling Expenses	**6**	1
Recruitment Expenses	**0**	-
Training	**0**	-
Hire Charges	**0**	0
Legal and Other Professional Costs (Refer Note 26)	**5**	1
Repairs and maintenance		
- Machinery and Computers	**3**	1
- Others	**0**	0
Advertisement, Promotion & Selling Expenses	**30**	12
General Office Expenses	**3**	0
Provision for Doubtful Receivables	**1**	-
Insurance Charges	**1**	-
Total	**72**	20

Notes forming part of the financial statements

21. Explanation of Transition to Ind AS

The Company has prepared its first Indian Accounting Standards (Ind AS) compliant Financial Statements for the periods commencing April 1, 2016 with restated comparative figures for the year ended March 31, 2016 in compliance with Ind AS. The company had prepared these financial statements in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to equity under Ind AS as at March 31, 2016, and to the total comprehensive income for the period ended March 31, 2016. The principal adjustments made by the Company in restating its previous GAAP financial statements as at and for period ended March 31, 2016 are as mentioned below:

Reconciliations between Previous GAAP and Ind AS

i) Equity reconciliations:

(₹ in million)

Particulars	**As at March 31, 2016**
As reported under Previous GAAP	**(49)**
Adjustments on account of IND AS	**-**
As per IND AS	**(49)**

ii) Net Income reconciliation

Particulars	Notes	For the Period from October 12, 2015 to March 31, 2016
As reported under Previous GAAP		(49)
Employee Benefits	A	0
As per IND AS		(49)

A) Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods. This difference has resulted in decrease in net income of ₹ 0 million for the period ended March 31, 2016. However, the same does not result in difference in equity or total comprehensive income.

22. Leases

The Company has taken premises on operating lease. The expense on such lease rentals recognized in the Statement of Profit and Loss for the Year ended March 31, 2017 is ₹ 15 million(for the year ended March 31, 2016 ₹ 5 million). The future lease payments of such operating lease are as follows:

₹ in million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable	11	-	-

23. Details of employee benefits as required by the Indian Accounting Standard 19 – Employee Benefits are as under:

a) Defined Contribution Plan

The Company makes contributions to Provident Fund, Superannuation Fund, National Pension Fund and Employee State Insurance Scheme which are defined contribution plans for qualifying employees. Under these Schemes, the Company contributes a specified percentage of the payroll costs to the respective funds.

The Company recognized expense in the statement of Profit and Loss amounting to:

Particulars	**For the year ended March 31, 2017**	For the Period from October 12, 2015 to March 31, 2016
Provident Fund contributions	**2**	1
Family Pension Fund contributions	**2**	-
Superannuation Fund contributions	**0**	0
National Pension Scheme contributions	**0**	0
Employee State Insurance Scheme contributions	**0**	0

The contributions to these plans are made at specified percentage/applicable amounts.

b) Defined Benefit Plan

The defined benefit plan comprises of gratuity. The gratuity plan is not funded. Changes in the present value of defined obligation are representing reconciliation of opening and closing balances thereof showing amount recognized in the Balance Sheet is as under:

₹ in million

Particulars	**As at March 31, 2017**	As at March 31, 2016
Present Value of Defined Obligation as at the beginning of the year / period	**2**	-
Add: Additions on transfer of liability from Tech Mahindra Limited	**-**	2
Current Service Cost	**1**	0
Interest cost	**0**	0
Benefits Paid	**(0)**	(0)
Actuarial (Gain)/ loss-experience	**(1)**	0
Actuarial (gains)/ losses on financial assumptions	**0**	-
Present Value of Defined Benefit Obligation as at the Year end	**2**	2

₹ in million

Expense recognized in the statement of Profit and Loss	**For the year ended March 31, 2017**	For the Period from October 12, 2015 to March 31, 2016
Current Service Cost	**1**	0
Net interest on net defined benefit liability/(asset)	**(0)**	0
Total expense recognised in the Statement of Profit & Loss	**1**	0

₹ in Million

Actuarial (Gain)/Loss recognized in Other Comprehensive Income	**For the year ended March 31, 2017**	For the Period from October 12, 2015 to March 31, 2016
Actuarial (gain)/loss due to DBO experience	**(1)**	0
Actuarial (gain)/loss due to DBO assumption changes	**0**	-
Actuarial (gain)/loss arising during period	**(1)**	0
Return on plan assets (greater)/less than discount rate	**-**	0
Actuarial (gain) /loss recognised in OCI	**(1)**	0

Principal Actuarial Assumptions	**As at March 31, 2017**	As at March 31, 2016
Discount Rate	**7.10%**	7.90%
Rate of increase in compensation levels of covered employees	**4% to 8%**	4% to 10%
Mortality Rate	**Indian assured lives Mortality (2006-08) Modified Ult.**	Indian assured lives Mortality (2006-08) Modified Ult.
Withdrawal Rate	**20% to 10%**	20% to 10%

- The discount rate as at March 31, 2017 is based on the government bond yields as at 15th March 2017 corresspondent to a term of approximately 6 years which is the expected term of DBO.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected benefit payments for the year ending:

₹ in Million

Year ending	As on March 31, 2017
March 31, 2018	**0**
March 31, 2019	**0**
March 31, 2020	**0**
March 31, 2021	**1**
March 31, 2022	**1**
March 31, 2023 to March 31, 2027	**4**

Weighted Average duration of defined benefit obligation: 6 Years

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is as shown below:

A. Effect of 0.5 % change in the assumed discount rate

₹ in Million

	0.5% Increase	0.5% Decrease
Effect on DBO	**(0)**	0

B. Effect of 0.5 % change in the assumed Salary Escalation Rate

₹ in Million

	0.5% Increase	0.5% Decrease
Effect on DBO	**0**	(0)

C. Effect of 5 % change in the assumed Withdrawal Rate

₹ in Million

	5% Increase	5% Decrease
Effect on DBO	**(0)**	0

The sensitivity results above determine their individual impact on Plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

24. As required under Indian Accounting Standard 24 on "Related Party Disclosures" (IND AS – 24), following are details of transactions during the year ended March 31,2017 and outstanding balances as of that date with the related parties of the Company as defined in IND AS – 24:

a) List of Related Parties and Relationships:

Name of Related Party	Relationship
Tech Mahindra Limited	Holding Company
Mahindra & Mahindra Limited*	Promoter of Holding Company

*We have disclosed related parties with whom company have transactions during the year ended March 31, 2017.

b) Related party Transactions for the Year ended March 31, 2017:

₹ in Million

Nature of Transaction	Particulars	For the year ended March 31, 2017	For the Period from October 12, 2015 to March 31, 2016
Reimbursment of Expenses (Net) –Paid/(Receipt)	Tech Mahindra Limited	**5**	-
Inter Corporate Deposit(ICD)	Tech Mahindra Limited	**50**	-
Repayment of ICD	Tech Mahindra Limited	**(50)**	-
Interest on ICD	Tech Mahindra Limited	**(1)**	-
Revenue	Tech Mahindra Limited	**0**	-
Revenue	Mahindra and Mahindra	**1**	-
Subscription to equity share capital	Tech Mahindra Limited	**200**	98

₹ in Million

Balances as at	Particulars	March 31, 2017	March 31, 2016
Trade Receivables	Mahindra and Mahindra	**1**	-
Other financial Assets	Tech Mahindra Limited	**1**	5
Trade Payables	Tech Mahindra Limited	**(1)**	(0)

25. Financial Instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

₹ in Million

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
Assets:							
Cash and cash equivalents (Refer Note 7)	22	-	-	-	-	22	22
Trade receivables (Refer Note 6)	11	-	-	-	-	11	11
Other financial assets (Refer Note 4 & 8)	**8**	**-**	**-**	**-**	**-**	**8**	**8**
Total	41	-	-	-	-	41	41
Liabilities:							
Trade payables (Refer note 13)	12	-	-	-	-	12	12
Other financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**12**	**-**	**-**	**-**	**-**	**12**	**12**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

₹ in Million

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
Assets:							
Cash and cash equivalents (Refer Note 7)	61	-	-	-	-	61	61
Trade receivables (Refer Note 6)	2	-	-	-	-	2	2
Other financial assets (Refer Note 4 & 8)	11	-	-	-	-	11	11
Total	**74**	**-**	**-**	**-**	**-**	**74**	**74**
Liabilities:						-	-
Trade payables (Refer note 13)	15	-	-	-	-	15	15
Other financial liabilities (Refer note 14)	1	-	-	-	-	1	1
Total	**16**	**-**	**-**	**-**	**-**	**16**	**16**

Financial risk Management:

Financial Risk Factors:

Market Risk:

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The financial instrument majorly includes trade receivables, unbilled revenue, cash & cash equivalents which is not exposed to market risk.

Credit Risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, cash and cash equivalents and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit Risk Exposure:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 41 million and ₹ 74 Million as of March 31, 2017 and March 31, 2016 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled revenue and other financial assets.

Liquidity Risk:

Liquidity risk refers to the risk that the company can not meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity are ensure that funds are available for use as per requirement.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017

(₹ in million)

Particulars	**Less Than 1 Year**	**Total**
Trade Payables	**12**	**12**
Other Current liabilities	**12**	**12**

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016

(₹ in million)

Particulars	Less Than 1 Year	Total
Trade Payables	15	15
Other Current liabilities	7	7

26. Payment to Auditors (net of service tax)

₹ in million

Particulars	**For the Year ended March 31, 2017**	For the period from October 12, 2015 to March 31, 2016
Audit Fees (including quarterly audits)	**1**	1

27. Earnings Per Share is calculated as follows

(₹ in million)

Particulars	**For the year ended March 31, 2017**	For the Period from October 12, 2015 to March 31, 2016
Net Profit/(Loss) attributable to shareholders	**(218)**	(49)
Equity Shares outstanding as at the end of the period (in nos.)	**29,750,000**	9,750,000
Weighted average Equity Shares outstanding as at the period end (in Nos)	**16,903,425**	9,750,000
Nominal Value per Equity Share (in ₹)	**10**	10
Earnings Per Share (Basic & Diluted) (in ₹)	**(12.87)**	(5)

28. Segment Reporting:

Ind AS 108 establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers.

Based on the “management approach” as defined in INDAS 108, the management evaluates the group’s performance and allocates resources based on an analysis of various performance indicators by business segments.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies. Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Certain expenses such as depreciation and other expenses, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those expenses, and accordingly these expenses are separately disclosed as “unallocated” and adjusted against the operating income of the group.

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

The Company has identified business segments as reportable segments. Accordingly, Recruitment related services and Online course services has been disclosed as business segments. Business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized

Segregation of assets into business segments has been done to the extent applicable. Segregation of balance assets, liabilities, depreciation and other non-cash expenses into various business segments has not been done as the related assets are used interchangeably between segments. Accordingly no disclosure relating to such has been made.

Information on reportable segments for Year ended March 31, 2017 is given below:

Business Segments

₹ in Million

Particulars	For the Year ended March 31, 2017			
	Recruitment related services	**Online Course Services**	**Push SMS**	**Total**
Revenue	**11**	**14**	**15**	**40**
unallocable other income				**5**
Direct Expenses	**131**	**29**	**13**	**173**
Segment Operating Loss	**(120)**	**(15)**	**2**	**(128)**
Less : Unallocable Expenses				
Depreciation and amortisation expense				**4**
Other Unallocable Expenses				**86**
Total Unallocable Expenses				**90**
Profit/(Loss) before Tax				**(218)**
Provision for Taxation				
Current tax and deferred tax				**-**
Profit/(Loss) for the quarter				**(218)**

₹ in million

Statement of segment Assets and Liabilities	**March 31, 2017**	March 31, 2016
Segment Assets		
Trade and Other Receivables		
Recrutiment Related Services	**3**	2
Online Course Services	**3**	-
Push SMS	**5**	-
Total Trade Receivables	**11**	2
Unallocable Assets	**50**	75
TOTAL ASSETS	**61**	77
Trade Payable		
Recrutiment Related Services	**0**	-
Online Course Services	**-**	-
Unallocable Liablities	**0**	-
Total Trade Payable	**0**	0
Unallocable Liablities	**61**	77
TOTAL LIABILITIES	**61**	77

29. Deferred Tax (liability)/ asset:

(₹ in milllion)

Particulars		For the year ended March 31, 2017	For the period from October 12, 2015 to March 31, 2016
Depreciation on Fixed Asset		**1**	0
Total Deferred Tax liability	**(A)**	**1**	0
Provsion for gratuity & Leave encashment		**0**	1
Carry forward tax losses		**1**	-
Total Deferred Tax Asset	**(B)**	**1**	1
Net Defered Tax (Liability)/Asset	**(C=B-A)**	**0**	1
Net Defered Tax (Liability)/Asset recognized		**NIL**	Nil

Note: In the absence of reasonable certainty that the company will generate future taxable profits, deffered tax asset has been recognized only to the extent of deferred tax liability.

30. This being the initial phase of operations the management is of the view the business will pick up in subsequent months even though there are losses in the year, and the directors see a huge potential in the overall market. This business is a long term play and the Company shall be able to turn profitable with scale and the company will continue to operate uninterruptedly meeting its obligations with continued support from its holding company. Accordingly, these financial statements have been prepared on a going concern basis.

31. Based on the information available with the company, no creditors have been identified as “Supplier” within the meaning of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

32. Previous year figures have been reclassified to conform to this year’s classification.

For and on behalf of the Board of Directors

Jagdish Mitra
Director

Sriram Gopalakrishnan
Director

Vivek Agarwal
Director

Shweta Rai
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

TECH MAHINDRA FRANCE SAS

Board of Directors

Mr. Didier LE LAY

Registered Office

17 avenue Georges V
75008 Paris
France

Bankers

HSBC France

Auditors
Deloitte & Associés

MANAGEMENT REPORT ON OPERATIONS

REGARDING THE YEAR ENDED 31 MARCH 2017

The undersigned, Mr. Didier Le Lay, legal representative of the company TECH MAHINDRA LIMITED, sole partner of the company TECH MAHINDRA FRANCE SAS has, for the approval of the accounts of the financial year ended on March 31, 2017,prepared this management report on the situation of the company during this financial year, its mission for the past year and the outlook for the current year.

The rules of presentation and evaluation methods used in the preparation of these documents comply with the regulations. Their presentation is identical to that adopted for the previous year.

In detail the annual accounts submitted for approval to the sole shareholder

ACTIVITIES OF THE COMPANY - EVENTS ANTICIPATED

Operating expenses amounted in the fiscal year, the sum of euros 10814 as detailed below:

Other purchases and external expenses : NIL.

The fiscal year ended March 31, 2017, constituting the second financial year of the company since its registration in the Register of Commerce and Companies, shows a loss of euros 10814.

SIGNIFICANT EVENTS OF THE YEAR

Nothing special seems to have to be reported.

SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

Nothing special seems to have to be reported.

FORECASTS AND OUTLOOK

Given the current economic situation, we have already taken measures both commercially and in terms of management, to improve the profitability of our business.

ACTIVITY IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Company has no research activity.

ALLOCATION OF INCOME

The financial year ended 03/31/2017 was a loss of Euros 10814.

We propose to appropriate this result as follows :

To "Retained earnings", amounting to Euros 14508, a negative result of Euro 10814 after posting.

We remind you, in accordance with Article 243 of the Tax Code, there was no distribution of dividends for the three previous years of the company, since it is the second year of its registration in the Register of Trade and Companies

After discussion, the sole member is invited to approve the accounts submitted for approval, to affect the outcome of the exercise and give the legal representative of the company discharge its management.

The company " TECH MAHINDRA LIMITED "

Represented by Mr. Didier Le Lay

Place: Paris, France
Date : 16th June, 2017

STATUTORY AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS

Year ended March 31, 2017

To the sole shareholder,

In accordance with our appointment as statutory auditors, we hereby report to you for the year ended March 31, 2017 on:

- the audit of the accompanying financial statements of Tech Mahindra France SAS,
- the justification of our assessments;
- the specific verifications and disclosures required by law.

The financial statements have been approved by the Chairman. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at March 31, 2017 and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code (Code de commerce) relating to our assessments, we hereby inform you that these assessments covered the appropriateness of the accounting policies applied and the reasonableness of the material estimates used.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

III. Specific verifications and disclosures

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Chairman and the documents addressed to the sole shareholder in respect of the financial position and the financial statements.

Neuilly-sur-Seine, the 16th June, 2017

The Statutory Auditor

Deloitte & Associés

Xavier LEFEVRE

BALANCE SHEET

ASSETS		From 01/04/2016 To 31/03/2017 (12 months)				From 01/10/2015 To 31/03/2016 (06 months)	
		Brut	Depr.& prov.	Net	%	Net	%
Uncalled capital	(0)						
Fixed assets							
Preliminary expenses							
Research and development expenses							
Concessions, patents and similar rights							
Goodwill							
Other intangible fixed assets							
Advances and prepayments on intangible fixed assets							
Land							
Buildings							
Industrial fixtures, fittings, plant machinery and equipment							
Other tangible fixed assets							
Fixed assets in progress							
Advances and prepayments							
Long-term investments by "equivalence method"							
Other interest ownership							
Receivables related to interest ownership							
Capitalized securities							
Loans							
Other fixed assets							
TOTAL	**(I)**						
Current assets							
Raw materials and supplies							
Work in progress of goods							
Work in progress of services							
Semi-finished and finished goods							
Goods held for resale							
Advances and down-payments to suppliers							
Trade and related accounts							
Other receivables							
. Debtors suppliers							
. Staff							
. Payroll taxes							
. State, profit tax							
. State, turnover tax						739	0.73
. Other							
Called but unpaid capital							
Investment securities							
Cash Instruments							
Cash		95,288		95,288	100.00	100,000	99.27
Prepaid expenses							
TOTAL	**(II)**	**95,288**		**95,288**	100.00	**100,739**	100.00
Charges to be spread over several periods	(III)						
Premium for redemption of bonds	(IV)						
Unrealized exchange losses	(V)						
TOTAL ASSETS (0 a V)		**95,288**		**95,288**	100.00	**100,739**	100.00

BALANCE SHEET - EQUITY AND LIABILITIES

		(12 months)		(06 months)	
		Net	**%**	**Net**	**%**
Shareholders' equity					
Share capital (paid-up capital: 100,000)		**100,000**	104.95	100,000	99.27
Premiums arising from shares issues, from merger					
Revaluation					
Legal reserve					
Statutory reserve					
Regulated reserves					
Other reserves					
Retained (profits / losses) brought forward merger		**(3,694)**	-3.87		
Net income or loss of the tax year		**(10,814)**	(11.34)	(3,694)	(3,66)
Subsidies of investment					
Regulated provisions					
	TOTAL (I)	**85,492**	89.72	96,306	95.60
Proceeds from the issuance of "participating titles"					
Conditional advances					
	TOTAL (II)				
Provisions for liabilities and charges					
Reserves for contingencies					
Provisions for charges					
	TOTAL (III)				
Loans and debts					
Convertible debenture loans					
Other debenture loans					
Bank borrowing and bank overdrafts					
. Bank borrowing					
. Bank overdrafts					
Other financial borrowing and debts					
. Miscellaneous					
. Partners					
Advances and down-payments for work in progress					
Trade notes and related accounts payable					
Tax payable and social liabilities		**9,796**	10.28	**4,433**	4.40
.Staff					
. Payroll taxes					
. State, profit tax					
. State, turnover tax					
. State, guaranteed bonds					
. Other taxes					
Liabilities on fixed assets and related accounts					
Other debts					
Prepaid income					
	TOTAL (IV)	**9,796**	10.28	**4,433**	4.40
Unrealized exchange gains	**(V)**				
	TOTAL LIABILITIES (I a V)	**95,288**	100.00	**100,739**	100.00

INCOME STATEMENT

Income Statement	France	Export	Current year 31/03/2017 (12 months) Total	%	From 01/10/2015 to 31/03/2016 (6 months) Total	%	Variation absolute 12/06 Variation	%
Sales of goods								
Sales of manufactured goods								
Sales of manufactured services								
Net turnover								
Stored production								
Capitalized production								
Operating subsidies								
Recaptures on deprecations and reserves, expense transfer								
Other operating income								
Total operating income								
Purchase of goods (including customs duties)								
Variation on inventory (goods)								
Purchase of raw materials and other supplies (including customs duties)								
Variation in inventory (raw materials and supplies)								
Other purchases and external expenses			**10,690**		**3,694**		**6,996**	**189.39**
Taxes and assimilated payments								
Salaries and wages expenses								
Social security expenses								
Operating allowances on fixed assets : depreciation allowances								
Operating allowances on fixed assets : reserve allowances								
Operating allowances on current assets : reserve allowances								
Operating allowances for contingencies : reserve allowances								
Other expenses								
Total operating expenses			**10,690**		**3,694**		**6,996**	**189.39**
OPERATING RESULT			**(10,690)**		**(3,694)**		**(6,996)**	**(189.39)**
Attributed income or transfered loss								
Suffered loss or transfered profit								
Financial income from interest ownership								
Other holdings and capitalized receivables								
Other interest and assimilated income								
Recaptures on provisions and expense transfer								
Profits on foreign exchange								
Net gains on sales of portfolio securities								
Total financial income								
Financial allowances for depreciations and provisions								
Interests and assimilated expenses								
Loss on foreign exchange			**124**				**124**	**N/S**
Net loss on sales of portfolio securities								
Total financial expenses			**124**				**124**	**N/S**
FINANCIAL RESULT			**(124)**				**(124)**	**N/S**
Ordinary result before tax			**(10,814)**		**(3,694)**		**(7,120)**	**(192,73)**
Extraordinary operating gains								
Extraordinary capital gains								

INCOME STATEMENT

Income Statement	France	Export	Current year 31/03/2017 (12 months) Total	%	From 01/10/2015 to 31/03/2016 (6 months) Total	%	Variation absolute 12/06 Variation	%
Recaptures on reserves and expense transfers								
Total extraordinary income								
Extraordinary operating losses								
Extraordinary capital losses								
Depreciation and reserve extraordinary allowances								
Total extraordinary expenses								
EXTRAORDINARY RESULT								
Profit sharing scheme								
Income tax								
Total Income								
Total expenses			**10,814**		**3,694**		**7,120**	**(192.75)**
NET RESULT			**(10,814)** **Loss**		**(3,694)** **Loss**		**(7,120)**	**(192.73)**
Including leasing of furnitures								
Including leasing of real estate								

TECH MAHINDRA FOUNDATION

Board of Directors:

Mr. Keshub Mahindra
Mr. Anand G. Mahindra
Mr. Vineet Nayyar
Mr. Ulhas N. Yargop

Registered Office
Oberoi Gardens Estate, Chandivali
Off Saki Vihar Road
Andheri (E)
Mumbai 400 072, India

Bankers
IDBI Bank

AUDITORS:
B. K. Khare & Company
Chartered Accountants

BOARD'S REPORT

Your Directors present their Twelth Annual Report of your Company for the year ended 31st March 2017.

FINANCIAL SUMMARY/RESULTS

For the year Ended March 31	**2017** ₹	2016 ₹
Donations received	**453,062,711**	341,458,637
Interest received on investments	**54,548,037**	46,590,821
Expenditure on the objects of the Company	**364,483,071**	330,123,067
Corpus fund	**951,621,656**	822,121,656

STATE OF COMPANY AFFAIRS/REVIEW OF ACTIVITIES

Tech Mahindra's social initiatives are carried out by Tech Mahindra Foundation (TMF), its corporate social responsibility (CSR) arm.

The Foundation was set up in 2007, as a Section 25 Company (referred to as a Section 8 Company in the Companies Act, 2013). Since then, it has worked tirelessly towards the vision of "Educated, skilled and able women and men are a country's true strength", establishing itself as a prominent CSR player within the Mahindra Group as well as a leading social organization at a national level. The Foundation essentially works with children and youth from urban, disadvantaged communities in India. During the year under review, Tech Mahindra Foundation participated in 160+ high-impact projects with 90+ partners, reaching out to 150,000+ children and youth across these locations.

School Education

The Foundation's work in school education focuses upon three thematic areas: school improvement, teacher empowerment and learning enrichment. The key initiatives include:

All Round Improvement in School Education (ARISE):

Tech Mahindra Foundation's educational initiatives under ARISE are long-term school improvement programmes, run in partnership with local governments and partner organisations. The Foundation has adopted 60+ schools across India and is working with 18 partners to turn them around completely into model schools of excellence. ARISE+ initiatives encompass educational empowerment programmes for children with disabilities.

Shikshaantar:

Shikshaantar, envisioned as a programme for enhancing capacity of government school teachers, has taken rapid strides during the year. TMF has been working with the East Delhi Municipal Corporation to manage its In-Service Teacher Education Institute (ITEI), where teachers from nearly 400 primary schools receive quality training on a regular basis.

Shiksha Samvardhan:

Shiksha Samwardhan or the education enrichment programme, is a thematic intervention around learning enhancement initiatives of the Foundation towards making learning interesting, child-centred and activity-based to reduce cumulative burden of non-comprehension and to promote grade appropriate competencies.

Employability:

Skills for Market Training (SMART) is the Foundation's flagship programme in employability. It is built on the vision of an educated, enlightened and employed India and a belief that educated and skilled youth are the country's true strength. The programme started with 3 Centres in 2012, has grown to 65 Centres at 10 locations across India. These include SMART Centres, SMART+ Centres (training for people with disabilities), SMART-T Centres (training in technical trades) and the first SMART Academy for Healthcare in Delhi. The Academy will closely engage with the industry stalwarts for constant curriculum upgradation and placement.

During the year under review, your Company trained ~16,000 young women and men under its SMART programme. More than 75% of the graduates are placed in jobs upon successful completion of the training, across multiple industries.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes which will affect the Company.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no orders passed by the regulators or courts or tribunals which would impact the going concern status and Company's operations in future.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, [ICAI Registration No.105102W], the Auditors of your Company, hold office up to the conclusion of the forthcoming Annual General Meeting of the Company. It is proposed to appoint M/s. B. K. Khare & Co., Chartered Accountants, [ICAI Registration No.105102W], as Statutory Auditors for the period of five years from the conclusion of the ensuing Annual General meeting till the conclusion of the Sixth following Annual General Meeting for the financial year 2021-2022, subject to the ratification of the members at every Annual General Meeting.

Your Company has received a confirmation from M/s. B. K. Khare & Co., to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 139 of the Companies Act, 2013. The Company has also received a certificate from the statutory auditors to the effect that they are eligible for appointment in terms of Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s. B. K. Khare & Co., Chartered Accountants as the Statutory Auditors of the Company from the conclusion of the ensuing AGM to the conclusion of the sixth following Annual General Meeting for the financial year 2021-2022.

SHARE CAPITAL

The Company has not issued any equity shares carrying differential rights, sweat equity shares, employee stock options nor provided money for purchase of its own shares by employees or by trustees for the benefit of employees during the financial year. The Company's paid up equity capital is ₹ 5,00,000 comprising of 50,000 equity shares of Face Value ₹ 10/- each.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return as on the financial year ended 31st March 2017 in Form No. MGT – 9 is forming part of the Board's report as **"Annexure I"**.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Conservation of Energy: The operations of the Company are not energy-intensive and hence, the provisions are not applicable.

b) Research and Development: No amount was spent on Research and development during the year under review.

c) Foreign Exchange earnings and outgo: No amount was earned or expended in foreign exchange during the year under review.

DIRECTORS

As per Article 16 of the Articles of Association of the Company, all Directors retire at the ensuing annual general meeting and are eligible for re-appointment.

NUMBER OF MEETINGS OF BORAD

During the Financial Year 2016-17, the Company held 2 (Two) meetings of the Board of Directors.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any loans or guarantees or investment under section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with Related Parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by the Indian Accounting Standards (IND AS 24) has been made in the notes to the Financial Statements.

The particulars of related party transactions in prescribed Form AOC-2 is annexed herewith as **"Annexure II"**.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134 (5) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the directors have prepared the annual accounts on a going concern basis;

(v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board takes this as an opportunity to thank the promoters of the Company for their faith and patronage.

Place : Mumbai **For and on behalf of the Board**

Date : May 25, 2017

Keshub Mahindra
Chairman

Annexure - I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U85310MH2006NPL160651
2.	Registration Date	22-03-2006
3.	Name of the Company	Tech Mahindra Foundation
4.	Category/Sub-category of the Company	Public Ltd (Section 8 Company)
5.	Address of the Registered office & contact details	Oberoi Gardens Estate, Chandivali, Andheri (E), Mumbai -Maharashtra, India – 400072 022-66882000
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Not Applicable as it is a Section 8 Company		
2			
3			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Tech Mahindra Limited Gateway Building, Apollo Bunder, Mumbai-400001	L64200MH1986PLC041370	Holding	100%	Section 2(46)

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	50000	50000	100%	-	50000	50000	100%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total A (1)		**50000**	**50000**	**100%**	**-**	**50000**	**50000**	**100%**	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
Sub Total A (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**-**	**50000**	**50000**	**100%**	**-**	**50000**	**50000**	**100%**	**-**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	**50000**	**50000**	**100%**	**-**	**50000**	**50000**	**100%**	**-**

(ii) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Tech Mahindra Ltd	50000	100%	NIL	50000	100%	NIL	NIL
	Total	50000	100%	NIL	50000	100%	NIL	NIL

iii) Change in Promoters' Shareholding (please specify, if there is no change)- NO CHANGE

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	At the end of the year				

iv) Shareholding Pattern of top ten Shareholders: NOT APPLICABLE

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

S. No.	**Particulars of Remuneration**	**Name of MD/WTD/ Manager**				**Total Amount**
		-----	**----**	**----**	**---**	
1	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	NIL	NIL	NIL	NIL	NIL
	Ceiling as per the Act					

B. Remuneration to other directors

S. No.	**Particulars of Remuneration**	**Name of Directors**				**Total Amount**
1	Independent Directors	-	-	-	-	
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
2	Other Non-Executive Directors	Mr. Keshub Mahindra	Mr. Anand Mahindra	Mr. Vineet Nayyar	Mr. Ulhas N. Yargop	
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	NIL	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD– Not Applicable

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	NIL	NIL	NIL	NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Place: Mumbai **For and on behalf of the Board**

Date : 25 May 2017

Keshub Mahindra
Chairman

Annexure - II

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL		
(a) Name(s) of the related party and nature of relationship:		
(b) Nature of contracts/arrangements/transactions		
(c) Duration of the contracts/arrangements/transactions		
(d) Salient terms of the contracts or arrangements or transactions including the value, if any		
(e) Justification for entering into such contracts or arrangements or transactions		
(f) date(s) of approval by the Board		
(g) Amount paid as advances, if any:		
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188		

2. Details of material contracts or arrangement or transactions at arm's length basis

	Transaction No 1	**Transaction No 2**	**Transaction No 3**	**Transaction No 4**	**Transaction No 5**
(a) Name(s) of the related party and nature of relationship :	Tech Mahindra Limited Holding Company	Comiva Technologies Limited Fellow subsidiary Company	Tech Mahindra Business Services Limited Fellow subsidiary Company	Satyam Venture Engineering Services Pvt. Limited Fellow subsidiary Company	Mahindra and Mahindra Limited
(b) Nature of contracts/arrangements/ transactions	CSR Contribution as per Companies Act, 2013 for the FY 16-17	CSR Contribution as per Companies Act, 2013 for the FY 16-17	CSR Contribution as per Companies Act, 2013 for the FY 16-17	CSR Contribution as per Companies Act, 2013 for the FY 16-17	CSR Contribution as per Companies Act, 2013 for the FY 16-17
(c) Duration of the contracts / arrangements/transactions					
(d) Salient terms of the contracts or arrangements or transactions including the value,if any	CSR Contribution as per Companies Act, 2013 Value - Rs 392,800,000	CSR Contribution as per Companies Act, 2013 Value - Rs 13,932,326	CSR Contribution as per Companies Act, 2013 Value - Rs 28,662,360	CSR Contribution as per Companies Act, 2013 Value - Rs 6,388,525	Donation Rs 10,250,000
(e) Date(s) of approval by the Board, if any:	N.A.	N.A.	N.A.	N.A.	N.A.
(f) Amount paid as advances, if any:					

Place: Mumbai
Date : 25 May 2017

For and on behalf of the Board

Keshub Mahindra
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Tech Mahindra Foundation

Report on the Financial Statements

1. We have audited the accompanying financial statements of Tech Mahindra Foundation ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statements of Income and Expenditure for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As the Company is licensed under Section 8 of Companies Act, 2013, the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), does not apply to it as stated under Clause 2(iii) of the said Order.

10. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c. The Balance Sheet, the Statement of Income and Expenditure dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the other matters to be included in the Auditors' 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:

        i. The Company does not have any pending litigations which would impact its financial statements.

        ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

R.D. Onkar
Partner
Membership Number: 045716
Pune
Date: May 23, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note	**As at March 31, 2017 Rupees**	As at March 31, 2016 Rupees
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS:			
Capital	I	**500,000**	500,000
Corpus Fund	I	**951,621,656**	822,621,656
Surplus /(Deficit) in Income and Exenditure Account		**475,078**	(522,509)
TOTAL		**952,596,734**	822,599,147
Fixed Asset :	II		
i) Tangible Assets		**12,863,108**	3,235,886
ii) Intangible Assets		**510,182**	12,872
Net Block		**13,373,290**	3,248,758
Long Term Investments		**80,240,000**	-
CURRENT ASSETS, LOANS AND ADVANCES:	III		
Loans & Advances		**19,937,330**	14,041,373
Cash and Bank Balances		**853,369,527**	806,537,386
		873,306,857	820,578,759
Less : CURRENT LIABILITIES AND PROVISIONS:	IV		
Liabilities		**14,323,413**	1,228,370
		14,323,413	1,228,370
TOTAL		**952,596,734**	822,599,147
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	VII		

As per our attached report of even date

For B K Khare & Co.
Chartered Accountants

R.D. Onkar
Partner
M No.: 45716

Place : Pune
Date : May 25, 2017

For Tech Mahindra Foundation

Mr. Keshub Mahindra
Director

Mr. Anand Mahindra
Director

Mr. Vineet Nayyar
Director

Mr. Ulhas Yargop
Director

Place : Mumbai
Date : May 25, 2017

INCOME & EXPENDITURE ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2017

	Note	**Actual March 31, 2017 Rupees**	Actual March 31, 2016 Rupees
INCOME	V	**380,214,354**	362,312,066
TOTAL		**380,214,354**	362,312,066
EXPENDITURE :			
Operating and Other Expenses	VI	**94,823,029**	43,272,626
Donation		**281,307,809**	319,047,476
Depreciation		**3,085,929**	284,596
TOTAL		**379,216,767**	362,604,698
(Deficit)/Excess of Income over Expenditure for the year		**997,587**	(292,632)
Balance carried forward from previous year		**(522,509)**	(229,877)
Excess of Income over expenditure/(Expenditure over income)		**475,078**	(522,509)
TOTAL		**380,214,354**	362,312,066
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	VII		

As per our attached report of even date

For B K Khare & Co.
Chartered Accountants

R.D. Onkar
Partner
M No.: 45716

Place : Pune
Date : May 25, 2017

For Tech Mahindra Foundation

Mr. Keshub Mahindra
Director

Mr. Anand Mahindra
Director

Mr. Vineet Nayyar
Director

Mr. Ulhas Yargop
Director

Place : Mumbai
Date : May 25, 2017

NOTES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Note I		
Corpus Funds		
Share Capital		
Authorised :		
50,000 Equity Shares of ₹ 10/- each fully paid-up	**500,000**	500,000
Issued, Subscribed & Paid up :		
50,000 Equity Shares of ₹ 10/- each fully paid-up	**500,000**	500,000
TOTAL	**500,000**	500,000
Specific Donations		
As per last Balance Sheet	**822,621,656**	796,621,656
Add : Received during the year	**129,000,000**	26,000,000
TOTAL	**951,621,656**	822,621,656

Note II: Fixed Assets

Rupees

		Gross Block				Accumulated Depreciation/Amortisation				Net Block	
		Cost as at April 01, 2016	Additions during the period	Deletions during the period	Balance as at March 31, 2017	As at April 01, 2016	For the period	Deductions during period	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
a	Tangible Assets										
	Furniture and Fixtures	1,272,195	3,629,002	-	**4,901,197**	85,077	934,430	-	1,019,507	3,881,690	1,187,118
	Computers	654,987	5,898,939	-	**6,553,926**	205,755	1,086,357	-	1,292,112	5,261,814	449,232
	Office Equipment	1,796,072	2,025,183	-	**3,821,255**	196,536	764,284	-	960,820	2,860,435	1,599,536
	Vehicles	-	1,096,812	-	**1,096,812**	-	237,643	-	237,643	859,169	-
	Total (a)	3,723,254	12,649,936	-	**16,373,190**	487,368	3,022,714	-	3,510,082	12,863,108	3,235,886
b	**Intangible Assets**										
	Software	29,114	560,525	-	**589,639**	16,242	63,215	-	79,457	510,182	12,872
	Total (b)	29,114	560,525	-	**589,639**	16,242	63,215	-	79,457	510,182	12,872
	Grand Total (a+b)	3,752,368	13,210,461	-	**16,962,829**	503,610	3,085,929	-	3,589,539	3,373,290	3,248,758

Note III
CURRENT ASSETS, LOANS AND ADVANCES : III

(a)	Loans and Advances :		
	(Unsecured)		
	Interest Accrued on Deposits	**5,957,506**	2,606,199
	Balances with Government Authorities		
	Tax Deducted at Source	**12,563,415**	11,016,291
	Other Advances	**1,416,409**	418,883
		19,937,330	14,041,373
(a)	Cash and Bank Balances :		
	Balance with Scheduled banks : (i) In Current accounts	**28,759,527**	96,386
	(ii) In Fixed Deposit accounts	**824,610,000**	806,441,000
		853,369,527	806,537,386
TOTAL		**873,306,857**	820,578,759

Note IV
CURRENT LIABILITIES AND PROVISIONS:

Dues to Small Scale Industrial Undertakings	**-**	-
Others	**14,323,413**	1,228,370
TOTAL	**14,323,413**	1,228,370

NOTES FORMING PART OF THE INCOME AND EXPENDITURE ACCOUNT

Note V	Actual March 31, 2017 Rupees	Actual March 31, 2016 Rupees
INCOME		
Interest on :		
Deposits with banks	**54,548,037**	46,590,822
Other Income	**2,633,106**	262,607
Donations Received	**323,033,211**	315,458,637
TOTAL	**380,214,354**	362,312,066

Note VI	March 31, 2017 Rupees	March 31, 2016 Rupees
OPERATING AND OTHER EXPENSES		
Professional and Consultancy Fees	**44,431,988**	26,545,403
Rent	**12,940,559**	-
Bank Charges	**26,147**	16,655
Audit Fees	**57,250**	57,250
Printing & Stationery	**1,507,172**	2,249,212
Travelling & Conveyance	**1,218,691**	1,033,253
Books & Periodicals	**186,352**	50,248
Welfare Expenses	**245,153**	40,302
Teacher's Award Function Expenses	**575,000**	-
Welfare Project Expenses	**25,532,814**	11,075,592
Seminars & Conferences	**65,500**	32,026
Telephone Expenses	**249,924**	135,599
General Office Expenses	**5,000,214**	1,404,874
Office & Miscellaneous Expenses	**2,786,265**	632,212
TOTAL	**94,823,029**	43,272,626

NOTE VII

Notes forming part of the Balance Sheet and Income Expenditure Account

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

1. **Significant accounting policies:**

(a) Basis for preparation of accounts:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under historical cost convention and on accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act 2013, read with rule 7 of the Companies (accounts) Rules, 2014, and the provisions of the Act (to the extent notified).

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

(b) Revenue recognition:

Interest income is recognized on time proportion basis. Donations received with a specific direction from the donors that they shall form part of the income have been accounted for accordingly.

(c) Donations:

Donations received with a specific direction from the donors that they shall form part of the corpus have been accounted for accordingly.

(d) Fixed Assets including intangible assets:

Fixed assets are stated at cost less accumulated depreciation. Costs comprise of purchase price and attributable costs, if any.

(e) Depreciation / amortization of fixed assets:

(i) Depreciation on fixed assets is charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the assets has been assessed as under based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Computers and Project specific software	3 years
Furniture and Fixtures	5 years
Office Equipments	5 years
Vehicles	5 years

(ii) Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase.

2. **Donations received during the year 2016-17 and 2015-16**

(Amount in Rupees)

Particular	**2016-17**	2015-16
Specific Donations		
Tech Mahindra Limited	**129,000,000**	26,000,000
Donations		
Tech Mahindra Limited	**263,800,000**	271,400,000
Comviva Technologies Limited	**13,932,326**	10,881,197
Tech Mahindra Business Services Ltd.	**28,662,360**	27,529,045
Satyam Venture Engineering Services Pvt. Ltd.	**6,388,525**	5,544,844
Mahindra & Mahindra Limited	**10,250,000**	-
Others	**1,029,500**	103,551
Total	**453,062,711**	341,458,637

3. Transactions Entered With Specified Bank Notes :

The Company has carried out transactions relating receipts and payments through banking channels only. Following are the details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as required by notification of Ministry of Corporate affairs dated 30 March 2017:

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	-	-	-
+ Permitted Receipts	-	-	-
- Permitted Payments	-	-	-
- Amount deposited in banks	-	-	-
Closing Cash in hand as on 30.12.2016	-	-	-

As per our attached report of even date

For B K Khare & Co.
Chartered Accountants

R.D. Onkar
Partner
M No.: 45716

Place : Pune
Date : May 25, 2017

For Tech Mahindra Foundation

Mr. Keshub Mahindra
Director

Mr. Anand Mahindra
Director

Mr. Vineet Nayyar
Director

Mr. Ulhas Yargop
Director

Place : Mumbai
Date : May 25, 2017

MAHINDRA EDUCATIONAL INSTITUTIONS

Board of Directors
Vineet Nayyar
Chander Prakash Gurnani
Milind Kulkarni
Rakesh Soni
Shivanand Raja

Registered Office
Survey No: 62/1A,
Bahadurpally,
Jeedimetla,
Hyderabad – 500043,
Telangana,
India.

Bankers
HDFC Bank Limited
Kotak Mahindra Bank Limited

Auditors
M. Bhaskara Rao & Co.,
Chartered Accountants

DIRECTORS' REPORT

Your Directors present their Fourth Annual Report of your Company for the year ended 31st March 2017.

FINANCIAL RESULTS

Particulars	For the year ended March 31, 2017 (Rupees Lakhs)	For the year ended March 31, 2016 (Rupees Lakhs)
Expenditure on the objects of the Company	**4,924.84**	3,863.16
Donations received for Corpus fund and Building & Equipment fund	**4,300.00**	1,710.00

REVIEW OF ACTIVITIES

Mahindra École Centrale (MEC), College of Engineering, established by Tech Mahindra in collaboration with École Centrale Paris (now Centrale Supélec) and JNTU Hyderabad, is entering its fourth academic year, after a successful three year presence on the technical education landscape of the country, characterized by its rising popularity.

This high impact, Indo-French collaboration in engineering education has emerged as a disruptive player with its keen focus on Industry-aligned and industry-sponsored education; all Ph.D. faculty roster, global internships and a distinct curriculum that includes the French language. The then Indian Ambassador to France, Shri Arun Kumar Singh, at the inauguration of MEC in Paris, March 2015, had called MEC a ''Jewel of Indo-French Synergy in Higher Education in India''.

The Executive Council of MEC features leaders both from Tech Mahindra and the Mahindra Group. The MEC campus, surrounded by the sprawling green Tech Mahindra Technology Centre in Hyderabad, India, is equipped with state-of-the-art academic infrastructure. To support its strong research vision MEC has set up relevant high technology laboratories for learning, media, design thinking and research. Many eminent dignitaries and leaders have visited MEC in the recent years, including Nobel Laureates Sir David Payne, Prof Serge Haroche; His Excellency Late Shri APJ Abdul Kalam, the TEDx Million winner Prof Sugata Mitra, plus a host of leading academicians.

Mr. C.P. Gurnani, CEO Tech Mahindra and Board Member of MEC, hosted the eminent Prof Bala V Balachandran at MEC on 4th January 2017. TEDX- Mahindra Ecole Centrale was held on campus in January, followed by AETHER and ECOLE-TYOHAR-annual Techno-Cultural festivals. MEC has forged strategic research collaborations with IIT Guwahati; BITS Pilani Hyderabad and the National Sun Yat-Sen University, Taiwan. On the extracurricular front, MEC has ramped up Sports and Games facilities galore, with multiple exclusive arenas built for Lawn Tennis, Badminton, Basketball, Volleyball; a gymnasium and more.

MEC has hosted many TechM customers like NAB, COLES, Telstra, Novartis, at MEC, on their visit to TMTC, Hyderabad. TechM customers express surprise and delight at the presence of MEC and its pedagogy aimed at shaping world class engineers, with global relevance and a strong European influence. The Indo-French collaboration at MEC, has been considerably strengthened MEC's consistent efforts in building new connections with France. It has hosted several high level delegations - of French Senators including Madame Catherine Morin-Desailly, Consul of France, Counsellor for Cooperation and Cultural Affairs, French Embassy, Dr. Bertrand De Hartingh, French media (La Figaro) representatives; Mr. Olivier Aptel, Dean of Rennes School of Business, France; and recently the visit by Prof. Gerard Creuzet, Director - Centrale Engineering Schools International Network.

Auditors

M/s. M. Bhaskara Rao & Co., Chartered Accountants, holds office up to the conclusion of ensuing Annual General Meeting of the Company and has given their consent for re-appointment.

Your Board recommends the re-appointment of M/s. M. Bhaskara Rao & Co., Chartered Accountants as the Statutory Auditors of the Company.

There were no qualifications, reservations and adverse remarks reported in the Auditor's Report for the FY 2016-17 to comment upon by your Directors.

Fixed Deposits

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

Loans/guarantees / investments

The Company has not given / accepted any loans or guarantees during the year under review.

Dividends

No dividend was recommended by the Board of Directors for the FY 2016-17.

Directors

Pursuant to the provisions of section 152(6) (c) of the Companies Act 2013, Mr. Shivanand Raja, Director is liable to retire by rotation and being eligible offer himself for reappointment.

Meetings of the Board

The Company prepares a calendar of meetings of the Board in advance so as to allow the Directors to block their calendars.

During the year ended March, 2017 three Board Meetings were held on, May 24, 2016, September 26, 2016 and March 08, 2017. The intervening gap between the meetings was as prescribed under the Companies Act, 2013.

Committees of the Board

The Company being formed under Section 8 of Companies Act 2013, the provisions of forming and disclosing details of Committees under Section 134, 135(2), 177(8), 178, of Companies Act, 2013 and the Rules are not applicable.

Key Managerial Personnel

The disclosure of KMP's is not required since the provisions of section 134(3) (q) of Companies Act, 2013 and the Companies Rules (Accounts), 2014 are not applicable to your company.

Internal audit

Your company doesn't fall in the ceiling limit specified under Section 138 of Companies Act, 2013 and The Companies (Accounts) Rules, 2014.

However, to ensure internal control processes in place, the management had appointed E&Y LLP, Hyderabad as internal auditors for the Company. They have conducted internal audit reviews for the FY 2016-17.

Board Evaluation and Remuneration Policy

Your board has not formulated policies for its Evaluation and Remuneration since the company falls below the ceiling limit specified under Section 134(3)(e) of The Companies Act,2013 and The Companies(Meetings of Board and Powers) Rules,2014.

Corporate Social Responsibility (CSR)

The company falls below the ceiling limit specified by Section 135 of Companies Act, 2013 and applicable Rules. Hence the aforesaid section and applicable rules thereunder are not applicable to your Company.

Related party transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions for the period under review were approved by the Board. Pursuant to clause (h) of subsection (3) of Sec 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, Form AOC 2 is annexed to this report as Annexure A.

Risk Management

The Company risk management is forming part of the risk management framework adopted by the Holding Company, wherein the elements of risks are overviewed for the organization as a whole including its subsidiaries.

Whistle Blower Mechanism

Whistle Blower mechanism is forming part of the Holding Company's Code of Ethical Business Conduct Policy which is applicable to all its subsidiaries. The policy sets out ways through which the stakeholders can raise concerns that relate to actual or suspected violations to the Corporate Ombudsman office.

Secretarial Audit

The company falls below the ceiling limit specified by the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 hence the provisions of Section 204 of Companies Act 2013 is not applicable.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure B.**

Conservation of Energy, Technology Absorption and Foreign Exchange

The particulars prescribed as per Sec 134 (3) (m) of Companies Act 2013 read with Companies (Accounts) Rules 2014 made thereunder Rule 8.

a) Conservation of Energy: The operations of the Company are not energy-intensive and hence, the provisions are not applicable.

b) Research and Development: No amount was spent on Research and development during the year under review.

c) Foreign Exchange earnings and outgo: ‘i) Earnings: NIL, ii) expenses: INR 329.19 lakhs

Particulars of employees forming part of the Director’s Report for the year ended March 31, 2017. Information pursuant to section 197(12) of the Companies Act, 2013, read with the Companies (Remuneration of Managerial Personnel Amendment Rules 2016

The Company had no employee who was in receipt of remuneration of not less than rupees one crore and two lakhs during the year ended 31st March, 2016 or not less than eight lakh fifty thousand per month during any part of the said year.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. In the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2017 and of the deficit of the Company for the year ended on that date;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a going concern basis.

v. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

ACKNOWLEDGEMENTS

The Board takes this as an opportunity to thank all the stakeholders of the Company for their faith and patronage.

For and on behalf of the Board

Vineet Nayyar
Chairman

Place: May 25, 2017

Date: Hyderabad

Annexure A

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2017, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

(a) Name(s) of the related party and nature of relationship		
1) Related Party	:	Tech Mahindra Limited
Relationship	:	Holding Company
2) Related Party	:	Mahindra and Mahindra Limited
Relationship	:	Ultimate Holding company
(b) Nature of contracts/arrangements/transactions:		
Tech Mahindra Ltd	:	Receipt of Donations, payment of lease rentals/professional fees and Reimbursement of Expenses
Mahindra & Mahindra Ltd	:	Receipt of Donations
(c) Duration of the contracts / arrangements/transactions	:	FY 2016-17
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:		
Donations Received	:	(INR in Lakhs)
Tech Mahindra Limited	:	2,800.00
Mahindra & Mahindra Ltd	:	1,500.00
Expenses Reimbursed:		
Tech Mahindra Limited	:	43.18
Rent Paid		
Tech Mahindra Limited	:	963.96
Professional fees		
Tech Mahindra Limited	:	99.97
Reimbursement		
Tech Mahindra Limited	:	4.20
(e) Date(s) of approval by the Board, if any:		
Since these RPTs are in the Ordinary Course of Business and are at arm's length basis, approval of the Board is not applicable.		
(f) Amount paid as advances, if any	:	Nil

For and on behalf of the Board

Date : May 25, 2017

Place : Hyderabad

Vineet Nayyar

Annexure B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31/03/2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: U80300TG2013NPL086878

ii) Registration Date: 09/04/2013

iii) Name of the Company: Mahindra Educational Institutions:

iv) Category / Sub-Category of the Company: Company limited by shares, Indian Non-Government Company

v) Address of the Registered office and contact details: Tech Mahindra Limited, Survey no. 62/1A, Bahadurpally, Jeedimetla, Hyderabad, Andhra Pradesh - 500 043

vi) Whether listed Company: No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Education	854	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. N0	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARES HELD APPLICABLE SECTION
1	Tech Mahindra Limited	L64200MH1986PLC041370	Holding	100

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual/ HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.	Nil	10000	10000	100		10000	10000	100	Nil
k) Banks / FI									
l) Any Other….									
Sub-total (A) (1):-									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)									
B. Public Shareholding									
1 Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non- Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**Nil**	**10000**	**10000**	**100**		**10000**	**10000**	**100**	**Nil**

(ii) Shareholding of Promoters

Sl no	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year		
		No. of shares	% of total shares of the company	%of shares pledged/shares encumbered to total shares	No. of shares	% of total shares of the company	%of shares pledged/shares encumbered to total shares
1	Tech Mahindra Limited	9800	99.99	NA	9800	99.99	NA
2	Tech Mahindra Limited jointly with Chander Prakash Gurnani	100	Negligible	NA	100	Negligible	NA
3	Tech Mahindra Limited jointly with Vineet Nayyar	100	Negligible	NA	100	Negligible	NA
Total		**10000**	**100**	**NA**	**10000**	**100**	**NA**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allotment /transfer /bonus/sweat equity etc.):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allot- :(.ment /transfer /bonus/sweat equity etc	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	200	Negligible	200	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allotment /transfer / :(.bonus/sweat equity etc	NA	NA	NA	NA
	At the End of the year	200	Negligible	200	Negligible

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year					
i) Principal Amount	NIL	NIL	NIL	NIL	NIL
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)	NIL	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year					
- Addition	NIL	NIL	NIL	NIL	NIL
- Reduction					
Net Change	NIL	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL	NIL
i) Principal Amount					
ii) Interest due but not paid	NIL	NIL	NIL	NIL	NIL
iii) Interest accrued but not due					
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	**-**	**-**	**-**	**-**	**-**
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors:

S l . no.	Particulars of Remuneration	Name of directors				Total Amount
	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key managerial Personnel			Total Amount
		CEO	Company secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	
4	Commission - as % of profit - others, specify…	-		-	-
5	Others, please specify	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board

Vineet Nayyar

Date: May 25, 2017

Place: Hyderabad

INDEPENDENT AUDITORS' REPORT

To
The Members of
Mahindra Educational Institutions

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Mahindra Educational Institutions ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss (including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt by this report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable;

e. On the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. there are no pending litigations on or by the Company, the impact of which needs to be disclosed in the financial statements;

   ii. the Company does not have any material foreseeable losses relating to long term contracts, there were no derivative contracts entered into by the Company as at 31 March 2017.

   iii. there are no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2017.

   iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016 - Refer Note 38.

2. This report does not include a statement on matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, since in our opinion and according to the information and explanation given to us, the said Order is not applicable to the Company, at present.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

M. V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 25 May 2017

Annexure A to the Independent Auditors' report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Educational Institutions ("the Company") as of 31 March 2017, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 its business, including adherence to 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

M. V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 25 May 2017

BALANCE SHEET AS AT 31ST MARCH 2017

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note No	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	6	**1,368.63**	783.86	567.99
Capital work-in-progress	7	**1,063.48**	-	-
Other intangible assets	8	**-**	-	-
Financial assets				
Other financial assets	9	**1,925.15**	130.16	136.00
Non-Current tax asset (net)	10	**8.44**	2.51	0.17
Other non current assets	11	**23.69**	27.65	-
Total non-current assets		**4,389.39**	944.18	704.16
Current assets				
Financial assets				
Trade receivables	12	**141.83**	44.44	23.96
Cash and cash equivalents	13	**3,528.03**	3,314.49	985.72
Other financial assets	14	**36.23**	21.25	10.02
Other current assets	15	**14.38**	13.20	11.41
Total current assets		**3,720.47**	3,393.38	1,031.11
Total assets		**8,109.86**	4,337.56	1,735.27
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	**1.00**	1.00	1.00
Other equity	17	**5,972.26**	2,708.15	876.71
Total Equity		**5,973.26**	2,709.15	877.71
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	18	**87.58**	-	23.20
Provisions	19	**45.81**	39.46	31.64
Total non-current liabilities		**133.39**	39.46	54.84
Current liabilities				
Financial liabilities				
Trade payables	20	**1,131.66**	1,029.34	632.13
Other current liabilities	21	**870.85**	559.61	170.59
Provisions	22	**0.70**	-	-
Total current liabilities		**2,003.21**	1,588.95	802.72
Total equity and liabilities		**8,109.86**	4,337.56	1,735.27
Corporate Information	1			
Significant accounting policies	2			
Accompanying notes form an intergral part of the financial statements				

Accompanying notes form an integral part of the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants

for and on behalf of the Board of Directors
Mahindra Educational Institutions
CIN: U80300TG2013NPL086878

M.V. Ramana Murthy
Partner

Vineet Nayyar	**C P Gurnani**	**Milind Kulkarni**
Director	Director	Director
DIN: 00018243	DIN: 00018234	DIN: 00012888

Hyderabad, 25 May, 2017

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2017

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note No.	**Year ended 31 March 2017**	Year ended 31 March 2016
Income			
Fee from Academic Courses	23	**3,635.17**	2,204.07
Donations		**-**	1,700.00
Other Income	24	**246.56**	84.47
Total		**3,881.73**	3,988.54
Expenses			
Academic Expenses	25	**988.25**	877.38
Employee Benefits Expense	26	**1,258.17**	986.96
Finance Cost	27	**4.32**	-
Depreciation and Amortization Expense	28	**541.75**	255.93
Other expenses	29	**2,132.35**	1,742.90
Total		**4,924.84**	3,863.16
Surplus Before Tax		**(1,043.11)**	125.38
Tax Expense			
Current Tax			
Deferred Tax			
Surplus for the year		**(1,043.11)**	125.38
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		**7.22**	(3.93)
Income tax on items that will not be reclassified to profit or loss		**-**	-
		7.22	(3.93)
B. Items that may be reclassified to profit or loss		**-**	-
Total other comprehensive income for the year		**7.22**	(3.93)
Total comprehensive income for the year		**(1,035.89)**	121.44
Total comprehensive income for the year attributable to:			
Owners of the Company		**(1,035.89)**	121.44
Non controlling interests		**-**	-
Earnings per equity share	34		
Basic - (In Rs. per share)		**(10,431.11)**	1,253.79
Diluted - (In Rs. per share)		**(10,431.11)**	1,253.79
Corporate Information	1		
Significant accounting policies	2		
Accompanying notes form an intergral part of the financial statements			

Accompanying notes form an integral part of the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants

for and on behalf of the Board of Directors
Mahindra Educational Institutions
CIN: U80300TG2013NPL086878

M.V. Ramana Murthy
Partner

Vineet Nayyar	**C P Gurnani**	**Milind Kulkarni**
Director	Director	Director
DIN: 00018243	DIN: 00018234	DIN: 00012888

Hyderabad, 25 May, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

All amounts are Rupees in lakhs unless otherwise stated

		Year ended 31 March 2017	Year ended 31 March 2017
A.	**Cash flow from operating activities**		
	Surplus before tax	**(1,043.11)**	125.38
	Adjustments for		
	Depreciation and Amortization Expense	**541.75**	255.93
	Interest Income	**(216.80)**	(69.52)
	Operating profit before working capital changes	**(718.16)**	311.78
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Other Non-Current Financial Assets	**(12.99)**	5.84
	Other Non-Current Assets	**3.96**	(27.65)
	Trade receivables	**(97.39)**	(20.48)
	Other Current Assets	**(1.18)**	(1.79)
	Adjustments for increase / (decrease) in operating liabilities:		
	Other Non-Current Financial Liability	**87.58**	(23.20)
	Long Term Provisions	**6.35**	7.82
	Trade Payables	**109.55**	393.28
	Other Current Liabilities	**311.24**	389.02
	Short Term Provisions	**0.70**	-
	Cash generated from operations	**(310.34)**	1,034.62
	Income Tax paid (Net)	**(5.93)**	(2.34)
	Net cash flow from operating activities (A)	**(316.27)**	1,032.28
B.	**Cash flow from investing activities**		
	Capital Expenditure on Fixed Assets & Intangible Assets	**(2,190.01)**	(471.80)
	Investments in Bank Deposits	**(1,782.00)**	(2,400.00)
	Redemption or Maturity of Bank Deposits	**-**	2,400.00
	Interest Received	**201.82**	58.29
	Net cash flow used in investing activities (B)	**(3,770.19)**	(413.51)
C.	**Cash flow from financing activities**		
	Amounts received towards Building and Equipment Fund	**4,300.00**	1,710.00
	Net cash flow from financing activities (C)	**4,300.00**	1,710.00
	Net increase / (decrease) in cash and cash equivalents	**213.54**	2,328.77
	Cash and cash equivalents at the beginning of the year	**3,314.49**	985.72
	Cash and cash equivalents at the end of the year	**3,528.03**	3,314.49

Accompanying notes form an integral part of the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 25 May, 2017

for and on behalf of the Board of Directors
Mahindra Educational Institutions
CIN: U80300TG2013NPL086878

Vineet Nayyar	**C P Gurnani**	**Milind Kulkarni**
Director	Director	Director
DIN: 00018243	DIN: 00018234	DIN: 00012888

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

All amounts are Rupees in lakhs unless otherwise stated

A. Equity Share Capital

Issued and paid up equity share capital	Amount
Balance as at 01 April 2015	**1.00**
Changes in equity share capital during the year	**-**
Balance as at 31 March 2016	**1.00**
Changes in equity share capital during the year	**-**
Balance as at 31 March 2017	**1.00**

B. Other Equity

Particulars	Reserves & Surplus			Items of Other Comprehensive Income (OCI)	Attributable to Owners of the Parent	Non Controlling Interests	Total
	Corpus Fund	Building and Equipment Fund	Retained Earnings	Remeasurements of net defined benefit plans			
Balance as at 01 April 2015	**1,166.00**	**-**	**(299.82)**	**10.53**	**876.71**	**-**	**876.71**
Changes in accounting policy or prior period errors	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Restated balance at the beginning of the reporting year	**1,166.00**	**-**	**(299.82)**	**10.53**	**876.71**	**-**	**876.71**
Profit for the year	**-**	**-**	**125.38**	**-**	**125.38**	**-**	**125.38**
Other Comprehensive Income (net of income tax)	**-**	**-**	**-**	**(3.93)**	**(3.93)**	**-**	**(3.93)**
Total comprehensive income for the year	**-**	**-**	**125.38**	**(3.93)**	**121.44**	**-**	**121.44**
Contributions received during the year	**-**	**1,710.00**	**-**		**1,710.00**	**-**	**1,710.00**
Balance as at 31 March 2016	**1,166.00**	**1,710.00**	**(174.44)**	**6.59**	**2,708.15**	**-**	**2,708.15**
Profit for the year	**-**	**-**	**(1,043.11)**	**-**	**(1,043.11)**	**-**	**(1,043.11)**
Other Comprehensive Income (net of income tax)	**-**	**-**	**-**	**7.22**	**7.22**	**-**	**7.22**
Total comprehensive income for the year	**-**	**-**	**(1,043.11)**	**7.22**	**(1,035.89)**	**-**	**(1,035.89)**
Contributions received during the year	**-**	**4,300.00**	**-**	**-**	**4,300.00**	**-**	**4,300.00**
Balance as at 31 March 2017	**1,166.00**	**6,010.00**	**(1,217.55)**	**13.81**	**5,972.26**	**-**	**5,972.26**

Accompanying notes form an integral part of the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 25 May, 2017

for and on behalf of the Board of Directors
Mahindra Educational Institutions
CIN: U80300TG2013NPL086878

Vineet Nayyar	**C P Gurnani**	**Milind Kulkarni**
Director	Director	Director
DIN: 00018243	DIN: 00018234	DIN: 00012888

Notes to the standalone financial statements for the year ended 31 March 2017

All amounts are Rupees in lakhs unless otherwise stated

1. Corporate Information

Mahindra Educational Institutions ("the Company") incorporated as a Not-for-Profit Company with main objects to establish institutions of higher learning such as setting up of universities, colleges, academics and research institutes, encouraging education and research work in different disciplines, to promote innovation and technology development, to collaborate and / or affiliate with other universities in India for the cause of promoting high quality higher education within India.

2. Significant accounting policies:

2.1 Statement of Compliance:

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 , Companies (Indian Accounting Standards) Amendment Rules , 2016] and other relevant provisions of the Act. Up to the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the first Ind AS financial statements and the date of transition to Ind AS is 01 April 2015. Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given in Note 3.1

2.2 Basis for preparation of financial statements:

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India on accrual basis under the historical cost convention, except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Use of Estimates:

The preparation of these standalone financial statements requires the management of the Company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

2.4 Property, Plant & Equipment and Other Intangible assets:

Property, Plant & Equipment and Other intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortisation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as assessed based on Part C of Schedule II to the Companies Act 2013 except in respect of Library books which have been depreciated over 3 years based on their condition, usability etc., as per the technical estimates of the Management. The cost of software purchased for internal use is capitalized and depreciated in full in the year in which it is put to use. The estimated useful lives and residual values of the tangible and intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company's leasing arrangements are mainly in respect of operating leases for premises and building. The leasing arrangements range upto 99 years generally and are usually cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Income and Expenditure."

i) Finance lease:

Where the Company, as a lessor, leases assets under finance lease, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on constant rate of return on the outstanding net investment. Assets taken on finance lease are accounted as Property, Plant & Equipment at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

ii) Operating lease:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Income and Expenditure on a straight line basis over the lease term.

2.6 Impairment of Assets:

i) Financial assets

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through Statement of Income and Expenditure.

ii) Non-financial assets

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Income and Expenditure.

2.7 Revenue recognition:

Revenue in respect of fee income is recognised on accrual basis considering certainity of realisation. Amounts received in advance of services performed are recorded as advances from students.

Interest income on bank deposits is accounted on accrual basis.

2.8 Donations / Funds received

Donations received are accounted as contributions to corpus fund or treated as revenue based on the directions from the donor.

a) Corpus Fund

Donations received from donors with a direction for utilisation towards capital expenditure are treated as corpus fund.

b) Building and Equipment Fund

Donations received from donors with a direction for utilisation towards development of infrastructure facilities including bulidings and equipment are treated as building and equipment fund.

2.9 Foreign currency transactions:

The functional currency of the Company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities of foreign operations are restated into the functional currency using exchange rates prevailing on the date of the Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the Statement of Income and Expenditure.

2.10 Foreign Operations:

For the purpose of these financial statements, the assets and liabilities of the Company's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

2.11 Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in Statement of Income and Expenditure.

i) Non-derivative financial instruments

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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in Statement of Income and Expenditure.

Financial liabilities

Financial liabilities at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Income and Expenditure.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.12 Employee Benefits:

a) Gratuity:

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for the Company. Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur.

b) Provident fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Income and Expenditure on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company. The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

c) Compensated absences:

The employees are entitled to accumulate leave subject to certain limits. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for the Company. The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the Balance Sheet date. Actuarial gains and losses are recognised in full in the Statement of Other Comprehensive Income in the period in which they occur.

2.13 Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised 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 utilised.

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

Tax on distributed profits payable in accordance with the provisions of the Income-Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India (ICAI)

2.14 Earnings per Share:

Basic earnings/ (loss) per share are calculated by dividing the net surplus / (deficit) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net surplus / (deficit) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.15 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Contingent Assets are not recognized in the financial statements.

3. First-time adoption - mandatory exceptions, options exemptions

The Company has prepared the opening consolidated balance sheet as per Ind AS as of 01 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not remitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind-AS, and applying Ind-AS in measurement of recognised assets and liabilities, However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below:

3.1 Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all its plant and equipment, investment property, and intangible assets recognised as of 01 April 2015 (the transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4. Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statement.

Key sources of estimation uncertainty:

The following are the key assumptions concerning the future , and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Useful lives of property, plant and equipment:

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1inputs are not available, the Company engages third party qualified valuers to perform the valuation . Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Executive Officer reports to the board of fluctuations in the fair value of the assets and liabilities.

Provision for employee benefits:

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period . These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Provision for taxes:

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

5. New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to 31 March 2017

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Ind AS 115:

Ind AS 115 (Revenue from Contracts with Customers) was issued in February 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services.

The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

All amounts are Rupees in lakhs unless otherwise stated

6. Property, Plant and Equipment

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Building	**492.94**	17.72	-
Plant and Machinery	**548.07**	432.47	363.46
Computers	**186.69**	212.31	-
Office Equipment	**84.02**	51.68	157.20
Furniture and Fixtures	**17.25**	11.04	-
Library Books	**39.67**	58.62	47.33
	1,368.63	783.86	567.99

	Building	Plant and Machinery	Computers	Office Equipment	Furniture and Fixtures	Library Books
Cost or deemed Cost						
Balance as at 01 April 2015	-	420.27	-	167.94	-	52.11
Additions	19.99	148.94	224.57	15.42	13.50	35.77
Disposals/Adjustments	6.29	(18.07)	121.51	(118.69)	(1.30)	0.19
Balance as at 31 March 2016	**26.28**	**551.14**	**346.08**	**64.67**	**12.20**	**88.07**
Additions	516.94	276.70	121.91	56.41	18.59	67.90
Disposals/Adjustments						
Balance as at 31 March 2017	**543.22**	**827.84**	**467.99**	**121.08**	**30.79**	**155.97**
Accumulated depreciation						
Balance as at 01 April 2015	-	56.81	-	10.75	-	4.78
Depreciation	8.22	62.17	120.67	15.21	1.33	24.65
Disposals / Adjustments	0.34	(0.31)	13.10	(12.96)	(0.17)	0.01
Balance as at 31 March 2016	**8.56**	**118.66**	**133.77**	**12.99**	**1.15**	**29.45**
Depreciation	41.72	161.10	147.54	24.08	12.38	86.85
Disposals / Adjustments						
Balance as at 31 March 2017	**50.28**	**279.77**	**281.30**	**37.07**	**13.54**	**116.30**
Carrying Amount						
Balance as at 01 April 2015	-	363.46	-	157.20	-	47.33
Additions	19.99	148.94	224.57	15.42	13.50	35.77
Disposals	6.29	(18.07)	121.51	(118.69)	(1.30)	0.19
Depreciation	(8.22)	(62.17)	(120.67)	(15.21)	(1.33)	(24.65)
Depreciation Adjustment	(0.34)	0.31	(13.10)	12.96	0.17	(0.01)
Balance as at 31 March 2016	**17.72**	**432.47**	**212.31**	**51.68**	**11.04**	**58.62**
Additions	516.94	276.70	121.91	56.41	18.59	67.90
Disposals	-	-	-	-	-	-
Depreciation	(41.72)	(161.10)	(147.54)	(24.08)	(12.38)	(86.85)
Depreciation Adjustment	-	-	-	-	-	-
Balance as at 31 March 2017	**492.94**	**548.07**	**186.69**	**84.02**	**17.25**	**39.67**

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
7	**Capital work-in-progress**			
	Capital work-in-progress	**1,063.48**	-	-
	Total	**1,063.48**	-	-
8	**Other intangible assets**			
	Software	-	-	-
	Total	-	-	-

		Software	Total
8.1	**Cost or Deemed Cost**		
	Balance as at 01 April 2015	84.58	84.58
	Additions	13.60	13.60
	Disposals/Adjustments	10.08	10.08
	Balance as at 31 March 2016	**23.68**	**23.68**
	Additions	68.09	68.09
	Disposals/Adjustments	-	-
	Balance as at 31 March 2017	**68.09**	**68.09**
8.2	**Accumulated depreciation**		
	Balance as at 01 April 2015	84.58	84.58
	Depreciation	23.68	23.68
	Disposals / Adjustments	-	-
	Balance as at 31 March 2016	**23.68**	**23.68**
	Depreciation	68.09	68.09
	Disposals / Adjustments	-	-
	Balance as at 31 March 2017	**91.77**	**91.77**
8.3	**Carrying Amount**		
	Balance as at 01 April 2015	-	-
	Additions	13.60	13.60
	Disposals	10.08	10.08
	Depreciation	(23.68)	(23.68)
	Depreciation Adjustment	-	-
	Balance as at 31 March 2016	-	-
	Additions	68.09	68.09
	Disposals	-	-
	Depreciation	(68.09)	(68.09)
	Depreciation Adjustment	-	0.00
	Balance as at 31 March 2017	-	-

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
9	**Other financial assets**			
	(unsecured, considered good)			
	Investments in term deposits	**1,912.00**	130.00	130.00
	(with remaining maturity of more than twelve months)			
	Security Deposits	**13.15**	0.16	6.00
	Total	**1,925.15**	130.16	136.00
10	**Non-Current tax asset (net)**			
	Tax Deducted at Source	**8.44**	2.51	0.17
	Total	**8.44**	2.51	0.17
11	**Other non current assets**			
	Capital Advances	**23.69**	27.65	-
	Total	**23.69**	27.65	-
12	**Trade Receivables**			
	Unsecured, considered good	**141.83**	44.44	23.96
	Doubtful	**-**	-	-
		141.83	44.44	23.96
	Allowance for doubtfull debts	**-**	-	-
	Total	**141.83**	44.44	23.96
12.1	**Of the above, trade receivables from:**			
	Related parties [Refer note 32]	**-**	-	-
	Others	**141.83**	44.44	23.96
		141.83	44.44	23.96
12.2	**Classification of trade receivables**			
	Non-Current	**-**	-	-
	Current	**141.83**	44.44	23.96
	Total	**141.83**	44.44	23.96
13	**Cash and Cash Equivalent**			
	Balances with scheduled banks			
	In Savings accounts	**3,495.23**	3,301.29	29.18
	In Current accounts	**32.80**	13.20	956.54
	Cash on hand	**-**	-	-
	Total	**3,528.03**	3,314.49	985.72

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
14	**Other financial assets**			
	(unsecured, considered good)			
	Interest Receviable on deposits	**36.23**	21.25	10.02
	Total	**36.23**	21.25	10.02
15	**Other current assets**			
	Loans and Advances to Employees	**1.13**	1.28	3.75
	Prepaid expenses	**7.90**	7.00	7.00
	Others	**5.35**	4.92	0.66
	Total	**14.38**	13.20	11.41

16 Equity Share capital

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	**Amounts**	Number of Shares	Amounts	Number of Shares	Amounts
Authorised Share Capital						
Equity share capital of Rs.10 each	**10,000**	**1.00**	10,000	1.00	10,000	1.00
Issued, Subscribed and Fully Paid up						
Equity share capital of Rs.10 each	**10,000**	**1.00**	10,000	1.00	10,000	1.00

16.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	**Amounts**	Number of Shares	Amounts	Number of Shares	Amounts
Equity share capital of Rs.10 each						
Balance as at beginning of the period	**10,000**	**1.00**	10,000	1.00	10,000	1.00
Issued during the period	**-**	**-**	-	-	-	-
Balance as at end of the period	**10,000**	**1.00**	10,000	1.00	10,000	1.00

16.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	**Amounts**	Number of Shares	Amounts	Number of Shares	Amounts
Equity shares of Rs.10 each fully paid held by						
Tech Mahindra Limited*	**10,000**	**1.00**	10,000	1.00	10,000	1.00

* 100 equity shares are held by one of the director as nominee

16.3 Details of shares held by each shareholders holding more than 5% shares in the Company

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of Shares	**% of holding**	Number of Shares	% of holding	Number of Shares	% of holding
Equity shares of Rs.10 each fully paid held by						
Tech Mahindra Limited*	**10,000**	**100%**	10,000	100%	10,000	100%

* 100 equity shares are held by one of the director as nominee

16.4 Rights, preferences and restrictions attached to equity shares

The equity shares of the Company having par value of Rs.10/- per share rank pari passu in all respects including voting rights and entitlement to dividend. Repayment of the capital in the event of winding up of the Company will inter alia be subject to the provisions of Companies Act 2013, the Articles of Association of the Company and as may be determined by the Company in General Meeting prior to such winding up.

All amounts are Rupees in lakhs unless otherwise stated

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
17 Other equity			
Corpus Fund	**1,166.00**	1,166.00	1,166.00
Building and Equipment Fund	**6,010.00**	1,710.00	-
Retained Earnings	**(1,217.55)**	(174.44)	(299.82)
Items of Other Comprehensice Income			
Remeasurement of defined benefit plans	**13.81**	6.59	10.53
Total	**5,972.26**	2,708.15	876.71

17.1 Movement in components of other equity

	Corpus Fund	**Building and Equipment Fund**	**Retained Earnings**	**Total**
As at 01 April 2015	1,166.00	-	(299.82)	866.18
Changes in accounting policy / prior period errors	-	-	-	-
Restated balance as at 01 April 2015	**1,166.00**	**-**	**(299.82)**	**866.18**
Contributions during the year	-	1,710.00	-	1,710.00
Surplus for the year	-	-	125.38	125.38
Other Comprehensive income for the year	-	-	-	-
As at 31 March 2016	**1,166.00**	**1,710.00**	**(174.44)**	**2,701.56**
Contributions during the year	-	4,300.00	-	4,300.00
Surplus for the year	-	-	(1,043.11)	(1,043.11)
Other Comprehensive income for the year	-	-	-	-
As at 31 March 2017	**1,166.00**	**6,010.00**	**(1,217.55)**	**5,958.45**

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
17.2	**Other Comprehensive Income accumulated in Other Equity, net of tax**			
	The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below			
			Remeasurement of defined benefit plans	**Total**
	As at 01 April 2015		10.53	10.53
	Remeasurement gain/(loss) on defined benefit plans		(3.93)	(3.93)
	Income tax effect		-	-
	As at 31 March 2016		**6.59**	**6.59**
	Remeasurement gain/(loss) on defined benefit plans		7.22	7.22
	Income tax effect		-	-
	As at 31 March 2017		**13.81**	**13.81**

17.3 Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital so as to safeguard its ability to continue as a going concern. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
18	**Other financial liabilities**			
	Caution Deposit from students	**87.58**	-	23.20
	Total	**87.58**	-	23.20
19	**Provisions (Non-Current)**			
	Provision for Employee Benefits [Refer note 35]			
	Compensated Absences	**16.90**	16.21	17.38
	Gratuity	**28.91**	23.25	14.26
	Total	**45.81**	**39.46**	**31.64**
20	**Trade Payables**			
	Acceptances	**-**	-	-
	Other than Acceptances	**1,131.66**	1,029.34	632.13
	Total	**1,131.66**	**1,029.34**	**632.13**

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
20.1	Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:			
a)	Principal amount remaining unpaid	**-**	-	-
b)	Interest due thereon	**-**	-	-
c)	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	**-**	-	-
d)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	**-**	-	-
e)	Interest accrued and remaining unpaid	**-**	-	-
f)	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 enterprises.	**-**	-	-
21	**Other current liabilities**			
	Statutory remittances	**100.95**	56.66	0.59
	Others	**769.90**	502.95	170.00
	Total	**870.85**	**559.61**	**170.59**
22	**Provisions (Current)**			
	Provision for Employee Benefits [Refer note 35]			
	Compensated Absences	**0.70**	-	-
	Gratuity	**-**	-	-
	Total	**0.70**	**-**	**-**

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016
23	**Fee from Academic Courses**		
	Academic Fee	**2,578.97**	1,646.10
	Application Fee	**31.64**	22.32
	Hostel Fee	**865.37**	449.40
	Gymkhana Fee	**159.19**	86.25
	Total	**3,635.17**	**2,204.07**
24	**Other Income**		
	Interest on Bank Deposits	**216.80**	69.52
	Interest Inomce from other financial assets (measured at amortised cost)	**29.76**	-
	Miscellaneous income	**-**	14.95
	Total	**246.56**	**84.47**

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016
25	**Academic Expenses**		
	Student Scholarship	**248.00**	200.00
	Tution Fees	**14.48**	18.05
	Affiliation Fees	**392.43**	283.88
	Ecole Centrale Paris Charges	**296.88**	351.83
	Seminars and Conferences	**6.19**	13.12
	Laboratory expenses	**16.31**	4.42
	Research expenses	**3.18**	0.79
	Other expenses	**10.78**	5.29
	Total	**988.25**	**877.38**
26	**Employee Benefits Expenses**		
	Salaries and wages	**1,165.73**	918.80
	Contribution to provident and other funds	**77.15**	58.89
	Gratuity	**12.88**	5.05
	Staff welfare expenses	**2.41**	4.22
	Total	**1,258.17**	**986.96**
27	**Finance Costs**		
	Other Borrowing Costs		
	Interest on Caution Deposit	**4.32**	-
	Total	**4.32**	**-**
28	**Depreciation and Amortisation**		
	On Tangible assets	**473.67**	232.24
	On Intangible assets	**68.09**	23.68
	Total	**541.75**	**255.93**
29	**Other Expenses**		
	Rent	**936.29**	848.52
	Rates and taxes	**0.38**	6.50
	Power and fuel	**140.21**	138.56
	Printing and Stationery	**10.93**	15.67
	Books and Periodicals	**1.11**	1.97
	Travelling and Conveyance	**63.72**	38.40
	Communication	**31.67**	12.64
	Advertisement and Publicity	**105.21**	148.29
	Recruitment expenses	**4.11**	19.53
	Repair and Maintenance	**165.01**	91.24
	Security Charges	**53.72**	34.78
	General Office Expenses	**110.03**	88.80
	Legal and Professional Charges [Refer note 29.1]	**101.96**	53.37
	Catering expenses	**406.73**	243.96
	Bank Charges	**0.49**	0.11
	Miscellaneous expenses	**-**	-
	Honarorium	**0.78**	0.56
	Total	**2,132.35**	**1,742.90**

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2017	As at 31 March 2016
29.1	**Auditors' Remuneration included under Legal and Professional Charges (excluding service tax)**		
	for Statutory Audit	**175.00**	1.50
	for Tax Audit	**100.00**	1.06
	for Other Matters		
	Total	**275.00**	**2.56**
30	**Commitments and Contingencies**		
30.1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**521.23**	-
30.2	Contingent Liabilities	**Nil**	Nil

31 Operating Leases

31.1 Rental expenses of Rs.936.29 Lakhs [31 March 2016 : Rs.848.52 Lakhs] has been charged to Statement of Income and Expenditure in respect of cancellable operating lease.

31.2 The Company has entered into Operating Lease arrangement for land and buildings. The lease is non-cancellable for a period of 99 years from April 09, 2014.

	Year Ended 31 March 2017	Year Ended 31 March 2016
Future Minimum Lease Payments		
Not later than one year	**942.83**	780.04
Later than one year and not later than five years	**4,698.90**	4,777.56
Later than five years		
Total	**5,641.73**	**5,557.60**
Lease payments recognised in the statement of income and expenditure	**936.29**	848.52

32 Related Party Transactions

32.1 Following is the list of related parties and their relationships

	Party Name	Relationship
1	Tech Mahindra Limited	Holding Company
2	Mahindra and Mahindra Limited	Ultimate Holding Company
3	Tech Mahindra Foundation	Fellow Subsidairy
4	Mahindra Vehicle Manufacturers Limited	Fellow Subsidairy

32.2 Related party transactions for the year ended 31 March 2017 are as follows:

All amounts are Rupees in lakhs unless otherwise stated

	Year Ended 31 March 2017	Year Ended 31 March 2016
Tech Mahindra Limited		
Donations Received	**-**	1,700.00
Donations Received towards Building and Equipment Fund	**2,800.00**	-
Expenses Reimbursed	**43.18**	0.84
Rent Paid	**963.96**	848.52
Professional fees	**99.97**	
Reimbursement paid	**4.20**	0.08
Mahindra and Mahindra Limited		
Donations Received towards Building and Equipment Fund	**1,500.00**	1,500.00
Tech Mahindra Foundation		
Donations Received towards Building and Equipment Fund	**-**	160.00
Mahindra Vehicle Manufacturers Limited		
Donations Received towards Building and Equipment Fund	**-**	50.00
Credit Balances at the end of the year		
Tech Mahindra Limited	**365.45**	197.20

33 Segment Information

Based on the assessment of the chief operating decision maker ('CODM'), for the purpose of resource allocation and assessment of segment performance, the Company has only one business segment viz, of providing educational services. Hence there are no reportable segments under Ind AS. During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

34 Earnings Per Equity Shares	**Year Ended 31 March 2017**	Year Ended 31 March 2016
Net surplus after tax	**(1,043.11)**	125.38
Shares - [In Numbers]		
Number of shares at the beginning of the year	**10,000**	10,000
Total number of equity shares outstanding at the end of the year	**10,000**	10,000
Weighted average number of equity shares outstanding during the year - Basic and Diluted	**10,000**	10,000
Earnings per share in Rs. - Par value of Rs.10 per share		
Basic and Diluted* [in Rs. per share]	**(10,431.11)**	1,253.79

* The Company has no dilutive instruments.

35 Employee benefit plans

The gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benfits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design mean the risks commonly affecting the liabilities and the financial results are exposed to:

a) Interest rate risk : the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

b) Salary inflation risk : Higher than expexted increases in salary will increase the defined benefit obligation

c) Demographic risk : For example, as plan is open to new entrants, an increase in membership will increase the defined benefit obligation. Also, the plan only provides benefits upon completion of a vesting criteria. Therefore, if tunover rates increase, then the liability will tend to fall as fewer employees reach vesting period.

I The Principal Assumptions used for the purposes of the acturial valuation as follows

All amounts are Rupees in lakhs unless otherwise stated

	Details	31-Mar-17	31-Mar-16
1	Discount Rate(s)	**8%**	8%
2	Expected Rate(s) of salary increase	**4%**	Teaching 3% ; Non Teaching 5%
3	Demographic Assumptions		
	Mortality Rate	**Indian Assured lives Mortality (2006-08) Ult.**	Indian Assured lives Mortality (2006-08) Ult.
	Withdrawal Rate (per Annum)	**4%**	4%

II Disclosure of defined benefit cost :

All amounts are Rupees in lakhs unless otherwise stated

	Details	Year ended 31 March 2017	Year ended 31 March 2016
A	**Amounts Recongnised in Statement of Income and Expenditure**		
1	Current Service Cost	**10.70**	9.59
2	Interest Cost	**1.86**	1.34
3	Settlement cost / (credit)	**-**	-
4	**Cost recognised in statement of income and expenditure**	**12.56**	10.93

35 Employee benefit plans cont…

All amounts are Rupees in lakhs unless otherwise stated

	Details	Year ended 31 March 2017	Year ended 31 March 2016
B	**Amounts Recongnised in Other Comprehensive Income (OCI)**		
1	Actuarial (gain)loss due to DBO experience	**(6.90)**	(4.43)
2	Actuarial (gain)loss due to DBO assumption changes	**-**	-
3	**Actuarial (gain)loss arising during the period**	**(6.90)**	(4.43)
4	Return on plan assets (Greater)/Less than discount rate	**-**	-
5	Actuarial (gains)/losses recognised in OCI	**(6.90)**	(4.43)
6	Adjustment for limit on net asset	**-**	-
7	Cumulative Actuarial (Gain)/ Loss Recogni zed via OCI at Prior Period End	**-**	-
8	**Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End**	**(6.90)**	(4.43)
C	**Defined benefit cost**		
1	Service Cost	**10.70**	9.59
2	Net interest on net defined benefit liability / (asset)	**1.86**	1.34
3	Actuarial (gains)/losses recognised in OCI	**(6.90)**	(4.43)
4	Immediate recognition or (gains)/losses - other long term employee benefit plans	**-**	-
5	Defined Benefit Cost	**5.66**	6.50

III Changes in benefit obligation and assets

All amounts are Rupees in lakhs unless otherwise stated

	Details	As at 31 March 2017	As at 31 March 2016
A.	**Changes in defined benefit obligation:**		
1	Defined benefit obligation(DBO) at the end of prior period	**23.25**	16.74
2	Current service cost	**10.70**	9.60
3	Interest cost	**1.86**	1.33
4	Curtailment (credit)/ cost	**-**	-
5	Settlement (credit)/ cost	**-**	-
6	Past service cost - plan amendments	**-**	-
7	Acquisitions (credit)/ cost	**-**	-
8	Actuarial (gain)/loss	**(6.90)**	(4.43)
9	Actuarial (gain)/loss - demographic assumptions	**-**	-
10	Actuarial (gain)/loss - financial assumptions	**-**	-
11	Benefits paid directly by the Company	**-**	-
12	Benefits paid from plan assets	**-**	-
13	DBO at end of current period	**28.91**	23.24
B.	**Changes in fair value of assets:**		
1	Fair value of assets at end of prior period	**-**	-
2	Acquisition adjustment	**-**	-
3	Interest income on plan assets	**-**	-
4	Employer contributions	**-**	-
5	Return on plan assets greater/(lesser) than discount rate	**-**	-
6	Benefits paid	**-**	-
7	Fair Value of assets at the end of current period	**-**	-

35 Employee benefit plans cont…

IV Additional Disclosures

		31 March 2017	31 March 2016
A.	**Expected benefit payments for the Period ending**		
	2017	**4.07**	3.06
	2018	**69.68**	3.58
	2019	**97.52**	41.13
	2020	**128.11**	32.63
	2021	**157.46**	24.47
	2022	**174.52**	14.87
B.	**Current and Non current breakup**		
	Current liability	**-**	-
	Non current liability	**28.90**	23.24
	Total Liability	**28.90**	23.24

V Sensitivity Analysis

All amounts are Rupees in lakhs unless otherwise stated

	Details	As at 31 March 2017	As at 31 March 2016
A	**Discount rate**		
	Discount rate as at year end	**8%**	8%
	Effect on DBO due to 1% increase in discount rate	**25.59**	20.53
	Effect on DBO due to 1% decrease in discount rate	**32.98**	26.59
B	**Salary escalation rate**		
	Salary escalation rate as at year end	**4%**	4%
	Effect on DBO due to 1% increase in salary escalation rate	**29.93**	27.81
	Effect on DBO due to 1% decrease in salary escalation rate	**23.29**	21.72
C	**Attrition rate**		
	Salary escalation rate as at year end	**4%**	4%
	Effect on DBO due to 1% increase in attrition rate	**25.59**	20.53
	Effect on DBO due to 1% decrease in attrition rate	**32.98**	26.60

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directons, while the Plan's sensitivity to such changes can vary over time.

All amounts are Rupees in lakhs unless otherwise stated

36 Financial Instruments

36.1 Accounting classification and fair values

The carrying amounts and fair values of financial instruments by class are as follows:

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Financial Assets			
Financial assets measured at fair value	**-**	-	-
Financial assets measured at amortised cost			
Other financial assets	**1,961.38**	151.41	146.02
Financial Liabilities			
Financial liabilities measured at fair value	**-**	-	-
Financial liabilities measured at amortised cost			
Other financial liabilities	**87.58**	-	23.20

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, trade payables at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

36.2 Fair value hierarchy

The fair value of financial instruments as referred to in note 36.1 above have been classified into three categories depending on the inputs used in the valuation technique. The hirarchy gives the hightest priority to quoted prives in active markets for identical assets or liabilities (Level 1 measurements) and lowest periority to unobservable inputs (Level 3 measurements).

The Company does not have any financial assets and liabilities, which are measured at fair value.

Other financial assets and liabilities

Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

36.3 Financial Risk Management

The Company's activities are exposed to liquidity and market risks. The Company's senior management has the overall responsibility for establishing and governing the company's risk management frame work. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the board annually.

37.1 Effect of Ind-AS adoption on the balance sheet as at 31 March 2016

		As at 01 April 2015		
Particulars	**Note No**	**Previous GAAP**	**Effect of transition to Ind-AS**	**As per Ind AS balance sheet**
ASSETS				
Non-current assets				
Property, plant and equipment		783.86	-	783.86
Capital work-in-progress		-	-	-
Other intangible assets		-	-	-
Financial assets				
Other financial assets	37.8	130.00	(0.16)	130.16
Non-Current tax asset (net)	37.8	2.67	0.16	2.51
Other non current assets	37.8	-	(27.65)	27.65
Total non-current assets		**916.53**	**(27.65)**	**944.18**
Current assets				
Financial assets				
Trade receivables		44.44	-	44.44
Cash and cash equivalents		3,314.49	-	3,314.49
Other financial assets		21.25	-	21.25
Other current assets	37.8	40.85	27.65	13.20
Total current assets		**3,421.03**	**27.65**	**3,393.38**
Total assets		**4,337.56**	**-**	**4,337.56**

Particulars	Note No	As at 01 April 2015 Previous GAAP	Effect of transition to Ind-AS	As per Ind AS balance sheet
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1.00	-	1.00
Other equity		2,708.15	-	2,708.15
Total Equity		**2,709.15**	-	**2,709.15**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Other financial liabilities		-	-	-
Provisions		39.46	-	39.46
Total non-current liabilities		**39.46**	-	**39.46**
Current liabilities				
Financial liabilities				
Trade payables		1,029.34	-	1,029.34
Other current liabilities		559.61	-	559.61
Provisions		-	-	-
Total current liabilities		**1,588.95**	-	**1,588.95**
Total equity and liabilities		**4,337.56**	-	**4,337.56**

37.2 Effect of Ind-AS adoption on the balance sheet as at 01 April 2015

Particulars	Note No	As at 01 April 2015 Previous GAAP	Effect of transition to Ind-AS	As per Ind AS balance sheet
ASSETS				
Non-current assets				
Property, plant and equipment		567.99	-	567.99
Capital work-in-progress		-	-	-
Other intangible assets		-	-	-
Financial assets				
Other financial assets	37.8	130.00	(6.00)	136.00
Non-Current tax asset (net)	37.8	-	(0.17)	0.17
Other non current assets	37.8	6.17	6.17	-
Total non-current assets		704.16	-	704.16
Current assets				
Financial assets				
Trade receivables		23.96	-	23.96
Cash and cash equivalents		985.72	-	985.72
Other financial assets		10.02	-	10.02
Other current assets		11.41	-	11.41
Total current assets		1,031.11	-	1,031.11
Total assets		**1,735.27**	-	**1,735.27**

Particulars	Note No	As at 01 April 2015 Previous GAAP	Effect of transition to Ind-AS	As per Ind AS balance sheet
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1.00	-	1.00
Other equity		876.71	-	876.71
Total Equity		**877.71**	**-**	**877.71**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Other financial liabilities		23.20	-	23.20
Provisions		31.64	-	31.64
Total non-current liabilities		**54.84**	**-**	**54.84**
Current liabilities				
Financial liabilities				
Trade payables	37.8	593.76	(38.37)	632.13
Other current liabilities	37.8	208.96	38.37	170.59
Provisions		-	-	-
Total current liabilities		**802.72**	**-**	**802.72**
Total equity and liabilities		**1,735.27**	**-**	**1,735.27**

37.3 Effect of Ind-AS adoption on the statement of income and expenditure for the year ended 31 March 2016

Particulars	Note	Year ended 31 March 2016 Previous GAAP	Effect of transition to Ind-AS	As per Ind AS Statement of Income and Expenditure
Income				
Fee from Academic Courses		2,204.07	-	2,204.07
Donations		1,700.00	-	1,700.00
Other Income		84.47	-	84.47
Total		**3,988.54**	**-**	**3,988.54**
Expenses				
Academic Expenses		877.38	-	877.38
Employee Benefits Expense	37.9	990.89	3.93	986.96
Finance Cost		-	-	-
Depreciation and Amortization Expense		255.93	-	255.93
Other expenses		1,742.90	-	1,742.90
Total		3,867.09	3.93	3,863.16
Surplus Before Tax	37.9	121.45	(3.93)	125.38
Tax Expense				
Current Tax		-	-	-
Deferred Tax		-	-	-
Surplus for the year		**121.45**	**(3.93)**	**125.38**

37.4 Reconciliation of total comprehensive income for the year ended 31 March 2016

	Note		Year ended 31 March 2016
Surplus as per previous GAAP			121.44
Adjustments			
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	37.9 & 37.10		3.93
Total effect of transition to Ind-AS			**3.93**
Surplus for the year as per Ind-AS			125.38
Other Comprehensive Income for the year (net of tax)	37.9 & 37.10		(3.93)
Total Comprehensive Income for the year			**121.44**

37.5 Reconciliation of total equity as at 31 March 2016 and 01 April 2015

	Note	**As at 31 March 2016**	As at 01 April 2015
Total equity (shareholders funds) under previous GAAP		2,709.15	877.71
Recognition of deferred taxes using the balance sheet approach under Ind AS		-	-
Total adjustment to equity		-	-
Total equity under Ind AS		**2,709.15**	**877.71**

37.6 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March 2016

	Notes	**Year ended 31 March 2016**		
		Previous GAAP	**Effect of transition to Ind-AS**	**Ind-AS**
Net cash flow from operating activities		1,032.28	-	1,032.28
Net cash flow from investing activities		(413.51)	-	(413.51)
Net cash flow from financing activities		1,710.00	-	1,710.00
Net increase / (decrease) in cash and cash equivalents		**2,328.77**	**-**	**2,328.77**
Cash and cash equivalents at the beginning of the period		**985.72**	**-**	**985.72**
Cash and cash equivalents at the end of the period		**3,314.49**	**-**	**3,314.49**

37.7 Analysis of cash and cash equivalents as at 31 March 2016 and as at 01 April 2015 for the purpose of statement of cash flows under Ind-AS

	As at 31 March 2016	As at 01 April 2015
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	**3,314.49**	985.72
Adjustments on account of transition to Ind-AS	**-**	-
Cash and cash equivalents for the purpose of statement of cash flows under Ind-AS	**3,314.49**	**985.72**

37.8 Under previous GAAP, the presentation of Balance Sheet was based on the erstwhile Schedule III of the Companies Act 2013, now Schedule III Division II of the Companies Act 2013. Under Ind AS, specified items of financial assets, financial liabilities, current income tax and provision are required to be presented separately in line with the Schedule III Division I of the Companies Act 2013.

37.9 Under previous GAAP, acturial gains and losses were recognised in Statement of Income and Expenditure. Under Ind AS, the acturial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. The acturial gain for the year ended 31 March 2016 was Rs.3.93 Lakhs. This change does not affect total equity, but there is a decrease in surplus before tax of Rs.3.93 Lakhs and in total surplus of Rs.3.93 Lakhs and a corresponding increase in other comprehensive income by a similar amount for the year ended 31 March 2016. There is no effect of tax on these reclassification.

37.10 Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expenses, gains, or losses are required to be presented in other comprehensive income.

38 The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts			
Less:			
Permitted payments	-	-	-
Amount deposited in Bankes	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

Explanation : For the purposes of this clause, the term ‘Specified Bank Notes’ shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

39 Provision for current tax and deffered tax has not been made since the Income of Company is exempted U/s 12A of the Income Tax Act, 1961.

Accompanying notes form an integral part of the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants

for and on behalf of the Board of Directors
Mahindra Educational Institutions
CIN: U80300TG2013NPL086878

M.V. Ramana Murthy
Partner

Vineet Nayyar
Director
DIN: 00018243

C P Gurnani
Director
DIN: 00018234

Milind Kulkarni
Director
DIN: 00012888

Hyderabad, 25 May, 2017

PF HOLDINGS B.V.

Board of Directors
Mr. Vikram Nair
Mr. Tanveer Hussain
Mr. Sandeep Phadke
Mr. Wadhera.Rajan
Mr. Shah Anish

RegisteredOffice
5232 BE 's-Hertogenbosch,
Amerikastraat 7

Bankers
JP Morgan Chase Bank
BNP Paribas
BANCA Intermobiliare Di Investimenti E Gestioni

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF PF HOLDINGS B.V.

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of PF Holdings B.V. ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally applicable in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Restriction on distribution and use

The Report is intended solely for information and use of the Board of directors of the Company and for Tech Mahindra Limited (Holding Company), for preparation of Consolidated Ind AS Financial Statements. Our report is intended solely for providing our opinion on these Ind AS financial statements which is used for the preparation of the consolidated Ind AS Financial Statements of the Holding Company and should not be distributed or used for any other purpose without our prior consent.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/ W- 100018)

Nilesh Lahoti
Partner
(Membership No. 130054)

Place: Pune

BALANCE SHEET AS AT MARCH 31, 2017

Balance Sheet as at	Note No.	Amount in Euro 31-Mar-17
ASSETS		
Non-Current Assets		
(a) Financial Assets		
(i) Investments	3	**41,154,604**
(b) Other Non-Current Assets	4	**13,008,762**
Total Non-Current Assets		**54,163,366**
Current Assets		
(a) Financial Assets		
(i) Cash and Cash Equivalents	5	**458,295**
(ii) Loans	6	**16,000,000**
(iii) Other Financial Assets	7	**34,000**
(b) Other Current Assets	8	**1,574,130**
Total Current Assets		**18,066,425**
Total Assets		**72,229,791**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	9	**57,730,024**
(b) Other Equity	10	**(106,380)**
Total Equity		**57,623,644**
Liabilities		
Non-current liabilities		
Other Non-Current Liabilities	11	**13,008,762**
Total Non-Current Liabilities		**13,008,762**
Current liabilities		
(a) Financial Liabilities		
(i) Trade Payables	12	**51,228**
(ii) Other Financial Liabilities	13	**2,027**
(b) Other Current Liabilities	14	**1,544,130**
Total Current Liabilities		**1,597,385**
Total Equity and Liabilities		**72,229,791**
See accompanying notes forming part of the financial statements	1 to 21	

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM APRIL 29, 2016 (BEING THE DATE OF INCORPORATION) TO MARCH 31, 2017

	Statement of Profit and Loss for the	Note No.	Amount in Euro For the period from April 29, 2016 to March 31, 2017
I	Revenue from Operations		-
II	Other Income	15	**1,371,499**
III	**Total Revenue (I +II)**		**1,371,499**
IV	**EXPENSES**		
	Subcontracting Expenses		-
	Finance Cost	16	**88,329**
	Other Expenses	17	**1,389,550**
	Total Expenses		**1,477,879**
V	**Profit before Tax (III-IV)**		**(106,380)**
VI	**Tax Expense**		
	Current Tax		-
	Deferred Tax		-
	Total Tax Expense		-
VII	**Profit after tax (V-VI)**		**(106,380)**
VIII	**Other Comprehensive Income**		
A	I. Items that will not be reclassified to Profit or Loss		
	(a) Remeasurements of the Defined Benefit Liabilities - gain / (loss)		-
	(b) Equity Instruments through Other Comprehensive Income - gain / (loss)		-
	II. Income Tax relating to items that will not be reclassified to Profit or Loss		-
B	I. Items that will be reclassified to Profit or Loss		
	(a) Effective portion of gain / (loss) on Designated Portion of Hedging Instruments in a Cash Flow Hedge (net)		-
	II. Income Tax relating to items that will be reclassified to Profit or Loss		-
	Total Other Comprehensive Income (A+B)		-
IX	**Total Comprehensive Income (VII + VIII)**		**(106,380)**
	Earnings per Equity Share (Face Value Euro 1) in Euro	19	
	Basic		**-0.003**
	Diluted		**-0.003**
	See accompanying notes forming part of the financial statements	1 to 21	

STATEMENTS OF CHANGES IN EQUITY

A. Equity Share Capital

	Amount in Euro
Issued and Paid up Capital at April 29, 2016	**-**
Changes in equity share capital during the year	**57,730,024**
Balance at March 31, 2017	**57,730,024**

B. Other Equity -Reserves and Surplus - Retained Earnings

Amount in Euro

Particulars	**Balance as at March 31, 2017**
Balance as at April 29, 2016	**-**
Profit for the year	**(106,380)**
Other Comprehensive Income (net)	**-**
Total Comprehensive income	**(106,380)**

CASH FLOW STATEMENT FOR THE

			Amount in Euro For the period from April 29, 2016 to March 31, 2017
A	**Cash Flow from Operating Activities**		
	Profit before Tax		**(106,380)**
	Adjustements to reconcile profit before tax to net cash used in Operating activities:		
	Investment in Subsidiaries (Refer note 3)	**(25,264,705)**	
	Loan given	**(17,544,130)**	
	Interest received on Loan given	**(34,000)**	
	Working capital changes		
	Other Current assets	**(30,000)**	
	Trade Payable and Other current liabilities	**1,597,385**	
			(41,275,450)
	Cas used in Operations		**(41,381,830)**
	Income Tax Refund / (Paid) (net)		**-**
	Net Cash (used in) Operating Activities (A)		**(41,381,830)**
C	**Cash Flow from Financing Activities**		
	Proceeds from Issue of Equity Shares (Refer note 9)	**41,840,125**	
	Net Cash Flow from / (used in) Financing Activities (C)		**41,840,125**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**458,295**
	Cash and Cash Equivalents at April 29, 2016		**-**
	Cash and Cash Equivalents (refer note below)		**458,295**

Note:

Cash and Cash Equivalents Comprises of	**As at March 31, 2017**
Balances with Banks :	
In Current Accounts	**458,295**
	458,295

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 29, 2016 TO MARCH 31, 2017

Note Particulars

1 Corporate information

The company is incorporated on April 29, 2016, principal place of business at Amerikastraat 7-11, 5232, BE s- Hertogenbosch, The Netherland. The financial statements are expressed in EURO (EUR).

The company is an inverstment company.The principal activities of the company are the financing of the acquisition and constitution of the Subsidiary Company and enable the shareholders to fulfill the term of acquistion in documents in relation to the acquisition, including the further capitalisation of subsidiary and the proposed mandatory tender offer in relation to acquisition public shareholding of subsidiary.

The company is a 60% subsidiary of Tech Mahindra Limited (India).

The financial statements of the company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on , 2017.

2 Significant accounting policies:

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation of financial statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The functional currency of the Company is Norwegian Krone (NOK). The Financial statements have been prepared as per section 129 (1) of the Act to assist the Tech Mahindra Limited (Parent Company) for preparation of consolidated financial statements and for the purpose of compliance with the provision of section 129 and Section 136 read with Schedule III of the Companies Act, 2013.

2.3 Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest income is recognised using effective interest rate method.

2.7 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.8 Foreign currency transactions:

The functional currency of the company is Norwegian Krone (NOK).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

2.9 Financial Instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

Non-derivative financial instruments:

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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.10 Taxes on income

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the country.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

2.11 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.12 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2017

Statement of Cash flows

Ind AS 7 Statement of Cash Flows was issued in February 2015. MCA on March 17, 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 7.

The amendments made to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments are to be applied prospectively for annual periods beginning on or after April 1, 2017. Earlier application is not permitted. When the amendments are first applied, entities are not required to present comparative information for earlier periods. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Note 3 : Investments : Non Current

Particulars		**Amount in Euro As at 31-Mar-17**
Trade		
In Subsidiary- quoted		
22,967,914 Equity Shares of Euro 1 each fully paid-up of Pininferina SPA (Refer Note 18.b)	**25,264,705**	
Increase on account of financial Guarantee (Refer Note 9)	**15,889,899**	**41,154,604**
Total		**41,154,604**

Note 4 : Other Non-Current Assets

Particulars	**Amount in Euro As at 31-Mar-17**
(Unsecured, considered good unless otherwise stated)	
Other Loans and Advances	
Considered Good (Refer Note 18.b)	**13,008,762**
Total	**13,008,762**

Note 5 : Cash and Cash Equivalents

Particulars	**Amount in Euro As at 31-Mar-17**
Balances with banks	
In Current Account	**458,295**
Total	**458,295**

Note 6 : Loans : Current

Particulars	**Amount in Euro As at 31-Mar-17**
(Unsecured, considered good unless otherwise stated)	
Loans to related parties (Refer Note 18.b)	**16,000,000**
	16,000,000

Note 7 : Other Financial Assets : Current

Particulars	**As at 31-Mar-17**
(Unsecured, considered good unless otherwise stated)	
Interest Receivable - Others (Refer Note 18.b)	**34,000**
	34,000

Note 6 : Other Current Assets

Particulars	As at 31-Mar-17
(Unsecured, considered good unless otherwise stated)	
Others Loans and Advances	
Considered Good (Refer Note 18.b)	**1,574,130**
Considered Doubtful	**-**
Less: Allowance on other loans and advances	**-**
	1,574,130

Note 9 : Equity Share Capital

Particulars	March 31, 2017 Number	Amount in Euro
Authorised		
Equity shares of Euro 1/- each with voting rights	**41,840,125**	**41,840,125**
Issued, Subscribed and Paid up		
Shares Issued during the year	**41,840,125**	**41,840,125**
Increase on account of financial Guarantee (Refer Note i Below)	**-**	**15,889,899**
Adjusted : Issued, Subscribed Share Capital	**41,840,125**	**57,730,024**
Reconciliation of number of Equity Shares and amount outstanding		
Shares outstanding at April 29, 2016	**-**	**-**
Shares issued during the period	**41,840,125**	**57,730,024**
Total	**41,840,125**	**57,730,024**
Less : Shares issued to ESOP Trust but not allotted to employees	**-**	**-**
Adjusted : Issued, Subscribed Share Capital	**41,840,125**	**57,730,024**

Note:

i) Share Capital amount has been increased by an amount of Euro 15,889,899, being financial guarantee given by Tech Mahindra Limited to bankers of Pininfarina accounted as equity contribution in accordance with Ind AS 109.

ii) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

iii) **Capital Management:** The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company currently consists of total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's management reviews the capital structure of the Company on an ongoing basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of Shareholder	As at March 31, 2017 No. of Shares held	% of Holding
Tech Mahindra Limited	**25,104,075**	**60%**
Mahindra & Mahindra Limited	**16,736,050**	**40%**

i) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

Note 10 : Other Equity

	Amount in Euro As at March 31, 2017
- Retained Earnings	
Opening balance at April 29, 2016	-
Add : Profit for the year	**(106,380)**
Closing Balance	**(106,380)**

Note 11 : Other Non Current Liabilities

Particulars	**Amount in Euro As at 31-Mar-17**
Unearned Revenue (Refer Note 18.b)	**13,008,762**
Total	**13,008,762**

Note 12 : Trade Payables

Particulars	**Amount in Euro As at 31-Mar-17**
Trade Payables other than Accrued Salaries and Benefits	**51,228**
Total	**51,228**

Note 13: Other Financial Liabilities : Current

Particulars	**Amount in Euro As at 31-Mar-17**
- Interest payable on borrowings (Refer Note 18.b)	**2,027**
Total	**2,027**

Note 14 : Other Current Liabilities

Particulars	**Amount in Euro As at 31-Mar-17**
- Unearned Revenue (Refer Note 18.b)	**1,544,130**
Total	**1,544,130**

Note 15 : Other Income

Particulars	**Amount in Euro** **For the period from April 29, 2016 to March 31, 2017**
Interest Income	
- On Other financial assets carried at amortised cost	**492**
- On Inter Corporate Deposits (Refer Note 17.b)	**1,371,007**
Total	**1,371,499**

Note 16 : Finance Cost

Particulars	**Amount in Euro** **For the period from April 29, 2016 to March 31, 2017**
Interest on Short term Loan and Cash Credits	**34,521**
Interest on Loan from related Parties (Refer Note 18.b)	**53,808**
Total	**88,329**

Note 17 : Other Expenses

Particulars	**Amount in Euro** **For the period from April 29, 2016 to March 31, 2017**
Rates and Taxes	**14,220**
Legal and Other Professional Costs	**37,228**
Miscellaneous Expenses (Refer Note 18.b)	**1,338,102**
Total	**1,389,550**

Note 18 As required under Ind AS 24, Related Party Disclosures, following are the transactions during the year ended March 31, 2017 and outstanding balances as of that date:

Note	**Particulars**	
18	**Related party transactions**	
18.a	**Details of related parties:**	
	Description of relationship	**Names of related parties**
	Holding Company	Tech Mahindra Limited
	Subsidiary Company (76.18% subsidiary)	Pininfarina S.p.A.

18.b Details of related party transactions during the year ended March 31, 2017 and balances outstanding as at March 31, 2017:

Amount in Euro

Particulars	**Holding Company**	**Subsidiary Company (76.18% subsidiary)**	**Total**
Investments	-	41,154,604	41,154,604
Interest Income	-	1,371,007	1,371,007
Loan Received	4,755,387	-	4,755,387
Loan Repayment	4,807,168	-	4,807,168
Loan Given	-	16,000,000	16,000,000
Misc. Expenses		1,337,007	1,337,007
Interest Expenses	53,808		53,808
Share Capital Issued	25,104,075	-	25,104,075
Advance Given	-	13,008,762	13,008,762
Balances outstanding at the end of the year			
Interest Receivables	-	1,371,007	1,371,007
Interest Payable	2,027	-	2,027
Unearned Revenue	-	14,552,892	14,552,892
Loans Receivable	-	16,000,000	16,000,000
Investment	-	41,154,604	41,154,604
Advances Receivable	-	13,008,762	13,008,762

19 Earnings Per Share is calculated as follows:

Particulars	For the period from April 29, 2016 to March 31, 2017
Profit after taxation	**(106,380)**
Equity Shares outstanding as at the end of the year (in nos.)	**41,840,125**
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**38,515,841**
Nominal Value per Equity Share (in NOK)	**1**
Earnings Per Share:	
Earnings Per Share (Basic) (in NOK)	**(0.003)**
Earnings Per Share (Diluted) (in NOK)	**(0.003)**

20 Financial Instruments and Risk Review

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The carrying value and fair value of financial instruments by categories as of March 31, 2017 is as follows:

Particulars			**Amount in Euro**
	Amortised cost	**Carrying value**	**Fair value**
Assets:			
Investment	41,154,604	41,154,604	41,154,604
Cash and cash equivalents	458,295	458,295	458,295
Loans	16,000,000	16,000,000	16,000,000
Other Financial Assets	34,000	34,000	34,000
	57,646,899	**57,646,899**	**57,646,899**
Liabilities:			
Trade and other payables	51,228	51,228	51,228
Other Financial Liabilities	2,027	2,027	2,027
	53,255	53,255	53,255

21 The Company was incorporated on April 29, 2016. This being the first year of Operations, the account have been prepared for period commencing from April 29, 2016 (being the date of incorporation) to March 31, 2017 and there are no corresponding previous year figures.

PININFARINA S.P.A.

Board of Directors

Paolo Pininfarina
Silvio Pietro Angori
Manoj Bhat
Romina Guglielmetti
Chander Prakash Gurnani
Jay Itzkowitz
Sara Miglioli
Antony Michael Sheriff

Registered Office

Via Bruno Buozzi 6 - Turin - Italy

Auditors

KPMG S.p.A.,

DIRECTORS' REPORT

General considerations

The Group

The Group recorded revenue of €68.9 million for the year, down 16.8% on 2015, mainly due to the smaller engineering services provided in Italy and Germany. The design and limited series cars activities also lost impetus, partly offset by the rise in royalties.

EBITDA (gross operating profit) at €1.5 million decreased by €0.9 million due to the aforesaid contraction in business volumes, the costs incurred for the debt restructuring agreement with the lending institutions and the sale of the majority investment in Pininfarina S.p.A. to the Mahindra Group during the year.

EBIT (operating loss) was a negative €2.9 million compared to a negative €12.4 million for the previous year, mainly a result of provisions and impairment losses on assets (the latter at the San Giorgio Canavese facility, which has been inactive since 2010 and not expected to be used for production in the future) of roughly €10.8 million.

The Group's net financial expense for the year ended 31 December 2016 showed a marked improvement on the previous year, thanks, in particular, to the reduction in its interest expense calculated on a strongly reduced debt after the coming into force (on 30 May 2016) of the new Rescheduling Agreement with the lending institutions. Following this agreement, which entailed the settlement and extinguishment of roughly 58% of the parent's debt and the rescheduling of the residual debt to 2025, Pininfarina S.p.A. recognised a gain of approximately €26.5 million on the extinguishment of financial liabilities.

The Group recognised an income tax benefit of €10 thousand for 2016 compared to a tax expense of €0.6 million for 2015, mainly due to the tax benefits availed of by Pininfarina Extra S.r.l. provided for by the Patent Box Decree.

As a result of the above, the Group recorded a profit for the year of €20.5 million compared to a loss of €18.2 million for the previous year.

Equity increased from €9.8 million to €30.5 million, mainly as a result of the profit for the year. Net financial debt decreased from €47.7 million at 31 December 2015 to €17.7 million at the reporting date. This improvement was achieved thanks to the new Rescheduling Agreement and the settlement and extinguishment of part of the debt which decreased more than proportionally compared to the cash used to pay it. Outstanding principal due by the parent to the lending institutions on its loans and borrowings decreased from €97.8 million at 31 December 2015 to €41.2 million at the reporting date.

The workforce numbered 578 at the reporting date (31 December 2015: 621, -7%).

Pininfarina S.p.A.

The 2016 key events of Pininfarina S.p.A. are as follows:

- in accordance with the agreement signed on 14 December 2015 and disclosed to the market on that date, on 30 May 2016, Pincar S.r.l. in liquidiation sold its entire investment in Pininfarina S.p.A. (76.063% of its share capital) to PF Holding B.V., a company under Dutch law owned by TechMahindra Limited and Mahindra & Mahindra Limited. Pursuant to the relevant legislation, the Dutch company then launched a mandatory takeover bid for the rest of Pininfarina S.p.A.'s share capital (7,205,128 shares or 23.88%) on 11 July 2016; Based on the final outcome of the bid, during the Acceptance Period (11 July - 29 July 2016), 22,348 Pininfarina ordinary shares, equal to roughly 0.0741% of the share capital and 0.3102% of the ordinary shares covered by the offer, were tendered, for a total amount of €24,582.80. Considering the tendered Pininfarina ordinary shares, the 22,945,566 Pininfarina ordinary shares equal to 76.06% of Pininfarina's share capital already directly held by the Bidder before the Acceptance Period and the parent's treasury shares in portfolio (15,958, or 0.05% of its share capital), PF Holding B.V. holds 22,967,914 ordinary shares of the parent, equal to 76.1368% of its share capital. Given the definitive outcome of the takeover bid, Pininfarina S.p.A.'s float has remained substantially unchanged compared to the period before the bid;
- again on 30 May 2016, once Pininfarina S.p.A.'s Rescheduling Agreement with its lending institutions became effective, the parent settled and extinguished its debt with the banks that chose this option (equal to approximately 58% of its €97.8 million nominal debt before the transaction) and rescheduled to 2025 its approximate €41 million debt with the banks that decided to remain its creditors. The rescheduled debt bears interest at 0.25% pa (rising by the difference between the actual rate and 4% if the six-month Euribor exceeds 4%) and is secured by a first demand surety issued by the Mahindra Group. PF Holdings B.V. granted an interest-bearing (annual 0.25% interest rate) loan of €16 million to Pininfarina S.p.A., in order for the latter to be able to meet its payment obligations on the same date on which it had to repay its debt (30 May 2016);

- on 21 November 2016, and as provided for in the Financial plan, Pininfarina's shareholders resolved to increase share capital against payment by a maximum of €26,532,528, to be carried out by instalments before 31 July 2017. The majority shareholder has agreed to subscribe €20,000,000 using (if necessary) the loan already granted to Pininfarina. The parent will file the Prospectus, prepared using the 2016 consolidated figures approved by the board of directors, with Consob (the Italian commission for listed companies and the stock exchange), which is required to offer the new shares to its shareholders that have the right of first refusal.

VAT dispute

No further progress has been made with respect to the VAT dispute originated in 2006 which, after two levels of judgements, is pending before the Supreme Court of Cassation since Spring 2011.

Human resources and the environment

A breakdown of group employee at the reporting date by business and geographical segments is set out below.

Business segment

	Engineering	Operations	Design	General Staff	TOTAL
2016	318	75	98	87	578
2015	373	76	86	86	621

The figures of the operations segment do not include 50 employees who were transferred to a third party on 1 April 2011 by virtue of a business lease agreement that expired on 31 December 2013, was extended until 31 December 2016 and has now been renewed until 31 December 2022.

Geographical segment

	Italy	Germany	China	USA	TOTAL
2016	305	238	23	12	578
2015	311	282	20	8	621

Research

Research in 2016 mainly continued to complete the project to enhance the Group's skillset for analysis of super lightweight components and hybrid electric vehicles, including through the study of easy integration and dismantlement during a product's life cycle. The project has included the building of physical demonstrators and prototypes and the subsequent assessment of the scientific results, which was completed in December, and was part of the European Union's 7th Framework Programme. With respect to the EU's Horizon 2020 Programme, in addition to the research started at the end of 2015 into innovative materials (high performance alloys at low cost), Pininfarina has commenced another research project into new production technologies using aluminium hybrid machines in the integrated production cycle to test parts and components. Research activities were worth approximately €0.5 million.

Pininfarina S.p.A.

During the year, the parent made use of the ordinary government-sponsored lay-off scheme for a few periods, the last of which ended on 10 December 2016.

In 2016, there were no deaths or accidents at work causing serious or very serious injuries to registered employees, nor was the parent found liable for occupational diseases contracted by employees or former employees or mobbing. On the other hand, the parent reached out-of-court agreements covering remuneration issues with employees or former employees while no cases were brought against the parent for financial and/or physiological damage (e.g., personal injuries, moral damage, hedonic damage, etc.).

With reference to investments in safety in the workplace and the environment, the parent pays utmost attention to the continuous upgrading and/or improvement of operating layouts and machinery/equipment in line with relevant legislation. Expected investments for 2017 amount to roughly €700,000.

Further to the sale agreement (31 December 2009) for the Grugliasco facility, an environmental audit was carried out in 2011 that found that the hydrocarbons parameter in one small area exceeded the legal limit. The parent immediately commenced the reclamation procedures provided for by the environmental legislation. The authorities approved the characterisation plan (2012). The parent filed the risk analysis for the area involved in Summer 2013, showing the acceptability/absence of risk. A dispute commenced with the Grugliasco local authorities during their approval of the risk analysis, as they requested that the analysis be extended to the entire facility, which they erroneously believed to be "abandoned". The parent appealed to the Piedmont regional administrative court against the request of the local authorities. With its ruling no. 382/2014, the regional administrative court rejected the appeal citing an unconvincing reason. Therefore, the parent filed an appeal with the Italian council of state against the ruling. On 18 June 2014 and 15 June 2015, it filed motions for urgency with the president of section V of the council of state in order to request that a date for the hearing for the merit be fixed. The date of the hearing is still pending.

During the year, Sviluppo Investimenti Territorio S.r.l. (S.I.T.) appealed with an application for an interim order to the Piedmont regional tax court against the extraordinary and urgent order adopted by the Grugliasco municipality, which alleged that SIT had left waste on its site (which belonged to Pininfarina up until December 2009). The appeal claimed that Pininfarina S.p.A. was partly liable. The parent appeared before the court after having been notified of the appeal. The regional tax court rejected the application for an interim order proposed by SIT with its ruling no. 53/2017, finding in Pininfarina S.p.A.'s favour and that, inter alia, the order to remove the abandoned waste was correctly addressed to the current owner SIT.

The parent's waste disposal and recycling environmental policies are available on its website. Moreover, Pininfarina S.p.A. has a 2004 UNI EN ISO 14001-certified environmental management system. A notified body checked the system's continued compliance in the Italian facilities during 2016, finding it compliant.

2016 performance by business segment

Operations

In addition to the revenue on the sale of spare parts for cars manufactured in previous years, royalties for the use of the trademark in the automotive segment and business lease income, this segment incurs the costs of the support and property management functions of the parent, Pininfarina S.p.A.. It recognised revenue of €11.4 million (€7.2 million in 2015; +58%), accounting for 16.6% of consolidated revenue (8.7% in 2015). The increase is mainly due to the trademark licence agreement signed by Pininfarina S.p.A. and Mahindra & Mahindra Limited. This segment's EBIT was a negative €4 million, compared to a negative €20.8 million in 2015 when it recorded impairment losses on assets and accruals for a redundancy programme totalling roughly €10.8 million.

Services

This segment, comprising the design, industrial design and engineering businesses, recognised revenue of €57.4 million (€75.6 million in 2015; -24%), making up 83.4% of the consolidated figure (91.3% in 2015). The reduction was principally due to the smaller engineering activities carried out in Italy and Germany. Segment EBIT amounted to €1.2 million, down on the €8.4 million operating profit for 2015.

The main activities carried out in Italy by the services segment in 2016 were:

Design

Design services were principally provided to European and Chinese customers. The international awards won by Pininfarina in 2016 include the "Concept of the Year", assigned by the US magazine Automobile to the H2 Speed car, which had already won the "Best concept" award at the Geneva International Car Show. In the non-automotive means of transport business, the Group continued the exterior design of agricultural vehicles.

Industrial design

In line with the past, the Group provided industrial design services to a plethora of customers and sectors, obtaining great commercial and reputational success. In addition to the industrial industry, the activities in this segment were directed at the architecture, aircraft interiors, luxury watches, furniture, racing bikes, building, eyewear and other sectors. The many important events of 2016 comprise the Good Design Award "Beauty of Sound" award by The Chicago Athenaeum to the Magnat LZR980 headphones and the IF Design Arward in Germany for the "Cyrela by Pininfarina" tower in Sao Paulo, Brazil for the Architecture and Interior category. The Group also won the "International Architecture Award 2016" from The Chicago Athenaeum for the control tower of the new Istanbul Airport and four awards at the German Design Award 2017: the Gold Award for the Pininfarina E-voluzione electrical bike; the Winner Award for the Ottantacinque super yacht and two

Special Mentions for the Vitra Tower in Brazil and the De Rosa SK-Pininfarina bike. Finally, the "Vento" hand basins collection, designed for the Californian company Ronbow, won the Good Design Award 2016.

Engineering

The engineering activities with the main customers (BMW, Ferrari, Mahindra and Chinese customers) continued during 2016. Wind tunnel services again recorded an outstanding performance and rocketed for the third year in a row, not only terms of activities and profitability but also thanks to the continued diversified top level customer portfolio, represented by leading international manufacturers.

Information required by Consob (the Italian Commission for listed companies and the stock exchange) pursuant to article 114.5 of Legislative decree no. 58/98

1) The tables showing the Pininfarina Group's financial debt, with separate classification of current and non-current items, are set out on page 19 hereof.
2) The Group has no past-due liabilities (of a commercial, financial, tax or social security nature). No actions against the Group have been filed by creditors.
3) The Group's related party transactions are detailed on page 67 hereof.
4) Under the existing Rescheduling Agreement, there is just one financial covenant, to be checked quarterly beginning from 31 March 2018: consolidated equity at a minimum level of €30,000,000.
5) The parent's debt restructuring plan is proceeding in accordance with the current agreements.
6) Implementation of the business plan approved by the board of directors on 27 November 2015 continues as forecast.

Group companies

Pininfarina S.p.A.

€'million	**31.12.2016**	**31.12.2015**	**Variation**
Revenue	36.8	45.2	(8.4)
EBIT	(2.3)	(16.4)	14.1
Profit (loss) for the year	23.3	(20.3)	43.6
Net financial debt	(22.7)	(54.1)	31.4
Equity	32.0	8.6	23.4
Number of employees at the reporting date	278	289	(11)

Pininfarina Extra Group

€'million	**31.12.2016**	**31.12.2015**	**Variation**
Revenue	7.8	8.5	(0.7)
EBIT	1.0	2.2	(1.2)
Profit for the year	0.9	1.5	(0.6)
Net financial position	3.4	3.8	(0.4)
Equity	6.4	6.5	(0.1)
Number of employees at the reporting date	39	30	9

Pininfarina Deutschland Group

€'million	**31.12.2016**	**31.12.2015**	**Variation**
Revenue	22.5	30.6	(8.1)
EBIT	(2.0)	1.6	(3.6)
Profit (loss) for the year	(2.0)	1.5	(3.5)
Net financial position	0.7	2.0	(1.3)
Equity	18.6	21.6	(3.0)
Number of employees at the reporting date	238	282	(44)

Pininfarina Automotive Engineering Shanghai Co Ltd

€'million	**31.12.2016**	**31.12.2015`**	**Variation**
Revenue	2.9	3.3	(0.4)
EBIT	0.3	0.1	0.2
Profit for the year	0.3	0.1	0.2
Net financial position	1.0	0.7	0.3
Equity	0.7	0.4	0.3
Number of employees at the reporting date	23	20	3

Other information

The only group company that has approved the distribution of dividends to Pininfarina S.p.A. after the reporting date is Pininfarina Extra S.r.l. (approximately €0.7 million).

Report on corporate governance and ownership structure

With reference to article 123-bis.3 of the Consolidated Finance Act, the information on the adoption of the codes of conduct (Report on corporate governance and ownership structure) is available in the “Finance” section of the parent’s website (www.pininfarina.com) as well as through the other methods provided for by current legislation.

Remuneration report

With reference to article 84-quater of the Issuer Regulation, the 2016 remuneration report will be available in the “Finance” section of the parent’s website (www.pininfarina.com) as well as through the other methods provided for by current legislation.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE PININFARINA GROUP

Financial performance

Revenue from sales and services decreased by €12.4 million to €62.7 million from €75.1 million in 2015. The change in finished goods and work in progress became a negative €4.0 million (positive €2.0 million in the previous year). Other revenue and income increased to €10.2 million from €5.6 million in the previous year and mainly comprise the business lease income and royalties earned by the parent.

2016 consolidated revenue decreased by 16.8% to €68.9 million from €82.8 million in 2015. The reduction is mainly due to the engineering activities performed in Italy and Germany. A breakdown of revenue by business segment is given on page 48. Net gains on the sale of non-current assets totalled €14.5 thousand compared to €50 thousand in 2015 (they referred to sales of machinery in both years).

Operating expense, including changes in inventories, came to €24.8 million (€33.7 million in 2015; +26.4%).

Value added fell by €5.1 million to €44.1 million from €49.2 million in the previous year. Labour cost amounted to €43.2 million (€47.7 million in 2015).

EBITDA is a positive €0.9 million, down from the €1.5 million gross operating profit for 2015, mainly due to the smaller contribution of the Italian and German engineering businesses.

Amortisation and depreciation amounted to €3.1 million with a decrease of €0.3 million (€3.4 million for 2015). Additions to/utilisation of provisions and impairment losses came to a negative €0.6 million (compared to a negative €10.5 million for 2015). Specifically, additions (net of utilisation) were €0.6 million (€1 million for 2015), releases of provisions €3 thousand (€37 thousand for 2015) while impairment losses were not recognised in 2016 (€9.5 million on property, plant and equipment in 2015).

As a result, EBIT was a negative €2.9 million (operating loss of €12.4 million in 2015).

Net financial expense decreased to €3.1 million from €5.2 million in the previous year, mainly due to the reduction in the parent's financial expense calculated on a much smaller debt as a result of the Rescheduling Agreement signed with its lending institutions which came into force on 30 May 2016. This also led to the recognition of a gain of €26.5 million on the extinguishment of financial liabilities. The profit before taxes came to €20.5 million, compared to a loss of €17.6 million for the previous year. The income tax benefit amounted to €10 thousand against an expense of €576 thousand for 2015.

The profit for 2016 came to €20.5 million compared to a loss of €18.2 million for 2015.

RECLASSIFIED INCOME STATEMENT

(€'o00)

	2016	%	2015	%	Variation
Revenue from sales and services	**62,660**	**90.98**	75,126	90.73	(12,466)
Change in inventories and contract work in progress	**(4,018)**	**(5.82)**	2,045	2.47	(6,063)
Other revenue and income	**10,227**	**14.84**	5,635	6.80	4,592
Revenue	**68,869**	**100.00**	82,806	100.00	(13,937)
Net gains on the sale of non-current assets	**14**	**0.02**	50	0.06	(36)
Materials and services (*)	**(24,840)**	**(36.07)**	(33,696)	(40.69)	8,856
Change in raw materials	**54**	**0.08**	29	0.03	25
Value added	**44,097**	**64.03**	49,189	59.40	(5,092)
Labour cost (**)	**(43,231)**	**(62.77)**	(47,689)	(57.59)	4,458
EBITDA	**866**	**1.26**	1,500	1.81	(634)
Amortisation and depreciation	**(3,143)**	**(4.56)**	(3,397)	(4.10)	254
(Additions to)/utilisation of provisions and impairment losses	**(601)**	**(0.87)**	(10,506)	(12.69)	9,905
EBIT	**(2,878)**	**(4.17)**	(12,403)	(14.98)	9,525
Net financial expense	**3,074)**	**(4.46)**	(5,202)	(6.28)	2,128
Gain on the extinguishment of financial liabilities	**26,459**	**38.42**	-	-	26,459
Share of profit of equity-accounted investees	**14**	**0.02**	12	0.01	2
Profit (loss) before taxes	**20,521**	**29.81**	(17,593)	(21.25)	38,114
Income taxes	**10**	**0.01**	(576)	(0.69)	586
Profit (loss) for the year	**20,531**	**29.82**	(18,169)	(21.94)	38,700

(*) Materials and services are net of utilisations of the provisions for product warranty and risks (€150 thousand and €62 thousand for 2015 and 2016, respectively).

(**) Labour cost is net of utilisations of the restructuring provision (€403 thousand and €701 thousand for 2015 and 2016, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the consolidated financial statements with those in the reclassified schedules is provided below:

- Materials and services include raw materials and components, other variable production costs, external variable engineering services, exchange rate gains and losses and other expenses.
- Amortisation and depreciation comprise amortisation of intangible assets and depreciation of property, plant and equipment and investment property.
- (Additions to)/utilisation of provisions and impairment losses include additions to/utilisation of provisions, impairment losses and inventory write-downs.
- Net financial expense comprises net financial expense and dividends.

Financial position

Net capital requirements at 31 December 2016 decreased by €9.4 million on the previous year end, mainly due to a reduction in net non-current assets and working capital requirements.

Specifically:

net non-current assets totalled €52.3 million (down by €1.7 million on 31 December 2015), comprising a decrease of €0.4 million in intangible assets and a reduction of €1.3 million in property, plant and equipment and equity investments;

working capital fell by €7.7 million to €0.8 million from €8.5 million at 31 December 2015;

post-employment benefits decreased to €4.9 million from €5 million at the previous year end, following the amounts paid to employees who left the Group.

Capital requirements were funded by:

- equity of €30.5 million, which rose by €20.6 million from €9.8 million at 31 December 2015. The increase is mainly attributable to comprehensive income;
- net financial debt, which decreased to €17.7 million from €47.7 million at 31 December 2015. The improvement is a result of the positive effects of the new Rescheduling Agreement that allowed a more than proportionate reduction in financial liabilities compared to the cash used to pay them.

Reconciliation between the parent's profit and equity and consolidated profit and equity

The parent's profit and equity as at and for the year ended 31 December 2016 are reconciled with the Group's relevant figures below.

	Profit (loss) for the year		**Equity**	
	2016	2015	**31.12.2016**	31.12.2015
Pininfarina S.p.A.'s separate financial statements	**23,267,243**	(20,263,436)	**32,006,165**	8,618,864
- Subsidiaries' contribution	**(819,142)**	3,083,910	**4,149,250**	6,904,529
- Goodwill of Pininfarina Extra S.r.l.	**-**	-	**1,043,497**	1,043,497
- Elimination of trademark licence in Germany	**-**	-	**(6,749,053)**	(6,749,053)
- Intragroup dividends	**(1,931,200)**	(1,001,040)	**-**	-
- Share of profit of equity-accounted investees	**14,307**	11,891	**14,307**	11,891
Consolidated financial statements	**20,531,208**	(18,168,675)	**30,464,166**	9,829,728

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€'000)

Net non-current assets (A)	**31.12.2016**	31.12.2015	Variation
Net intangible assets	**1,809**	2,252	(443)
Net property, plant and equipment and investment property	**50,111**	51,383	(1,272)
Equity investments	**337**	323	14
Total A	**52,257**	53,958	(1,701)
Working capital (B)			
Inventories	**1,749**	5,721	(3,972)
Net trade receivables and other assets	**18,376**	22,395	(4,019)
Deferred tax assets	**1,002**	926	76
Trade payables	**(12,925)**	(10,722)	(2,203)
Provisions for risks and charges	**(421)**	(1,266)	845
Other liabilities (*)	**(6,981)**	(8,545)	1,564
Total B	**800**	8,509	(7,709)
Net invested capital (C=A+B)	**53,057**	62,467	(9,410)
Post-employment benefits (D)	**4,927**	4,980	(53)
Net capital requirements (E=C-D)	**48,130**	57,487	(9,357)
Equity (F)	**30,464**	9,830	20,634
Net financial debt (G)			
Non-current loans and borrowings	**25,997**	66,122	(40,125)
Net current financial position	**(8,331)**	(18,465)	10,134
Total G	**17,666**	47,657	(29,991)
Total as in E (H=F+G)	**48,130**	57,487	(9,357)

(*) Other liabilities include the following items: deferred tax liabilities, other financial liabilities, current tax liabilities and other liabilities.

NET FINANCIAL DEBT

(€'000)

	31.12.2016	31.12.2015	Variation
Cash and cash equivalents	**27,783**	20,996	6,787
Current assets held for trading	**0**	16,359	(16,359)
Current finance lease liabilities	**-**	(11,654)	11,654
Loans and borrowings - related parties and joint ventures	**(16,024)**	0	(16,024)
Current portion of bank loans and borrowings	**(3,428)**	(7,236)	3,808
Net current financial position	**8,331**	18,465	(10,134)
Non-current loans and receivables - related parties	**134**	269	(135)
Non-current finance lease liabilities	**-**	(40,774)	40,774
Non-current bank loans and borrowings	**(26,131)**	(25,617)	(514)
Non-current loans and borrowings	**(25,997)**	(66,122)	40,125
NET FINANCIAL DEBT	**(17,666)**	(47,657)	29,991

NET FINANCIAL DEBT (CONSOB)
(CESR RECOMMENDATIONS NO. 05-04B – EU REGULATION NO. 809/2004)

(€'000)

		31.12.2016	31.12.2015	Variation
A.	Cash	**(27,783)**	(20,996)	(6,787)
B.	Other cash equivalents	**-**	-	-
C.	Securities held for trading	**0**	(16,359)	16,359
D.	**Total cash and cash equivalents (A.)+(B.)+(C.)**	**(27,783)**	**(37,355)**	**9,572**
E.	**Current loan assets**	**-**	-	-
F.	**Current bank loans and borrowings**	**-**	-	-
	Current portion of secured bank loans	**60**	-	60
	Current portion of unsecured bank loans	**3,368**	7,236	(3,868)
G.	Current portion of non-current debt	**3,428**	7,236	(3,808)
H.	Other current loans and borrowings	**16,024**	11,654	4,370
I.	**Current financial debt (F.)+(G.)+(H.)**	**19,452**	**18,890**	**562**
J.	**Net current financial position**	**(8,331)**	**(18,465)**	**10,134**
	Non-current portion of secured bank loans	**210**	300	(90)
	Non-current portion of unsecured bank loans	**25,921**	25,317	604
K.	**Non-current bank loans and borrow ings**	**26,131**	**25,617**	**514**
L.	Bonds issued	**-**	-	-
M.	Other non-current loans and borrowings	**-**	40,774	(40,774)
N.	**Net non-current financial debt (K.)+(L.)+(M.)**	**26,131**	**66,391**	**(40,260)**
O.	**Net financial debt (J+N)**	**17,800**	**47,926**	**(30,126)**

The "Net financial debt" set out above is presented in accordance with the format recommended by the Consob in Communication DEM no. 6064293 of 28 July 2006, implementing CESR (now ESMA) recommendation no. 05-04b. Because the purpose of this table is to show "Net financial debt", assets are shown with a minus sign and liabilities with a plus sign. On the contrary, in the "Net financial debt" table provided on the previous page, assets are shown with a plus sign and liabilities with a minus sign.

The reason for the difference between the amount of the "Net financial debt" on the previous page and on this page is that the latter does not include non-current loan assets. The total amount of these differences at the relevant reporting dates is shown below:

- At 31 December 2015: €269 thousand
- At 31 December 2016: €134 thousand

GOING CONCERN AND OUTLOOK FOR 2017

Going concern

On 30 May 2016, the Investment Agreement for the acquisition of the majority investment in Pininfarina S.p.A. (76.06% of its share capital, held by Pincar S.r.l. in liquidation) by TechMahindra Limited and Mahindra & Mahindra Limited became effective, as well as a debt Rescheduling Agreement between Pininfarina S.p.A. and its lending institutions.

The Dutch company PF Holdings B.V. (owned by TechMahindra Limited and Mahindra & Mahindra Limited) executed the acquisition of the majority investment and, in accordance with the relevant legislation, launched a mandatory takeover bid for all outstanding Pininfarina S.p.A. shares. The bid period started on 11 July 2016 and ended on 29 July 2016.

Again on 30 May 2016, the parent settled and extinguished its debt with the banks that chose this option (equal to approximately 58% of its €97.8 million nominal debt before the transaction) and rescheduled to 2025 its approximate €41 million debt with the banks that decided to remain its creditors. The rescheduled debt bears interest at 0.25% pa (rising by the difference between the actual rate and 4% if the six-month Euribor exceeds 4%) and is secured by a first demand surety issued by the Mahindra Group. PF Holdings B.V. granted an interest-bearing (annual 0.25% interest rate) loan of €16 million to Pininfarina S.p.A., in order for the latter to be able to meet its payment obligations on the same date on which it had to repay its debt (30 May 2016).

On 21 November 2016, as provided for in the Financial plan, Pininfarina's shareholders resolved to increase the share capital against payment by a maximum of €26,532,528, to be carried out before 31 July 2017. The majority shareholder has agreed to subscribe €20,000,000 using (if necessary) the loan already granted to Pininfarina.

The coming into force of the Rescheduling Agreement had positive effects on profit or loss (gain on the extinguishment of financial liabilities of €26.5 million) with the consequent recapitalisation of the parent. Accordingly, the issues arising from the provisions of article 2446 of the Italian Civil Code have been resolved. Moreover, the significant reduction in financial liabilities, thanks to their settlement and extinguishment, enabled the Group to regain a balance between its ability to generate cash flows and its outstanding debt.

Therefore, the first few conditions provided for in the new 2016-2025 business and financial plan, approved on 27 November 2015, have been met.

Considering all the above, assessing the effects of the debt Rescheduling Agreement and the proximity of the share capital increase envisaged by the Investment Agreement, the Board of Directors no longer believes that there are any doubts as to the Pininfarina Group's ability to continue as a going concern, also thanks to the industrial, financial and capital stability of the Mahindra Group.

Outlook for 2017

Consolidated revenue for 2017 is expected to be higher than the 2016 figure and the EBIT is forecast to be positive.

Net financial debt at 31 December 2017 should improve thanks to completion of the capital increase approved by the parent's shareholders on 21 November 2016.

Chairman of the Board of Directors

(Paolo Pininfarina)

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2016	31.12.2015
Land and buildings	1	**35,965,549**	36,956,009
Land		**7,655,314**	6,540,238
Buildings		**28,310,235**	22,594,368
Leas ed property		**-**	7,821,403
Plant and machinery	1	**3,739,856**	3,609,377
Machinery		**391,600**	429,183
Plant		**3,348,256**	3,180,194
Leas ed machinery and equipment		**-**	-
Furniture, fixtures and other assets	1	**2,289,483**	2,336,661
Furniture and fixtures		**941,196**	828,120
Hardware and s oftware		**785,390**	1,006,422
Other ass ets , including vehicles		**562,897**	502,119
Assets under construction	1	**-**	-
Property, plant and equipment		**41,994,888**	**42,902,047**
Investment property	2	**8,116,293**	**8,480,666**
Goodwill	3	**1,043,495**	1,043,495
Licences and trademarks	3	**675,921**	1,126,210
Other	3	**89,438**	82,253
Intangible assets		**1,808,854**	**2,251,958**
Associates	4	**84,922**	70,615
Joint ventures		**-**	-
Other companies	5	**252,017**	252,017
Equity investments		**336,939**	**322,632**
Deferred tax assets	18	**1,001,766**	**926,424**
Held-to-maturity investments		**-**	-
Loans and receivables	6	**133,997**	269,390
Third parties		**-**	-
Related parties		**133,997**	269,390
Available-for-sale financial assets		**-**	-
Non-current financial assets		**133,997**	**269,390**
TOTAL NON-CURRENT ASSETS		**53,392,737**	**55,153,117**
Raw materials		**116,011**	61,887
Work in progress		**-**	-
Finished goods		**214,377**	302,907
Inventories	8	**330,388**	**364,794**
Contract work in progress	9	**1,418,702**	**5,356,471**
Assets held for trading	7	**-**	16,359,251
Loans and receivables		**-**	-
Third parties		**-**	-
Related parties		**-**	-
Available-for-sale financial assets		**-**	-
Current financial assets		**-**	**16,359,251**
Derivatives		**-**	-
Trade receivables	10	**12,803,047**	17,706,296
Third parties		**12,406,317**	17,682,263
Related parties		**396,730**	24,033
Other assets	11	**5,572,480**	4,688,847
Trade receivables and other assets		**18,375,527**	**22,395,143**
Cash in hand and cash equivalents		**8,137**	11,593
Short-term bank deposits		**27,775,232**	20,984,104
Cash and cash equivalents	12	**27,783,369**	**20,995,697**
TOTAL CURRENT ASSETS		**47,907,986**	**65,471,356**
Assets held for sale		**-**	-
TOTAL ASSETS		**101,300,723**	**120,624,473**

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2016	31.12.2015
Share capital	13	**30,150,694**	30,150,694
Share premium reserve		**-**	-
Reserve for treasury shares	13	**175,697**	175,697
Legal reserve	13	**6,033,331**	6,033,331
Stock option reserve	13	**157,793**	-
Translation reserve	13	**124,112**	115,171
Other reserves	13	**2,646,208**	2,646,208
Losses carried forward	13	**(29,354,877)**	(11,122,698)
Profit (loss) for the year	13	**20,531,208**	(18,168,675)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**30,464,166**	9,829,728
Equity attributable to non-controlling interests		**-**	-
EQUITY		**30,464,166**	9,829,728
Finance lease liabilities		**-**	40,774,347
Other loans and borrowings		**26,130,952**	25,616,838
Third parties		**26,130,952**	25,616,838
Related parties		**-**	-
Non-current loans and borrowings	14	**26,130,952**	**66,391,185**
Deferred tax liabilities	18	**974**	**12,754**
Italian post-employment benefits	15	**4,926,779**	4,979,678
Other		**-**	-
Post-employment benefits		**4,926,779**	**4,979,678**
TOTAL NON-CURRENT LIABILITIES		**31,058,705**	**71,383,617**
Bank overdrafts		**-**	-
Finance lease liabilities		**-**	11,653,536
Other loans and borrowings		**19,451,614**	7,235,684
Third parties		**3,427,614**	7,235,684
Current loans and borrowings	14	**19,451,614**	**18,889,220**
Wages and salaries payable		**2,228,912**	2,536,661
Social security charges payable		**1,341,011**	1,284,921
Other		**1,396,651**	1,481,765
Other financial liabilities	16	**4,966,574**	5,303,347
Third parties		**6,910,250**	9,033,607
Related parties		**-**	15,135
Advances for contract work in progress		**6,014,357**	1,672,812
Trade payables	16	**12,924,607**	10,721,554
Direct tax liabilities		**-**	-
Other tax liabilities		**616,440**	714,662
Current tax liabilities	18	**616,440**	**714,662**
Derivatives		**-**	-
Provision for product warranty		**54,525**	54,612
Restructuring provision		**238,195**	939,360
Other provisions		**128,068**	271,653
Provisions for risks and charges	17	**420,788**	**1,265,625**
Other liabilities	16	**1,397,829**	**2,516,720**
TOTAL CURRENT LIABILITIES		**39,777,852**	**39,411,128**
TOTAL LIABILITIES		**70,836,557**	**110,794,745**
TOTAL LIABILITIES AND EQUITY		**101,300,723**	**120,624,473**

Pursuant to Consob resolution no. 15519 of 27 July 2006, an ad hoc statement of financial position showing related party transactions has not been prepared as these are already shown in the consolidated financial statements schedules. As for transactions with other related parties, such as directors and statutory auditors, “Trade payables - third parties” include accrued fees for the year of €106,501 and €51,750 relating to Pininfarina S.p.A. and Pininfarina Extra, respectively.

INCOME STATEMENT

	Note	2016	of which: related parties	2015	of which: related parties
Revenue from sales and services	19	**62,659,520**	**1,336,146**	75,126,294	2,500
Internal work capitalised		**-**		-	-
Change in inventories and contract work in progress		**(4,017,609)**		2,045,495	
Change in contract work in progress		**(3,929,079)**		2,027,644	
Change in finished goods and work in progress		**(88,530)**		17,851	
Other revenue and income	20	**10,226,750**	**5,032,000**	5,634,513	70,170
Revenue		**68,868,661**	**6,368,146**	82,806,302	72,670
Gains on sale of non-current assets and equity investments		**14,454**	**-**	50,174	-
Gain on sale of equity investments		**-**		-	
Raw materials and components	21	**(4,752,143)**		(7,581,073)	
Change in raw materials		**54,124**		29,465	
Inventory write-downs		**-**		-	
Raw materials and consumables		**(4,698,019)**	**-**	(7,551,608)	-
Consumables		**(765,332)**		(915,669)	
External maintenance		**(1,346,690)**		(1,429,374)	
Other variable production costs		**(2,112,022)**	**-**	(2,345,043)	-
External variable engineering services	22	**(5,306,243)**	**-**	(9,652,376)	(44,629)
Blue collars, white collars and managers		**(42,013,601)**		(46,430,737)	
Independent contractors and temporary workers		**-**		-	
Social security contributions and other post-employment benefits		**(1,217,607)**		(1,258,295)	
Wages, salaries and employee benefits	23	**(43,231,208)**	**-**	(47,689,032)	-
Depreciation of property, plant and equipment and investment property		**(2,581,859)**		(2,709,060)	
Amortisation of intangible assets		**(561,483)**		(688,379)	
Losses on sale of non-current assets and equity investments		**-**		-	
(Additions to)/utilisation of provisions and impairment losses	24	**(600,526)**		(10,505,665)	
Amortisation, depreciation and impairment losses		**(3,743,868)**	**-**	(13,903,104)	-
Net exchange rate gains (losses)		**(26,622)**		73,970	
Other expenses	25	**(12,642,937)**	**(400,000)**	(14,191,135)	
Operating loss		**(2,877,804)**	**5,968,146**	(12,401,852)	28,041
Net financial expense	26	**(3,088,927)**	**(15,391)**	(5,202,260)	66,620
Gain on the extinguishment of financial liabilities	27	**26,458,885**		-	-
Dividends		**14,561**		-	-
Share of profit of equity-accounted investees		**14,307**		11,892	-
Profit (loss) before taxes		**20,521,022**	**5,952,755**	(17,592,220)	94,661
Income taxes	18	**10,186**		(576,455)	-
Profit (loss) for the year		**20,531,208**	**5,952,755**	(18,168,675)	94,661
Of which:					
- Profit (loss) for the year attributable to the owners of the parent		**20,531,208**		(18,168,675)	
- Profit (loss) for the year attributable to non-controlling interests		**-**		-	
Basic/diluted earnings (loss) per share:					
- Profit (loss) for the year attributable to the owners of the parent		**20,531,208**		(18,168,675)	
- Number of ordinary shares, net		**30,150,694**		30,150,694	
- Basic/diluted earnings (loss) per share		**0.68**		(0.60)	

STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
Profit (loss) for the year	**20,531,208**	(18,168,675)
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans - IAS 19	**(73,278)**	38,096
- Income taxes	**9,774**	(6,858)
- Other	**-**	-
Total items of other comprehensive income (expense) that will not be reclassified to profit or loss, net of tax effect:	**(63,504)**	31,238
Items that will or may be subsequently reclassified to profit or loss:		
- Gains from translation of financial statements of foreign operations - IAS 21	**8,940**	79,614
- Other	**-**	-
Total items of other comprehensive income (expense) that will be subsequently reclassified to profit or loss, net of tax effect:	**8,940**	79,614
Total other comprehensive income (expense), net of tax effect	**(54,564)**	110,852
Comprehensive income (expense)	**20,476,645**	(18,057,823)
Of which:		
- Comprehensive income (expense) attributable to the owners of the parent	**20,476,645**	(18,057,823)
- Comprehensive income (expense) attributable to non-controlling interests	**-**	-
Of which:		
- Comprehensive income (expense) from continuing operations	**20,476,645**	(18,057,823)
- Comprehensive income (expense) from discontinued operations	**-**	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of related party transactions on the income statement of the Pininfarina Group are shown in the table provided above and in the “Other Information” section of the notes.

STATEMENT OF CHANGES IN EQUITY

	31.12.2014	Comprehensive expense	Stock option reserve	Allocation of prior year loss	31.12.2015
Share capital	30,150,694	-		-	30,150,694
Share premium reserve	-	-		-	-
Reserve for treasury shares	175,697	-		-	175,697
Legal reserve	6,033,331	-		-	6,033,331
Translation reserve	35,557	79,614		-	115,171
Other reserves	2,646,208	-		-	2,646,208
Losses carried forward	(9,891,053)	31,238		(1,262,883)	(11,122,698)
Loss for the year	(1,262,883)	(18,168,675)		1,262,883	(18,168,675)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	27,887,551	(18,057,823)		-	9,829, 728
Equity attributable to non-controlling interests	-	-		-	-
EQUITY	**27,887,551**	**(18,057,823)**		**-**	**9,829,728**

	31.12.2015	Comprehensive expense	Stock option reserve	Allocation of prior year loss	31.12.2016
Share capital	30,150,694	-	-	-	30,150,694
Share premium reserve	-	-	-	-	-
Reserve for treasury shares	175,697	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	6,033,331
Stock option reserve	-	-	157,793	-	157,793
Translation reserve	115,171	8,941	-	-	124,112
Other reserves	2,646,208	-	-	-	2,646,208
Losses carried forward	(11,122,698)	(63,504)	-	(18,168,675)	(29,354,877)
Profit (loss) for the year	(18,168,675)	20,531,208	-	18,168,675	20,531,208
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	9,829,728	20,476,645	157,793	-	30,464,166
Equity attributable to non-controlling interests	-	-	-	-	-
EQUITY	**9,829,728**	**20,476,645**	**157,793**	**-**	**30,464,166**

STATEMENT OF CASH FLOWS

	2016	2015
Profit (loss) for the year	**20,531,208**	(18,168,675)
Adjustments:		
- Income taxes	**(10,186)**	576,455
- Depreciation of property, plant and equipment and investment property	**2,581,859**	2,709,060
- Amortisation of intangible assets	**561,483**	688,379
- Impairment losses, provisions and change in accounting estimates	**(541,535)**	8,892,773
- Gains on the sale of non-current assets	**(14,454)**	(50,174)
- Financial expense	**3,250,706**	5,600,949
- Financial income	**(161,779)**	(398,689)
- Dividends	**-**	-
- Share of profit of equity-accounted investees	**(14,307)**	(11,892)
- Profit (loss) from discontinued operations	**-**	-
- Other adjustments	**(26,386,800)**	119,541
Total adjustments	**(20,735,013)**	**18,126,402**
Change in work ing capital:		
- Decrease in inventories	**255,280**	238,166
- (Increase)/decrease in contract work in progress	**3,937,769**	(2,027,644)
- Decrease in trade receivables and other assets	**3,815,239**	9,311,962
- Increase in receivables from related parties and joint ventures	**(372,697)**	(14,273)
- Increase/(decrease) in trade payables, other financial liabilities and other lia	**(3,579,021)**	216,338
- Decrease in payables to related parties and joint ventures	**(15,135)**	(29,905)
- Increase/(decrease) in advances for contract work in progress and deferred	**4,341,545**	(1,604,974)
- Other changes	**9,597**	(117,394)
Total changes in working capital	**8,392,577**	**5,972,276**
Gross cash flows from operating activities	**8,188,772**	**5,930,003**
- Interest expense	**(336,248)**	(650,885)
- Income taxes	**(9,597)**	(582,687)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**7,842,927**	**4,696,431**
- Purchases of non-current assets and equity investments	**(1,559,796)**	(3,013,527)
- Proceeds from the sale of non-current assets and equity investments	**109,108**	50,000
- Proceeds from the sale of discontinued operations, net of cash sold	**-**	-
- Increase in loans and receivables - third parties	**-**	-
- Increase in loans and receivables - related parties and joint ventures	**16,000,000**	-
- Repayment of loans and receivables - third parties	**-**	-
- Repayment of loans and receivables - related parties and joint ventures	**144,002**	1,567,000
- Proceeds from the sale of current assets held for trading	**16,359,251**	(736)
- Financial income	**81,085**	212,527
- Dividends collected	**-**	-
- Other changes	**(35,492)**	82,115
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**31,098,158**	**(1,102,621)**
- Proceeds from the issue of shares	**-**	-
- Increase in finance lease liabilities and other loans and borrowings - third pa	**-**	-
- Increase in other loans and borrowings - related parties and joint ventures	**-**	-
- Repayment of finance lease liabilities and other loans and borrowings - third	**(32,153,413)**	(7,021,896)
- Repayment of other loans and borrowings - related parties and joint venture	**-**	-
- Dividends paid	**-**	-
- Other changes/Other non-cash items	**-**	-
CASH FLOWS USED IN FINANCING ACTIVITIES	**(32,153,413)**	**(7,021,896)**
TOTAL CASH FLOWS	**6,787,672**	**(3,428,086)**
Opening net cash and cash equivalents	**20,995,697**	24,423,783
Closing net cash and cash equivalents	**27,783,369**	**20,995,697**
Of which:		
- Cash and cash equivalents	**27,783,369**	20,995,697
- Bank overdrafts	**-**	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the impact of transactions with related parties, which relates to transactions with the ultimate parent, PF Holding B.V., the Mahindra group companies and the associate Goodmind S.r.l., are disclosed in notes 6, 10 and 14 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Foreword

The core business of the Pininfarina Group (the "Group") is based on the establishment of comprehensive collaborative relationships with carmakers. Operating as a global partner enables it to work with customers through the entire process of developing new products, including design, planning, development, industrialisation and manufacturing, or to provide support separately during any one of these phases with the utmost flexibility.

Pininfarina S.p.A., the Group's parent, is listed on the Italian Stock Exchange. Its registered office is in Via Bruno Buozzi 6, Turin. Market investors own 22.58% of its share capital, with the remaining 77.42% held by the following shareholders:

- PF Holdings BV 76.14%;
- Segi S.r.l. 0.60%;
- Seglap S.s. 0.63%;
- treasury shares held by Pininfarina S.p.A. 0.05%.

A list of the group companies, with their complete name and address, is provided later on.

The consolidated financial statements are presented in Euros, the functional and presentation currency of the parent, where most of the activities and consolidated revenue are concentrated, and its main subsidiaries.

All amounts are presented in Euros, unless stated otherwise.

The Board of Directors approved the publication of these consolidated financial statements on 21 March 2017. They were authorised for publication within the legal terms.

The consolidated financial statements are audited by KPMG S.p.A..

Basis of presentation

In accordance with IAS 1 - Presentation of Financial Statements, the consolidated financial statements formats are the same as those of the parent. They include the following schedules:

- statement of financial position, in which current and non-current assets and liabilities are classified separately;
- income statement and statement of comprehensive income, shown as two separate schedules in which costs are classified by nature;
- statement of cash flows, presented in accordance with the indirect method, as allowed by IAS 7
- Statement of cash flows;
- statement of changes in equity.

These schedules present the corresponding prior year annual figures for comparative purposes. Moreover, as required by Consob resolution no. 15519 of 28 July 2006, the Group presents the following information in separate schedules:

- net financial debt, with a breakdown of the main components and balances with related parties, is provided on page 19 of the directors' report;
- the effects of non-recurring events or transactions, i.e., those transactions or events that are not repeated frequently in the normal course of business (pages 68 and 69).

Related party transactions are not presented in separate schedules because they are listed as separate items in the statement of financial position, shown on pages 24 and 25.

Following the coming into force of the December 2015 agreements, the related party transactions disclosed herein include the balances of transactions carried out with the Mahindra group companies.

Basis of preparation

These consolidated financial statements are prepared on a going concern basis, which the directors deemed appropriate. Reference should be made to the "Going concern" section of the directors' report.

These consolidated financial statements at 31 December 2016 comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. They are also consistent with the regulations enacted to implement article 9 of Legislative decree no. 38/2005.

The term IFRS includes the International Financial Reporting Standards, the International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), endorsed by the European Commission as of the date of the Board of Directors' meeting convened to approve the consolidated financial statements and listed in the applicable regulations published by the European Union as of the above-mentioned date.

These consolidated financial statements are prepared in accordance with the general principle of historical cost, except for those items that, pursuant to the IFRS, shall be measured at fair value, as explained in the "Accounting policies" section.

The accounting policies adopted to prepare these consolidated financial statements at 31 December 2016 are the same as those used in 2015, except as noted in the following section.

New standards published but not yet adopted

- IFRS 9: This standard significantly amends the accounting treatment of financial instruments and, in its definitive version, will replace IAS 39. IFRS 9 currently includes revised guidance on the classification and measurement of financial instruments. The Group is currently assessing the impact of the adoption of the new standard on its consolidated financial statements. It will apply the new standard as from 1 January 2018.
- IFRS 15: This standard revised the methods to account for revenue, which is to be recognised when control over the goods or service is transferred to the customer and requires additional disclosures. The Group is currently assessing the impact of the adoption of the new standard on its consolidated financial statements. It will apply the new standard as from 1 January 2018.

  Moreover, the IASB issued standards or amendments to existing standards and the International Financial Reporting Interpretations Committee (IFRIC) issued interpretations that are currently being revised and approved. They include IFRS 16 - Leases which considerably amends how lessors and lessees shall recognise leases in their financial statements.

Standards, amendments and interpretations applicable from 1 January 2016.

The Group adopted the following amendments on 1 January 2016, which did not significantly affect these consolidated financial statements:

- Annual improvements to IFRS - 2010-2012 and 2012-2014 cycles: they improved many standards (IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24, IAS 38, IFRS 5, IFRS 7, IAS 19 and IAS 34).
- Amendments to IAS 16 and IAS 38: These amendments clarify that using revenue-based methods to calculate amortisation and depreciation is not appropriate.
- Amendments to IAS 1: These amendments mainly aim at improving the presentation of the statement of comprehensive income, by indicating an entity's share of other comprehensive income of equity-accounted associates and joint ventures. .

ACCOUNTING POLICIES

Consolidated financial statements

The consolidated financial statements include the financial statements of all subsidiaries from the date the Group acquires control until such control ceases to exist. Joint ventures (if any) and associates are measured using the equity method.

Intragroup expenses, revenue, receivables, payables, gains and losses are eliminated in the consolidation process.

When necessary, the accounting policies of subsidiaries, associates and joint ventures are amended to make them consistent with those of the parent.

(a) Subsidiaries and business combinations

A list of the companies consolidated line by line is provided below:

Name	Registered office	Investment %	Held by	Currency	Share/quota capital
Pininfarina Extra S.r.l.	Via Bruno Buozzi 6, Turin, Italy	100%	Pininfarina S.p.A.	€	388,000
Pininfarina of America Corp.	501 Brickell Key Drive - Suite 200, - Miami FL 33131 USA	100%	Pininfarina Extra S.r.l.	USD	10,000
Pininfarina Deutschland Holding GmbH	Riedwiesenstr. 1, Leonberg, Germany	100%	Pininfarina S.p.A.	€	3,100,000
Pininfarina Deutschland GmbH	Frankfurter Ring 81, Munich, Germany	100%	Pininfarina Deutschland Holding GmbH	€	25,000
Pininfarina Automotive Engineering	Unit 1, Building 3, Lane 56,	100%	Pininfarina S.p.A.	CNY	3,702,824
(Shanghai) Co Ltd	Antuo Road, Anting, 201805, Jiading district, Shanghai, China				

The reporting date of the subsidiaries is the same as that of the parent, Pininfarina S.p.A..

(b) Acquisition/sale of investments subsequent to the acquisition of control

Acquisitions and sales of investments subsequent to the acquisition of control that do not result in a loss of control are accounted for as owner transactions.

In the case of acquisitions, the difference between the consideration paid and the pro rata interest in the carrying amount of the net assets acquired is recognised in equity. In the case of sales, the resulting gain or loss is also recognised directly in equity.

If the Group loses control or significant influence, the remaining non-controlling interest is remeasured at fair value and any positive or negative difference between its carrying amount and fair value is recognised in profit or loss.

(c) Associates

Associates are listed below:

Name	Registered office	Investment %	Held by	Currency	Quota capital
Goodmind S.r.l.	Via Nazionale 30, Cambiano, Italy	20%	Pininfarina Extra S.r.l.	€	20,000

(d) Other companies

Investments in other companies that are available-for-sale financial assets are measured at fair value, if feasible, and any resulting gains or losses are recognised in equity until the investments are sold. At that point, fair value gains or losses accumulated in equity are reclassified to the income statement for the year.

If the investments are not listed on a regulated market and their fair value cannot be reliably determined, they are measured at cost, adjusted for any impairment losses, which cannot be reversed.

Translation of foreign currency captions

(a) Presentation currency and translation of financial statements denominated in currencies other than the Euro

The Group's presentation currency is the Euro.

The table below lists the exchange rates used to translate financial statements denominated in functional currencies different from the presentation currency:

Euro vs currency	31.12.2016	2016	31.12.2015	2015
US dollar - USD	1.05	1.11	1.09	1.11
Chinese renminbi (yuan) - CNY	7.32	7.35	7.06	6.97

(b) Foreign currency assets, liabilities and transactions

Transactions carried out in currencies other than the Euro are initially translated at the exchange rate in force on the date of the transaction.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into Euros at the closing rate. All resulting exchange rate gains and losses are recognised in profit or loss, except for those stemming from foreign currency loans that hedge investments in foreign operations. Any such gains or losses, net of the related tax effects, are recognised directly in equity. When the equity investment is sold, the accumulated translation differences are reclassified to profit or loss.

Non-monetary items that are carried at historical cost are translated into Euros at the exchange rate in force when the underlying transaction was initially recognised. Non-monetary items that are carried at fair value are translated into Euros at the exchange rate in force on the measurement date.

None of the group companies operate in a hyperinflationary economy.

Investment property

Property held to earn rentals or for capital appreciation are classified as investment property and measured at purchase or production cost, including any related costs and net of accumulated depreciation and impairment losses.

Property, plant and equipment

Property, plant and equipment comprise items used in production, including those held under finance lease. They are recognised at purchase or production cost, net of accumulated depreciation and impairment losses (if any), except for land, which is not depreciated.

The cost includes all purchase-related outlays, i.e., those incurred to bring the asset to the place and conditions necessary for its operation.

Depreciation of buildings and other generic assets is calculated on a straight-line basis, in order to allocate their residual carrying amount over their estimated useful life.

The depreciation rates applied to each asset category are set out below:

	Useful life (years)	
Category	**Bairo and San Giorgio facilities**	**Other facilities**
Land	Indefinite	Indefinite
Buildings	50	33
Machinery	20	10
Plant	20	10
Machinery	-	5
Furniture and fixtures	10	8
Hardware	-	5
Other, including vehicles	-	5

Land is recognised separately and is not depreciated but tested for impairment whenever the Group identifies indicators that the carrying amount exceeds the recoverable amount. Subsequent costs are capitalised only if it is probable that they will generate future economic benefits and their amount can be determined reliably. Should a portion be replaced, its carrying amount is derecognised. Costs that do not meet these requirements are immediately recognised in profit or loss. The carrying amount and useful life of property, plant and equipment are reviewed at each reporting date and adjusted, if necessary, prospectively pursuant to paragraphs from 32 to 38 of IAS 8 - Accounting policies, changes in accounting estimates and errors. Gains and losses on the sale, calculated as the difference between the asset's carrying amount and sales price, are recognised in profit or loss. In these notes, impairment losses mean the losses recognised to adjust the assets' carrying amounts to their recoverable amount.

Government grants

Government grants are recognised at fair value only if the Group is reasonably certain that they will be disbursed and has met all conditions for their collection. They are recognised as revenue in proportion to the costs incurred. As required by paragraph 17 of IAS 20 - Accounting for government grants and disclosure of government assistance, grants related to assets are recognised as deferred income and reclassified to profit or loss in line with the depreciation pattern of the related asset.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. They are controlled by the Group and generate measurable future economic benefits. They are recognised at cost, calculated using the same criteria as for property, plant and equipment.

(a) Goodwill

Goodwill is the excess of the purchase price with respect to the acquisition-date fair value of the net assets acquired. It is not amortised, but is tested for impairment at least annually. Impairment testing allocates goodwill to the related cash-generating units, which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the carrying amount of the net assets of a cash-generating unit, including allocated goodwill, exceeds their recoverable amount, the identified impairment loss is firstly allocated to goodwill, up to its entire carrying amount. Any remaining impairment loss is then allocated pro rata to the carrying amount of the assets making up the cash-generating unit. Impairment losses recognised on goodwill cannot be reversed. Any negative goodwill is recognised as income in profit or loss.

(b) Software and other licences

Software and other similar licences are recognised as assets at cost, including that incurred to use them. They are amortised over their estimated useful life, which ranges between three and five years. Costs incurred to maintain software programs are immediately recognised in profit or loss. Those incurred to develop identifiable software that is controlled by the Group, which are very likely to produce future economic benefits exceeding the costs incurred, if any, are recognised as intangible assets and amortised over their useful life, which does not exceed three years.

(c) Research and development expenditure

Research expenditure, as defined by IAS 38 - Intangible assets, is expensed when incurred in accordance with IAS 38.54. Development expenditure is recognised as an intangible asset only if it can be measured reliably and if it is probable that the related project is likely to be successful, with reference to its technical feasibility, the availability of financial resources to complete it and its commercial penetration. Development expenditure that does not meet these requirements is expensed when incurred. This expense is never reclassified as an asset in subsequent years, if the requirements for its recognition as an asset are met after it is recognised in profit or loss. Development expenditure is amortised from when the related output is marketed over the estimated period during which it will generate economic benefits, which can never exceed five years. It is tested for impairment when the Group identifies indicators that its carrying amount exceeds its recoverable amount. The Group carries out development projects on behalf of third parties as part of both styling, engineering and car manufacturing contracts and solely designing and engineering contracts. Development expenditure incurred as part of styling and engineering sold to third parties is classified as a contractual cost under IAS 11 - Construction contracts and, accordingly, no intangible asset is recognised. Development expenditure related to styling, engineering and manufacturing contracts which give the Group a total or partial guarantee that the investment made on behalf of a customer will be recovered is classified as a financial asset under IFRIC 4 - Determining whether an arrangement contains a lease, or, when the conditions for the application of this interpretation are not met, in the carrying amount of the specific equipment under property, plant and equipment.

(d) Other intangible assets

Other intangible assets acquired separately are recognised at cost. Those acquired as a result of a business combination are recognised at their acquisition-date fair value. After initial recognition, those with a finite useful life are subsequently measured at cost, adjusted for accumulated amortisation and impairment losses, whereas those with an indefinite useful life are measured at cost but not amortised. They are tested for impairment at least annually. Where possible, any changes are made prospectively pursuant to paragraphs from 32 to 38 of IAS 8 - Accounting policies, changes in accounting estimates and errors.

Impairment of non-financial assets

Intangible assets with an indefinite useful life, including goodwill, are tested for impairment at least annually and whenever there are indicators of impairment. Property, plant and equipment, investment property and intangible assets with a finite useful life are tested for impairment only if the Group identifies indicators that their carrying amount may exceed their recoverable amount. The recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use, which is calculated as the present value of the future cash flows expected to be derived from an asset, to be based on reasonable and supportable assumptions that represent management's best estimate of the future economic conditions. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. This rate for the Group is the weighted average cost of capital ("WACC").

When the carrying amount of an asset exceeds its recoverable amount, the Group recognises the difference as an impairment loss in profit or loss. If the reasons for the impairment loss no longer exist in future years, the impairment loss is reversed to the extent of the pre-impairment carrying amount, less amortisation/depreciation. Impairment losses on goodwill can never be reversed. Cash-generating units are identified in line with the Group's organisational structure and business, by grouping those assets that are able to generate cash inflows independently, as required by IAS 36 - Impairment of assets; they are not larger than the two operating segments identified under IFRS 8 - Operating segments: 1) styling and engineering; 2) operations. In assessing the recoverable amount for impairment testing purposes, the Group makes reference to the fair value of owned real estate complexes, measured using the market valuations available at the Public Real Estate Registry Office and possibly appraisals prepared by independent experts.

Assets held for sale

Non-current assets, together with current and non-current assets included in disposal groups, whose carrying amount will be recovered through their sale rather than continuing use, are classified as held for sale. Assets held for sale and directly-associable liabilities are classified in the statement of financial position separately from the Group's other assets and liabilities, in accordance with paragraphs from 38 to 40 of IFRS 5 - Non-current assets held for sale and discontinued operations. Assets held for sale are not amortised or depreciated and are measured at the lower of their carrying amount and fair value less costs to sell. Any difference between the carrying amount and fair value less costs to sell is recognised in profit or loss as an impairment loss. Any subsequent improvement in fair value less costs to sell is recognised as a reversal to the extent of the impairment losses previously recognised, including those recognised prior to the classification of the asset as held for sale.

Financial assets

Financial assets are recognised at the trade date, which is the date on which the Group assumes the obligation to acquire them.

In accordance with IAS 39 - Financial instruments: recognition and measurement, they are classified in the following four categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are derecognised when the right to receive their cash flows ceases or is transferred or when the Group has substantially transferred all risks and rewards relating to the financial instrument, in addition to control thereover.

Financial assets and financial liabilities are not offset. They can be offset and the net balance is presented in the statement of financial position only when (i) the Group has a legally enforceable right to set off the recognised amounts and (ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(a) Financial assets at fair value through profit or loss

This category includes:

- financial assets mainly acquired to be sold in the short term (financial assets held for trading);
- financial assets designated in this category on initial recognition, if the relevant requirements are met;
- derivatives, excluding hedges.

They are measured at fair value with fair value gains or losses recognised in profit or loss. Financial instruments belonging to this category are classified as current assets if they are held for trading, or if they are expected to be sold within twelve months of the reporting date. The current or non-current classification depends on the Group's strategic policies about how long it intends to hold the asset and the asset's actual marketability.

(b) Loans and receivables

This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. It mainly comprises trade receivables, including those recognised in accordance with IFRIC 4 - Determining whether an arrangement contains a lease. Loans and receivables are classified as current assets, except for those due after more than twelve months of the reporting date, which are classified as non-current assets. They are measured at amortised cost, using the effective interest method. Should the Group identify objective evidence of impairment, their carrying amount is adjusted to the present value of their estimated cash flows, discounted using their original effective interest rate. Objective evidence that a financial asset is impaired includes: (i) significant financial difficulty of the issuer or obligor, (ii) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; (iii) adverse changes in the payment status of borrowers including delayed payments. Impairment losses are recognised in profit or loss. If the reason for the impairment loss no longer exists in future years, the impairment loss is reversed to the extent of the pre-impairment carrying amount measured at amortised cost.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

They are initially recognised at acquisition cost, including any transaction costs. They are subsequently measured at amortised cost, using the effective interest method, adjusted for any impairment losses. Should the Group identify evidence of impairment, it applies the same criteria described above for loans and receivables.

(d) Available-for-sale financial assets

These are non-derivative financial assets that are designated either as available for sale or cannot be classified in any of the other previous categories. Available-for-sale financial assets are measured at fair value, with fair value gains or losses recognised in equity and reclassified to profit or loss only when the financial asset is actually sold or when the accumulated fair value losses are deemed to no longer be recoverable. If the fair value cannot be measured reliably, these instruments are measured at cost, adjusted for impairment losses. Impairment losses recognised on equity instruments cannot be reversed. Fair value losses that are deemed to be irrecoverable, for example due to a prolonged decline in the fair value of the financial assets, are reclassified from equity to profit or loss.

Derivatives

The Group has no derivatives in place, either for trading or hedging purposes.

Contract work in progress

The Group recognises styling and engineering contracts in accordance with IAS 11 - Construction contracts. Contract costs are recognised as incurred. Contract revenue is recognised as follows:

- if the performance of the contract cannot be estimated reliably, revenue is recognised to the extent of the incurred costs that are deemed to be recoverable;
- if the performance of the contract can be estimated reliably and a contract profit is probable, revenue is recognised over the term of the contract on an accruals basis;
- conversely, if a contract loss is probable, the loss is calculated as the difference between contract revenue and costs and is recognised in its entirety when identified.

The Group allocates contract revenue and costs to each year using the percentage of completion method set out in paragraph 25 of IAS 11 - Construction contracts. The percentage of completion is determined as the ratio of total costs incurred at the reporting date to the estimated total costs to complete the contract. Progress billings are included in contract work in progress to the extent of the costs incurred. If they exceed the stage of completion, the balance is recognised as a liability under the caption "Deferred income" classified in "Advances for contract work in progress". If the stage of completion exceeds progress billings, the difference is recognised as an asset under contract work in progress.

Financial expense

In accordance with IAS 23 - Borrowing costs, borrowing costs that are 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 that asset. Otherwise, they are recognised in profit or loss on an accruals basis.

Inventories

Inventories are recognised at the lower of cost and net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Under IAS 2 - Inventories, the cost is calculated using the FIFO ("first-in first-out") method. The cost of finished goods and semi-finished products includes design, raw materials and direct labour costs, other direct costs and other indirect costs that can be directly allocated to the production activity based on normal production capacity. This cost does not include borrowing costs. Based on the assets' expected future use and net realisable value, materials, finished goods, spare parts and other obsolete or slow-moving items are written down through an allowance account. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables and other assets

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, net of impairment losses due to uncollectibility. Impairment losses are recognised if there is objective evidence that the Group is unable to collect all the amounts due at the due dates agreed with the customer. The impairment loss, calculated as the difference between the asset's carrying amount and present value of future collections, discounted using the effective interest rate, is recognised in profit or loss.

Cash and cash equivalents

Net cash and cash equivalents include cash-in-hand, on-demand bank deposits, other investments that may be sold within three months and bank overdrafts, which are recognised in the relevant caption under current liabilities. In accordance with paragraph 8 of IAS 7 - Statement of cash flows, the cash flow for the year is equal to the change in net cash and cash equivalents.

Share capital

Ordinary shares are classified in equity. There are no other share categories. Costs directly related to the issue of ordinary shares or options are recognised in equity. If a group company acquires the parent's shares, or if the parent itself repurchases its own shares within the limits established by article 2357 of the Italian Civil Code, the consideration paid, net of any transaction cost, is deducted from equity attributable to the owners of the parent until the treasury shares are cancelled, possibly assigned to employees or resold. The parent's share capital comprises 30,166,652 ordinary shares with a unit nominal amount of €1.

Loan and lease liabilities

Loan and lease liabilities are initially recognised at fair value, equivalent to the cash obtained, net of any transaction costs. In accordance with IAS 39 - Financial instruments: recognition and measurement, after initial recognition, they are measured at amortised cost. The difference between the amount collected, net of any transaction costs, and the amount repayable (principal and interest) is recognised in profit or loss on an accruals basis using the effective interest method. The portion of loan and lease liabilities due within one year is recognised under current liabilities. When the Group has an unconditional right to defer payment, the portion due after one year is recognised under non- current liabilities. In accordance with paragraph 74 of IAS 1 - Presentation of financial statements, if, at the reporting date, the Group has not complied with the loan and lease contractual provisions and the residual liability becomes fully due on demand (acceleration clause), the entire amount is reclassified to current liabilities, even when the Group has reached an agreement with its creditors for repayment at the original maturity before the publication date of the financial statements. This is because, at the reporting date, the Group does not have an unconditional right to defer payment of the liability to after twelve months.

Employee benefits

(a) Pension plans

The Pininfarina Group's employees participate in defined contribution plans and defined benefit plans. The latter are a portion of the Italian post-employment benefits provided for by article 2120 of the Italian Civil Code and, therefore, do not comprise any plan assets. Defined contribution plans are formalised plans for post-employment benefits that require that the Group pay contributions to an insurance company or a pension fund. By doing this, the Group does not have any other legal or constructive obligation to pay additional contributions should the fund not have sufficient resources to pay all benefits accrued by employees over their current and past service periods when the benefits become due. These contributions paid in exchange for the service rendered by employees are recognised as an expense on an accruals basis. This category includes the payments made to the Cometa and Previp funds. Under defined benefit plans, the Group has a future obligation to pay the pension benefit to the employee upon termination of employment. The amount of the benefit depends on different factors, such as age, seniority and remuneration. The Group, therefore, takes on actuarial and investment risks arising from the plan. It calculates the present value of the plan liability and the service cost using the projected unit credit method, based on the actuarial calculation that uses demographic (mortality rate and turnover) and financial (discount rate and future salary and benefit increases) variables. The post-employment benefits of the Group's Italian employees are classified as follows pursuant to IAS 19 - Employee Benefits:

- defined benefit plan for the portion vested prior to enactment of the Finance Act (Law no. 296 of 27 December 2006) and related implementing decrees;
- defined contribution plan for the portion accrued thereafter.

At the annual and half year reporting dates, the Group calculates the benefits using an actuarial valuation. The accumulated actuarial losses and gains arising from changes in estimates are recognised in a specific caption of comprehensive income. Any curtailment or extinguishment of a plan liability is immediately recognised in profit or loss.

(b) Incentives, bonuses and profit-participation plans

The Group recognises a cost and a liability for its obligations for incentives, bonuses and profit- participation plans. The liability is recognised when the Group has a legal or constructive obligation and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(c) Termination benefits

The Group recognises a liability and personnel expense when it is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Group is demonstrably committed to a termination when, and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(d) Share-based payments

The Group has granted additional benefits to its key management personnel in the form of equity- settled share based plans (e.g., stock options). Under IFRS 2 - Share-based payment, the present value of the stock options calculated at the grant date using the Black & Scholes method is recognised as personnel expense in profit or loss on a straight-line basis over the vesting period, with a balancing entry recognised in equity.

The effects of the non-market vesting conditions are not considered in the fair value measurement of the options granted, but are taken into account in measuring the number of expected exercisable options.

The Group revises its estimates of expected exercisable options at each reporting date.

The resulting effects are recognised in profit or loss over the vesting period with a balancing entry recognised in equity.

When the options are exercised, the amounts received from employees, net of directly attributable transaction costs, increase the share capital to the extent of the nominal amount of the issued shares. The remainder increases the premium reserve.

Provisions for risks and charges, contingent liabilities

The provisions for risks and charges include specific costs and losses whose existence is certain or probable but whose amount or due date is unknown at the reporting date. Provisions are recognised when all the following conditions are met: (i) the Group has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation or transfer it to third parties at the reporting date. Where the effect of the time value of money is material and the payment dates can be estimated reliably, the provision is discounted to present value. The Group recognises expected restructuring costs when a restructuring plan is formalised only if it has raised a valid expectation in those affected that it will carry out the restructuring. The liability accrued in the provisions for risks and charges are regularly adjusted for changes in estimated costs, expected timing and discount rates. Changes in estimates of provisions are recognised in the same income statement caption as the related addition. Disclosures about contingent liabilities, i.e.: (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; (ii) a present obligation that arises from past events, whose amount cannot be measured reliably or whose settlement will probably not require an outflow of resources embodying economic benefits are provided in the notes.

Leases

(a) Finance leases

Under IAS 17 - Leases, a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership from the lessor to the Group (lessee). They are accounted for as follows:

(a1) Leases where the Group is the lessee

The Group enters into these leases to fund its investments in property, plant and equipment, as defined earlier. The leased asset is recognised as an item of property, plant and equipment and depreciated over the shorter of its useful life and the lease term. At the commencement of the lease term, the asset is recognised at the lower of its fair value and the present value of the minimum lease payments determined at the inception of the lease. The financial liability to the lessor is recognised as described earlier for loan and lease liabilities.

(a2) Leases where the Group is the lessor

The Group becomes a lessor when it applies IFRIC 4 - Determining whether an arrangement contains a lease, relating to IAS 17 - Leases, to certain specific plant and machinery in connection with certain design, engineering and car manufacturing contracts. IFRIC 4 applies to those arrangements that do not have the legal form of a lease, but that give the Group's counterparty the right to use certain assets in exchange for a series of payments. This right implies that the arrangement is or contains a lease. The requirements for the application of this interpretation are as follows:

- fulfilment of the arrangement is dependent on the use of a specific asset;
- the arrangement conveys a right to use the asset;
- it is possible to assess whether an arrangement contains a lease at the inception of the arrangement;
- it is possible to separate payments for the lease from other payments.

Briefly, under IFRIC 4, it is possible to identify and separate the lease from an arrangement and recognise it in accordance with IAS 17 - Leases. In this case, the Group recognises a financial asset equal to the present value of the lease payments. The difference between future collections and their present value is the interest income which is recognised in profit or loss over the lease term at a constant periodic rate of return.

(b) Operating leases

When a lease does not meet the requirements to be classified as a finance lease, it is classified as an operating lease. Lease payments, net of incentives received from the lessor, are recognised as an expense on a straight-line basis over the lease term.

Income taxes

(a) Current taxes

Current taxes are recognised by each group company on the basis of their estimated taxable profit using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date, taking into account any domestic tax consolidation arrangements, applicable exemptions and tax assets.

(b) Deferred taxes

Under IAS 12 - Income taxes, deferred taxes are calculated for all temporary differences between the assets' and liabilities' tax bases and carrying amounts, except in two cases: (i) goodwill arising from a business combination, (ii) the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are respectively classified as non-current assets and liabilities. They are offset at individual company level if related to taxes that can be legally offset. The resulting balance, if positive, is recognised as a deferred tax asset and, if negative, as a deferred tax liability. Current and deferred taxes related to transactions directly affecting equity are recognised in equity. The Group recognises deferred tax assets to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised. The carrying amount of a deferred tax asset 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 the benefit of part or all of that deferred tax asset to be utilised. Deferred taxes on undistributed profits of the group companies are recognised only if the company really intends to distribute such profits and, in any case, if there are no tax consolidation arrangements cancelling their taxation.

Revenue recognition

As required by IAS 18 - Revenue, revenue is measured at the fair value of the consideration received or receivable from the sale of goods and services, net of VAT, returns, discounts and intragroup transactions. It is recognised as follows:

(a) Sale of goods

Revenue is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither effective nor continuing managerial involvement over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Rendering of services

Revenue from services is recognised by reference to the stage of completion of the transaction when the services are rendered. Revenue is recognised when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the Group;
- the stage of completion of the transaction at the reporting date can be measured reliably;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from styling and engineering services on behalf of third parties are recognised based on the stage of completion.

(c) Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Interest is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument. Royalties are recognised on an accruals basis in accordance with the substance of the relevant agreement. Dividends are recognised when the shareholder's right to receive payment is established.

Dividend distribution

The Group recognises a liability for dividends to be distributed when the distribution has been approved by the shareholders.

Earnings or losses per share

Basic earnings or losses per share are calculated by dividing the profit or loss for the year attributable to the owners of the parent's ordinary shares by the weighted average number of ordinary shares outstanding during the year. Diluted earnings or losses per share are derived by adjusting the weighted average number of outstanding shares for all potential ordinary shares with a dilutive effect.

Events after the reporting date

The events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date (31 December for the Group) and the date when the financial statements are authorised for issue. Two types of events can be identified: (i) those that provide evidence of conditions that existed at the reporting date and (ii) those that are indicative of conditions that arose after the reporting date.

In accordance with IAS 10 - Events after the reporting period, in the first case (i) the Group adjusts the carrying amounts for the events that occurred after the reporting date and in the second case (ii) the Group does not adjust the carrying amounts, but discloses the events held significant in the notes.

Reference should be made to the "Other information" section of the directors' report for further details.

Statement of cash flows

The statement of cash flows is presented in accordance with the indirect method allowed by IAS 7 - Statement of cash flows.

Repayments of loans and receivables, recognised under IFRIC 4 - Determining whether an arrangement contains a lease, are recognised as cash flows from investing activities at the line “Repayment of loans and receivables - third parties”, in line with the definition of investment activities set out in IAS 7, with the Group’s financial position and net financial debt structures and in accordance with IAS 7.16-f.

ASSESSMENTS THAT AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Going concern

The going concern assumption is a key principle for the preparation of financial statements. When assessing whether the Group is able to continue as a going concern, the directors express their current opinion on the outcome of future events or circumstances which are, by their nature, uncertain. Any opinion about future events is based on information available when the opinion is expressed. Future events may contradict an opinion which, when it was expressed, was reasonable. Some of the elements that affect the opinion on the outcome of future events or circumstances include the size and complexity of an entity, the nature and circumstances of its business and its dependency on external factors.

(b) Additions to the provisions for risks and charges and contingent liabilities and contingent assets

Provisions are liabilities whose due date and amount are uncertain. The directors measure them based on the estimated costs to be incurred to extinguish the obligation at the reporting date.

Contingent liabilities and assets are presented in the financial statements in accordance with paragraphs 27 and 31, respectively, of IAS 37 - Provisions, contingent liabilities and contingent assets.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only 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 arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Where necessary, the directors make their estimate with the assistance of their legal advisors and experts.

(c) Impairment

Investments in subsidiaries, associates and joint ventures are tested for impairment by estimating their value in use, which is usually calculated as the Group’s share of the investee’s equity derived from the consolidated financial statements plus the expected operating cash flows and the cash flow arising from its sale, net of selling costs, if it is material and can be determined reliably.

Cash flows are forecast by directors based on reasonable and supportable assumptions that represent their best estimate of the future economic conditions.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Non-financial assets that are comprised in cash-generating units are tested for impairment on the basis of the expected future profits, whose estimate depends on a number of factors not wholly within the control of the Group.

Property is tested for impairment by comparing its carrying amount to its fair value, measured using the market valuations available at the Public Real Estate Registry Office and/or possibly appraisals prepared by independent experts engaged by the Board of Directors.

(d) Fair value measurement and hierarchy for financial instruments

Pursuant to IFRS 7 – Financial Instruments: Disclosures, the classification of financial instruments at fair value shall be based on the quality of the inputs used for measurement purposes. The IFRS 7 classification is based on the following fair value hierarchy:

- Level 1: fair value is determined based on prices quoted on an active market for identical assets or liabilities. This category includes financial assets classified as “held for trading”, which are mainly government bonds and high-rating bonds.
- Level 2: fair value is determined based on inputs that, while different from the quoted prices used in Level 1, can be observed either directly or indirectly. These consolidated financial statements do not present any financial instruments of this type.
- Level 3: fair value is determined based on valuation models, the input of which is not based on observable market data. These consolidated financial statements do not present any financial instruments of this type.

(e) Current and deferred taxes

Current taxes are calculated on the basis of a best estimate of the tax expense for the year, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are measured on the basis of the parent’s and Group’s expectations on how the carrying amount of their assets and liabilities will be recovered/extinguished, subject to the probability that they will earn future taxable profit. Deferred tax assets and liabilities are measured on the basis of tax rates that are expected to be applicable when the assets will be realised or the liabilities will be extinguished, therefore based on tax rates or changes to tax laws that have been enacted by the reporting date.

(f) Italian post-employment benefits

Following the supplementary pension reform, the portion of Italian post-employment benefits vested before 1 January 2007 is considered to be a defined benefit under IAS 19 - Employee Benefits. Under defined benefit plans, the amount of the benefit due to the employee upon termination of employment depends on different factors, such as age, seniority and remuneration. Despite being prudently estimated and based on internal historical figures, these estimated parameters may be subject to change.

The directors estimated the post-employment benefit obligation assisted by an independent expert included in the Italian Actuary Register.

(g) Stock option plans

The Group’s stock option plan is reserved for the parent’s key management personnel and is aimed at incentivising their achievement of the parent’s objectives and enhancing their loyalty to the parent.

The options are measured using the Black-Scholes valuation approach.

The directors calculated the carrying amounts relating to the stock option plan with the assistance of an independent expert.

TYPES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

The financial instruments held by the Group include:

- cash and cash equivalents;
- non-current loan liabilities;
- trade receivables and payables and loans and receivables - related parties.

During the reporting period, the parent sold all current assets held for trading recognised at 31 December 2015.

The parent’s finance lease liabilities at 31 December 2015 were all extinguished during the year.

As required by IFRS 7, the table below lists the types of financial instruments included in the consolidated financial statements and shows the measurement criteria adopted:

Financial instruments at fair value through:	profit or loss	equity	Fair value hierarchy	Financial instruments at amortised cost	Equity investments measured at cost	Carrying amount at 31.12.2016	Carrying amount at 31.12.2015
Assets:							
Equity investments in other companies	-	-		-	252,017	252,017	252,017
Loans and receivables	-	-		133,997	-	133,997	269,390
Assets held for trading	-	-	Level 1	-	-	-	16,359,251
Trade receivables and other assets	-	-		18,375,527	-	18,375,527	22,395,143
Liabilities:							
Finance lease liabilities	-	-	-	-	-		52,427,883
Other loans and borrowings	-	-	45,582,566		-	45,582,566	32,852,522
Trade payables and other liabilities	-	-	14,321,258		-	14,321,258	12,203,319

In addition, net cash and cash equivalents are measured at fair value which usually equals their nominal amount.

FINANCIAL RISK MANAGEMENT

Financial risk factors, as identified in IFRS 7 – Financial Instruments: Disclosures, are described below:

- Market risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices. Market risk includes the following other types of risk: currency risk, interest rate risk and price risk.
- Currency risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in exchange rates.
- Interest rate risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in interest rates.
- Price risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices (other than changes covered by the interest rate and currency risks), irrespective as to whether such fluctuations are determined by factors specific to the financial instrument or its issuer or by factors that affect all similar market-traded financial instruments.
- Credit risk: the risk that one of the parties causes the other party to incur a financial loss by failing to fulfil an obligation.
- Liquidity risk: the risk that an entity may be unable to fulfil obligations associated with financial liabilities.

(a) Currency risk

The Group entered into most of its financial instruments in Euros, which is its functional and presentation currency. Although it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates of the following currencies against the Euro: US dollar (USD), and Chinese Yuan (CNY).

(b) Interest rate risk

The Restructuring Agreement signed by Pininfarina S.p.A. with the lending institutions, effective from 31 May 2016 to 31 December 2025, defined a fixed contractual interest rate of 0.25% per annum, based on a year of 360 days.

If the six-month Euribor exceeds 4% during an interest accruing period, the contractual interest rate will be increased by the difference between the actual six-month Euribor and 4%.

The Group is exposed to interest rate risk in connection with the loan provided by Volksbank Region Leonberg to Pininfarina Deutschland GmbH, which accrues interest at the three-month Euribor plus a spread of 0.55%.

Interest on the short-term operating lines is computed at a fixed rate ranging between 5.26% and 6.75%, with regular accrual and payment in arrears at the end of each utilisation period.

A breakdown of the Group's financial debt by fixed and variable interest rates at the reporting date is as follows:

	31.12.2016	**%**	31.12.2015	%
- Fixed rate	**29,288,566**	**99.1%**	84,980,405	99.6%
- Variable rate	**270,000**	**0.9%**	300,000	0.4%
Gross financial debt with third parties	**29,558,566**	**100.00%**	85,280,405	100.00%

Due to the new structure of the interest rates on medium to long-term financing that, at variable rates, accounts for 0.9% of total indebtedness with third parties, the Group has not performed a sensitivity analysis.

(c) Price risk

Because the Group primarily operates within the Eurozone, its exposure to the risk of fluctuations in commodity prices is currently immaterial.

Assets held for trading, which totalled €16.4 million at 31 December 2015, were all sold and, therefore, the Group is no longer exposed to the related price risk.

(d) Credit risk

Styling and engineering contracts, which are the Group's primary revenue source, are agreed with highly rated customers located both inside and outside the European Union. In order to minimise the credit risk from non-EU customers, the Group seeks to align both progress billings and their collection with the relevant contract's stage of completion. There is no significant credit concentration with individual customers.

The Group did not carry out transactions involving the derecognition of financial assets, such as the factoring of trade receivables without recourse.

(e) Liquidity risk

In brief, the Rescheduling Agreement signed on 14 December 2015 and effective as of 30 May 2016 entailed:

- settlement and extinguishment of 56.74% of the nominal amount of the parent's debt with the lending institutions that accepted this option, in addition to the interest accrued up to the effective date;
- the rescheduling of the nominal amount of the debt with the lending institutions that accepted this option, totalling €41.5 million, from 2016 to 2025;
- the application of a fixed interest rate of 0.25% per annum, based on a year of 360 days, increased by the difference between this rate and the six-month Euribor, should the latter exceed 4%.

The cash flows of the above-mentioned agreement have been determined on the basis of the 2016- 2025 business and financial plan that ensures the Group's financial stability.

Consequently, over the medium to long term, the liquidity risk is directly correlated to the achievement of the business plan targets.

A breakdown of the contractual amount of the Group's financial debt is set out below.

	Carrying amount 31.12.2016	**Contractual cash flows**	**Of which: due within one year**	**Of which: due from one to five years**	**Of which: due after five years**
Term financing	29,558,566	41,446,787	3,427,614	14,438,166	23,581,007

The Group holds net cash and cash equivalents totalling €27.8 million. Consequently, it is not exposed to liquidity risk in the foreseeable future.

(f) Risk of default and debt covenants

This risk relates to the possibility that the new Rescheduling Agreement between Pininfarina S.p.A. and the lending institutions that came into force on 30 May 2016 includes acceleration clauses that may give rise to liquidity risk.

The Rescheduling Agreement includes a financial covenant requiring that the Group's minimum equity amount to at least €30 million starting from the verification date of 31 March 2018.

As of that date, the financial covenant will be checked at each verification date on the basis of the Group's quarterly report published by the parent.

The Mahindra Group granted a first demand surety to the lending institutions that is enforceable if Pininfarina S.p.A. fails to meet its obligations.

SEGMENT REPORTING

Operating segments are identified in accordance with paragraphs 5 to 10 of IFRS 8 – Operating segments. In the Operations business segment, the operating segments coincide with a series of activities mainly involving the supply of spare parts for cars manufactured by Pininfarina S.p.A., the lease of the business for the production of electric cars for the car sharing service and support functions.

Financial income and expense and income taxes are not allocated to the reporting segments because management makes the relevant decisions on an aggregate segment basis. Intra-segment transactions are carried out at market conditions. In accordance with IFRS 8.4, the Group presents segment reporting in its consolidated financial statements only.

The Group's business segments are not affected by seasonal factors.

Segment reporting as at and for the years ended 31 December 2016 and 2015 is set out below. Amounts are in thousands of Euros.

	2016			2015		
	Operations	**Design & engineering**	**Total**	Operations	Design & engineering	Total
	A	**B**	**A + B**	A	B	A + B
Revenue	**11,865**	**58,212**	**70,077**	7,660	79,872	87,532
(Intra-segment revenue)	**(436)**	**(772)**	**(1,208)**	(467)	(4,259)	(4,726)
Revenue - third parties	**11,429**	**57,440**	**68,869**	7,193	75,613	82,806
Operating profit (loss)	**(4,037)**	**1,159**	**(2,878)**	(20,791)	8,388	12,403
Net financial expense			**(3,074)**			(5,202)
Dividends			**-**			-
Share of profit of equity-accounted investees	**-**	**14**	**14**	-	12	12
Profit (loss) before taxes	**-**	**-**	**20,521**	-	-	(17,593)
Income taxes	**-**	**-**	**10**	-	-	(576)
Profit (loss) from continuing operations	**-**	**-**	**20,531**	-	-	(18,169)
Profit (loss) from discontinued operations	**-**	**-**	**-**	-	-	-
Profit (loss) for the year	**-**	**-**	**20,531**	-	-	(18,169)
Other information required by IFRS 8:	**(1,586)**	**(1,557)**	**(3,143)**	(1,834)	(1,563)	(3,397)
- Amortisation and depreciation						
- Impairment losses	**-**	**(682)**	**(682)**	(9,505)	(29)	(9,534)
- Provisions/change in accounting estimates	**-**	**82**	**82**	(900)	(72)	(972)
- Net gains on the sale of non-current assets	**-**	**14**	**14**	-	50	50

Reference should be made to the directors' report for an analysis of the operating segments. A breakdown of assets and liabilities by business segment is set out below:

	31 December 2016				31 December 2015			
	Operations	**Design & engineering**	**Unallocated**	**Total**	Operations	Design & engineering	Unallocated	Total
	A	**B**	**C**	**A + B + C**	A	B	C	A + B + C
Assets	**23,937**	**47,208**	**30,156**	**101,301**	27,503	58,003	35,119	120,624
Liabilities	**2,821**	**18,440**	**49,575**	**70,837**	57,300	16,609	36,886	110,795
Of which: other information required by IFRS 8:	**-**	**85**	**-**	**85**	-	71	-	71
- Equity-accounted investments								
- Intangible assets	**-**	**1,223**	**585**	**1,809**	-	1,356	896	2,252
- Property, plant and equipment and investment property	**23,201**	**25,915**	**996**	**50,111**	23,866	26,526	990	51,383
- Employees	**75**	**459**	**44**	**578**	76	503	42	621

A breakdown of sales by geographical segment is provided below:	**2016**	2015
Italy	**10,154**	18,431
EU	**32,841**	36,291
Non-EU countries	**19,665**	20,404
Revenue from sales and services	**62,660**	75,126

NOTES TO THE CAPTIONS

1. Property, plant and equipment

The carrying amount of property, plant and equipment at 31 December 2016 decreased to €42 million from €43 million at 31 December 2015.

Changes in property, plant and equipment and an analysis of the items making up the captions are set out below.

	Land	**Buildings**	**Leased property**	**Total**
Historical cost	11,176,667	52,363,793	13,066,662	76,607,122
Accumulated depreciation and impairment losses	(4,636,429)	(29,769,425)	(5,245,259)	(39,651,113)
Carrying amount at 31 December 2015	6,540,238	22,594,368	7,821,403	36,956,009
Additions	-	140,690	-	140,690
Disposals: Historical cost	-	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-	-
Depreciation	-	(981,755)	(149,395)	(1,131,150)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes		-	-	-
Carrying amount at 31 December 2016	**7,655,314**	**28,310,235**	**-**	**35,965,549**
Of which:				
Historical cost	11,176,667	64,456,069	-	75,632,736
Accumulated depreciation and impairment losses	(4,636,429)	(36,145,834)	-	(40,782,263)

Land and buildings include the carrying amounts of real estate complexes, comprising the production facilities located in Via Castellamonte 6, Bairo Canavese (TO) and Strada provinciale per Caluso, San Giorgio Canavese (TO), the styling and engineering sites in Via Nazionale 30, Cambiano (TO) and two properties in Turin and Beinasco (TO).

Reclassifications from "Leased property" relate to the portion of the Cambiano real estate complex under finance lease, which was purchased by Pininfarina S.p.A. that exercised the related purchase option, as provided for by the Rescheduling Agreement.

The Bairo Canavese industrial facility, which is owned by the parent, was leased to a third party in 2011 and the related lease was renewed until 2022, while the San Giorgio Canavese facility, which is also owned by the parent and was previously used for the sale of spare parts (now carried out from the Cambiano site), was discontinued at the end of 2015, in line with the provisions of the new 2016-2025 business plan approved in December 2015. The carrying amount is substantially in line with the most recent appraisal available to the parent. Accordingly, there are no indicators of impairment.

All land and buildings located in Italy are owned by Pininfarina S.p.A..

Additions of the year relate to the renovation of Pininfarina of America Corp.'s offices and works carried out at the Cambiano facility.

	Machinery	**Plant**	**Leased machinery and equipment**	**Total**
Historical cost	5,381,890	82,760,316	122,353,360	210,495,566
Accumulated depreciation and impairment losses	(4,952,707)	(79,580,122)	(122,353,360)	(206,886,189)
Carrying amount at 31 December 2015	429,183	3,180,194	-	3,609,377
Additions	3,649	664,600	-	668,249
Disposals: Historical cost	(12,223)	(1,040)	-	(13,263)
Disposals: Acc. depreciation and imp. losses	12,223	433	-	12,656
Depreciation	(41,232)	(495,931)	-	(537,163)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Carrying amount at 31 December 2016	**391,600**	**3,348,256**	**-**	**3,739,856**
Of which:				
Historical cost	5,373,316	83,423,876	-	88,797,192
Accumulated depreciation and impairment losses	(4,981,716)	(80,075,620)	-	(85,057,336)

Plant and machinery at 31 December 2016 include generic production plant and machinery, mainly based at the Bairo and Cambiano facilities.

Leased machinery and equipment at 31 December 2015, which showed a zero balance, related to production machinery and equipment purchased by Pininfarina S.p.A. that exercised the related purchase option, as provided for by the Rescheduling Agreement.

The leased machinery and equipment related to production contracts and their carrying amount progressively zeroed due to depreciation and the impairment losses recognised following the parent's discontinuance of production activities. They will be scrapped as they cannot be used for other purposes.

Additions of the year are mainly due to plant installed at the Cambiano facility and at the wind tunnel.

	Furniture and fixtures	Hardware and software	Other assets	Total
Historical cost	3,231,777	6,218,217	842,018	10,292,012
Accumulated depreciation and impairment losses	(2,403,657)	(5,211,795)	(339,899)	(7,955,351)
Carrying amount at 31 December 2015	828,120	1,006,422	502,119	2,336,661
Additions	299,535	113,895	210,179	623,609
Disposals: Historical cost	(24,203)	(3,405)	(80,500)	(108,108)
Disposals: Acc. depreciation and imp. losses	-	-	-	-
Depreciation	(162,481)	(322,846)	(64,152)	(549,478)
Impairment losses	-	-	-	-
Reclassifications	86	(10,250)	(4,891)	(15,055)
Other changes	139	1,575	142	1,856
Carrying amount at 31 December 2016	**941,196**	**785,390**	**562,897**	**2,289,483**
Of which:				
Historical cost	3,507,195	6,318,456	966,806	10,792,456
Accumulated depreciation and impairment losses	(2,565,999)	(5,533,066)	(403,908)	(8,502,973)

Additions to furniture and fixtures and other assets made during the year relate to the German group's and Pininfarina of America Corp.'s new offices.

Additions to hardware and software for the year relate to the purchase of IT equipment for technological upgrading.

2. Investment property

The Group's investment property consists of buildings owned by Pininfarina Deutschland Holding GmbH in Renningen, near Stuttgart, Germany, which are leased to third parties.

They are mortgaged to secure a loan received by the German subsidiary (€270,000).

	Land	Buildings	Total
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(9,553,267)	(9,553,267)
Carrying amount at 31 December 2015	5,807,378	2,673,288	8,480,666
Additions	-	-	-
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(364,373)	(364,373)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Carrying amount at 31 December 2016	**5,807,378**	**2,308,915**	**8,116,293**
Of which:			
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(9,917,640)	(9,917,640)

3. Intangible assets

The carrying amount of intangible assets at 31 December 2016 decreased to €1.8 million from €2.3 million at 31 December 2015.

	Goodwill	Licences	Other assets	Total
Historical cost	1,043,495	5,765,109	2,124,015	8,932,619
Accumulated amortisation and impairment losses	-	(4,638,899)	(2,041,762)	(6,680,661)
Carrying amount at 31 December 2015	1,043,495	1,126,210	82,253	2,251,958
Additions	-	76,524	41,855	118,379
Disposals: Historical cost	-		-	-
Disposals: Acc. amortisation and imp. losses	-		-	-
Amortisation	-	(526,813)	(34,670)	(561,483)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Carrying amount at 31 December 2016	1,043,495	675,921	89,438	1,808,854
Of which:				
Historical cost	1,043,495	5,841,633	2,165,870	9,050,998
Accumulated amortisation and impairment losses	-	(5,165,712)	(2,076,432)	(7,242,144)

The remaining goodwill of €1,043,495, which is the Group's only intangible asset with an indefinite useful life, originates from the consolidation of Pininfarina Extra S.r.l.. The Pininfarina Extra subgroup, which is comprised of Pininfarina Extra S.r.l., Pininfarina of America Corp. and the associate Goodmind S.r.l., engages in styling activities that are not related to the automotive industry. Consequently, it constitutes a separate cash generating unit.

The impairment test of the Pininfarina Extra subgroup's net assets did not identify any impairment loss.

As detailed below, the test has been carried out using the Unlevered Discounted Cash Flow model:

- the subgroup's operating cash flows from third parties have been discounted using a WACC rate of 8.58% (unchanged from the previous year end). The estimated future cash flows are those set out in the plans prepared by the directors based on reasonable and supportable assumptions that represent their best estimate of the future economic conditions;
- the Pininfarina Extra subgroup's net financial debt with third parties and net assets have been deducted from the discounted cash flows; the resulting figure has been compared with the carrying amount of goodwill.

4. Investments in associates

Goodmind S.r.l., incorporated in July 2012, provides communication services to companies and public sector entities. The Group's share of its profit for the year is €14,307. The associate had eight employees at the reporting date.

5. Equity investments in other companies

Equity investments in other companies did not change from the previous year end and are as follows:

	31.12.2016
Midi Plc	**251,072**
Idroenergia Soc. Cons. a.r.l.	**516**
Volksbank Region Leonberg	**300**
Unionfidi S.c.r.l.p.A. Turin	**129**
Equity investments in other companies	**252,017**

6. Loans and receivables

Changes in loans and receivables are set out below.

	31.12.2015	Increase	Interest income	Collection	**31.12.2016**
Pincar S.r.l. in liquidation	135,393	-	4,612	(140,005)	**-**
Goodmind S.r.l.	133,997	-	3,997	(3,997)	**133,997**
Loans and receivables - related parties	269,390	-	8,609	(144,002)	**133,997**

The amount due to Pincar S.r.l. in liquidation consisted of the accrued interest expense on the loan that was fully repaid in the previous year. It was repaid at the end of May 2016.

The amount due from the associate Goodmind S.r.l. shows the loan provided by Pininfarina Extra S.r.l. to finance its activities.

Loans to group companies are granted at market interest rates.

7. Assets held for trading

The Group sold the current assets held for trading recognised at 31 December 2015 (€16.4 million).

8. Inventories

Raw materials mainly consist of various materials used for the production of cars and prototypes at the Cambiano facility. Finished goods mainly consist of car spare parts manufactured by the Group, which are sold to carmakers.

The table below shows a breakdown of inventories and the allowance for inventory write-down:

	31.12.2016	31.12.2015
Raw materials	**493,965**	582,942
Allowance for inventory write-down	**(377,954)**	(521,055)
Finished goods	**214,377**	380,680
Allowance for inventory write-down	**-**	(77,773)
Inventories	**330,388**	364,794
The allowance for inventory write-down materials and spare parts.	**reflects the risk of obsolete**	and slow-moving items of

	2016		2015	
	Allowance for raw material write-down	**Allowance for finished goods write-down**	Allowance for raw material write- down	Allowance for finished goods write-down
Opening balance	**521,055**	**77,773**	553,858	339,744
Additions		**-**		-
Utilisations	**(37,066)**	**(183,808)**	(32,803)	(261,971)
Other changes	**(106,035)**	**106,035**	-	-
Closing balance	**377,954**	**-**	521,055	77,773

9. Contract work in progress

Contract work in progress shows the balance of gross contract work in progress less progress payments and advances.

The change for the year is due to the completion of certain styling and engineering contracts from customers inside and outside the European Union.

10. Trade receivables - third and related parties

The following table shows trade receivables at 31 December 2016 and 2015:

	31.12.2016	31.12.2015
Italy	**2,713,055**	5,031,681
EU	**6,782,867**	7,978,499
Non-EU countries	**4,029,925**	5,214,535
(Allowance for impairment)	**(1,119,529)**	(542,453)
Third parties	**12,406,317**	17,682,263
Goodmind S.r.l.	**-**	24,033
Mahindra&Mahindra Group	**361,500**	-
Tech Mahindra Group	**35,230**	-
Related parties	**396,730**	24,033
Trade receivables	**12,803,047**	17,706,296

The Group's main counterparties are top carmakers with a high credit rating. Since there are no insurance contracts on receivables, the Group's maximum exposure to credit risk is equal to the carrying amount of the receivables less the allowance for impairment. The Group did not factor any receivables. Trade receivables are mostly denominated in Euros.

Changes in the allowance for impairment are set out below:

	31.12.2016	31.12.2015
Opening balance	**542,453**	949,773
Additions	**681,917**	28,809
Utilisations	**(115,863)**	(436,129)
Other changes	**11,022**	-
Closing balance	**1,119,529**	542,453

11. Other assets

The following table shows other assets at 31 December 2016 and 2015:

	31.12.2016	31.12.2015
VAT	**2,642,667**	2,532,963
Withholding taxes	**1,901,056**	1,091,201
Prepayments and accrued income	**609,589**	722,524
Advances to suppliers	**37,942**	157,404
Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution)	**166,461**	10,834
Amounts due from employees	**16,707**	15,094
Other	**198,059**	158,826
Other assets	**5,572,480**	4,688,847

The VAT asset is mainly attributable to the parent and is mostly due to the invoices received for exercising the purchase options for leased assets, as provided for by the new Rescheduling Agreement.

12. Cash and cash equivalents

The table below shows a breakdown of this caption and a comparison with the previous year-end corresponding figures:

	31.12.2016	31.12.2015
Cash in hand and cash equivalents	**8,137**	11,593
Short-term bank deposits	**27,775,232**	20,984,104
Cash and cash equivalents	**27,783,369**	20,995,697
(Bank overdrafts)	**-**	-
Net cash and cash equivalents	**27,783,369**	20,995,697

Short-term bank deposits at 31 December 2015 included a restricted account of €5,000,000 in relation to a surety issued to the tax authorities securing the repayment of the 2012 VAT asset recovered by the parent. The restriction was removed on 27 December 2016, following the expiry of the surety.

13. Equity

(a) Share capital

	31.12.2016			C
	Nominal amount	**No.**	Nominal amount	No.
Ordinary shares	**30,166,652**	**30,166,652**	30,166,652	30,166,652
(Treasury shares)	**(15,958)**	**(15,958)**	(15,958)	(15,958)
Share capital	**30,150,694**	**30,150,694**	30,150,694	30,150,694

The parent's share capital is comprised of 30,166,652 ordinary shares, with a unit nominal amount of €1. There are no other classes of shares.

Treasury shares are held in accordance with the limits imposed by article 2357 of the Italian Civil Code.

Detailed information about the parent's shareholders is provided in the "General information" section of these notes.

As a result of a deed signed on 30 May 2016, the shares previously held by Pincar S.r.l. in liquidation, equal to 76.06%, were released from the senior pledge granted in 2008.

During their ordinary and extraordinary meeting of 21 November 2016, the shareholders approved the proposal for a capital increase against payment of a maximum amount of €26,532,528, including any share premium, to be carried out by instalments, by issuing ordinary shares with a nominal amount of €1 with the same characteristics as those outstanding and carrying regular dividend, to be offered to the parent's shareholders that have right of first refusal pursuant to article 2441.1 of the Italian Civil Code. The capital increase shall be carried out before 31 July 2017, when the decisions, pursuant to article 2439.2 of the Italian Civil Code, that the capital increase, if not fully subscribed, shall be intended as limited to the amount subscribed before that term shall be made.

Moreover, the shareholders gave the Board of Directors the powers, pursuant to article 2443 of the Italian Civil Code and for five years from 21 November 2016, to increase the share capital against payment and by instalments, for a maximum amount of €2,225,925, without excluding the right of first refusal pursuant to article 2441.8 of the Italian Civil Code, by issuing 2,225,925 ordinary shares with a nominal amount of €1, with the same characteristics as those outstanding at the issue date and carrying regular dividend rights. Subscription of the newly-issued shares will be reserved for the beneficiaries of the 2016-2023 stock option plan, in accordance with the provisions of the plan, for a unit price of €1.10.

(b) Reserve for treasury shares

This reserve of €175,697, unchanged from the previous year end, is recognised in accordance with the provisions of article 2357 of the Italian Civil Code.

(c) Legal reserve

The legal reserve of €6,033,331, which pursuant to the provisions of article 2430 of the Italian Civil Code is available to cover any losses, is unchanged from the previous year end.

(d) Stock option reserve

Pursuant to article 114-bis of the Consolidated Finance Act, on 21 November 2016, the shareholders approved a stock option plan that provides for the free assignment of options for the subscription of ordinary shares to the parent's employees. The ratio is one share for each option. The plan aims at incentivising attainment of the parent's objectives and retaining employees. The plan provides that the maximum number of shares to be assigned to the beneficiaries is 2,225,925 and that the option's exercise price is €1.10 for each share. The plan term is seven years (2016- 2023).

The reserve includes the plan cost pertaining to the year.

The options are measured using the Black-Scholes valuation approach, whose assumptions are as follows:

1. Volatility: 80% (three year average)
2. Risk-free rate: -0.41% (the average of the three instalments considered)
3. Dividends: no dividends are expected during the plan term
4. Average share price: €1.10

5. Vesting conditions: permanence of the employment agreement
6. Settlement method: equity instruments
7. Cost for the year and carrying amount at the reporting date: €157,793

(e) Translation reserve

The translation reserve reflects the cumulative differences from the translation of financial statements of companies with functional currencies other than the Euro, which is the Group's presentation currency. These companies are Pininfarina Automotive Engineering (Shanghai) Co Ltd. and Pininfarina of America Corp..

(f) Other reserves

Other reserves are unchanged from the previous year end.

(g) Losses carried forward

Losses carried forward totalled €29,354,877 at the reporting date, up by €18,232,179 from the 31 December 2015 figure. The increase includes the loss for 2015 of €18,168,675 and the effect for the year of the adoption of IAS 19 (revised), quantified at €63,504.

The table reconciling the parent's profit and equity as at and for the year ended 31 December 2016 with the Group's relevant figures is provided in the directors' report, to which reference is made.

14. Loans and borrowings Rescheduling Agreement

(a) Rescheduling Agreement

The new Rescheduling Agreement (the "Agreement") between Pininfarina S.p.A. and its lending institutions became effective on 30 May 2016. Its effects are summarised below:

- settlement and extinguishment of 56.74% of the nominal amount of the parent's debt with the lending institutions that accepted this option, totalling €32.1 million;
- the rescheduling of the nominal amount of the debt with the lending institutions that accepted this option, totalling €41.5 million, from 2016 to 2025;
- the application of a fixed interest rate of 0.25% per annum, based on a year of 360 days, increased by the difference between this rate and the six-month Euribor, should the latter exceed 4%.
- exercising the purchase option for leased assets.

(b) Substantial change to the financial liabilities' terms pursuant to IAS 39

The above-mentioned changes introduced by the new Rescheduling Agreement entailed a substantial change to the terms of the financial liabilities with the lending institutions pursuant to IAS 39, which has been recognised by reinstating the debt's pre-agreement carrying amount and posting a gain relating to the new financial liability, as shown in the table below.

(c) Fair value of restructured debt

The fair value of the restructured debt was determined by discounting the cash flows as per the Rescheduling Agreement to their present value using a 6.5% rate, determined with the support of a third-party financial advisor, as the sum of 1) the return on risk-free investments and 2) a credit spread attributed to Pininfarina S.p.A.

The table below summarises the changes in loans and borrowings:

	31.12.2015	**Accrued figurative interest at 30.05.2016**	**Current/ non- current reclassification**	**Nominal amount reinstatement**	**Extinguishment**	**Repayment**	**Gain on new financial liability**	**Reclassification**	**Figurative interest accrued from 31.05 to 31.12**	**31.12.2016**
Finance lease liabilities	40,774,347	1,168,381	11,653,536	6,751,862	(17,428,467)	(22,859,253)	(6,284,512)	(13,775,894)	-	-
Other loans and borrow ings	25,616,838	725,450	7,235,684	4,192,231	(7,074,662)	(9,309,160)	(6,615,337)	10,348,280	1,011,628	26,130,952
Non-current portion	66,391,185	1,893,831	18,889,220	10,944,093	(24,503,129)	(32,168,413)	(12,899,849)	(3,427,614)	1,011,628	26,130,952
Bank overdraf ts	-									-
Finance lease liabilities	11,653,536	(11,653,536)								-
Other loans and borrow ings	7,235,684	(7,235,684)						3,427,614		3,427,614
Current portion	18,889,220	-	(18,889,220)	-	-	-	-	3,427,614	-	3,427,614
Current and non-current portions	85,280,405	1,893,831	-	10,944,093	(24,503,129)	(32,168,413)	(12,899,849)	-	1,011,628	29,558,566

Other loans and borrowings include the amounts due to the parent's lending institutions, parties to the Agreement, pursuant to the relevant loan and financing agreements.

A breakdown of the contractual cash flows by maturity is provided in paragraph (e) of the "Financial risk management" section. A breakdown of changes by lender is set out below:

	31.12.2015	Accrued figurative interest at 30.05.2016	Nominal amount reinstatement	Extinguishment	Repayment	Gain on new financial liability	Figurative interest accrued from 31.5 to 31.12	Reclassification	31.12.2016
Mediocredito Italiano S.p.A. (formerly Leasint S.p.A.)	11,618,417	258,922	1,496,264	-	-	(4,189,674)	-	(9,183,929)	
MPS Leasing & Factoring S.p.A.	5,809,211	129,461	748,131	(2,892,711)	(3,794,092)	-	-		
Selmabipiemme Leasing S.p.A.	5,809,211	129,461	748,131	-	-	(2,094,838)	-	(4,591,965)	
Release S.p.A.	15,614,955	347,987	2,010,954	(7,775,507)	(10,198,389)	-	-	-	
BNP Paribas Leasing Solutions S.p.A.	4,988,373	111,168	642,422	(2,483,973)	(3,257,990)	-	-	-	
UBI Leasing S.p.A.	2,494,186	55,585	321,211	(1,241,987)	(1,628,995)	-	-	-	
Unicredit Leasing S.p.A.	6,093,530	135,797	784,749	(3,034,289)	(3,979,787)	-	-	-	
Finance lease liabilities	52,427,883	1,168,381	6,751,862	(17,428,467)	(22,859,253)	(6,284,512)	-	(13,775,894)	-
Intesa Sanpaolo S.p.A. (formerly Mediocredito Italiano S.p.A.)	-	-	-	-	-	-	328,562	9,183,929	9,512,491
Selmabipiemme Leasing S.p.A.	-	-	-	-	-	-	164,281	4,591,965	4,756,246
Intesa Sanpaolo S.p.A.	11,538,615	257,144	1,485,985	-	-	(4,160,896)	326,304	-	9,447,152
Banco Popolare Soc. Coop. (formerly Banca Italease)	674,734	15,037	86,894	(335,985)	(440,680)	-	-	-	-
UniCredit S.p.A.	7,331,804	163,393	944,218	(3,650,891)	(4,788,524)	-	-	-	-
Banca Nazionale del Lavoro S.p.A.	1,363,097	30,377	175,545	-	-	(491,542)	38,549	-	1,116,026
Ubi Banca SpA (formerly Banca Regionale Europea S.p.A.)	5,443,303	121,307	701,008	-	-	(1,962,899)	153,932	-	4,456,651
Banco Popolare Soc. Coop.	4,082,482	90,980	525,754	(2,032,880)	(2,666,336)	-	-	-	-
Banca Monte dei Paschi di Siena S.p.A.	2,118,487	47,212	272,827	(1,054,906)	(1,383,620)	-	-	-	-
Volksbank Region Leonberg (GER)									
Loans and borrowings	32,852,522	725,450	4,192,231	(7,074,662)	(9,309,160)	(6,615,337)	1,011,628	13,775,894	29,558,566
Leases and financing	85,280,405	1,893,831	10,944,093	(24,503,129)	(32,168,413)	(12,899,849)	1,011,628	-	29,558,566

Other information

The €270,000 loan is due to Volksbank Region Leonberg (GER) by Pininfarina Deutschland Holding GmbH, which is the only subsidiary with non-current debt.

Consequently, the Group's loans and borrowings are not subject to currency risk.

Loans and borrowings - related parties and joint ventures

This caption shows the loan that PF Holdings B.V. granted to Pininfarina S.p.A., including interest accrued during the year.

The loan agreement provides for interest at 0.25% pa and expires on 31 July 2017.

15. Post-employment benefits

Post-employment benefits show the present value of the obligation to employees under article 2120 of the Italian Civil Code. Following the changes introduced to Italian laws some years ago, benefits vested before 1 January 2007 are classified as defined benefit plans pursuant to IAS 19 - Employee Benefits, while those accrued thereafter are classified as defined contribution plans.

Changes for the year are provided below:g

	31.12.2016	31.12.2015
Opening post-employment benefits	**4,979,679**	5,346,940
Interest cost recognised in profit or loss	**66,487**	59,456
Current service cost recognised in profit or loss	**61,263**	55,410
Actuarial (gains) losses recognised in other comprehensive income	**73,278**	(38,096)
Payments	**(253,928)**	(444,032)
Closing post-employment benefits	**4,926,779**	4,979,678

The business lease signed by the parent and Bluecar Italy S.r.l., a company of the Bolloré Group included the transfer of 50 employment contracts and related post-employment benefits up until when the lease expires (31 December 2022).

The main assumptions underlying the actuarial calculation of the liability in the current and previous years are set out below:

	2016	2015
Annual inflation rate (2016)	**1.5%**	1.0%
Annual inflation rate (2017)	**1.5%**	1.6%
Annual inflation rate (2018)	**1.5%**	1.9%
Annual inflation rate (2019)	**1.5%**	1.8%
Annual inflation rate (2020 and thereafter)	**1.5%**	2.0%
Benefit discount rate	**0.8%**	1.4%
Annual salary increase rate	**0.5% - 3%**	0.5% - 1.5%

The adopted discount rate refers to the market yield of AA-rated Euro securities.

Moreover, the sensitivity analysis carried out increasing/decreasing the base rate by 50% did not show significant changes with respect to the current post-employment benefit obligation.

16. Trade payables, other financial liabilities and other liabilities

(a) Trade payables

	31.12.2016	31.12.2015
Third parties	**6,910,250**	9,033,607
Related parties	**-**	15,135
Advances for contract work in progress	**6,014,357**	1,672,812
Trade payables	**12,924,607**	10,721,554

The reporting-date balance comprises amounts that will be paid within twelve months of the reporting date.

(b) Other financial liabilities

	31.12.2016	31.12.2015
Wages and salaries payable	**2,228,912**	2,536,661
Social security charges payable	**1,341,011**	1,284,921
Other	**1,396,651**	1,481,765
Other financial liabilities	**4,966,574**	5,303,347

(c) Other liabilities

This caption comprises the parent's deferred lease income on the business lease and deferred income of the subsidiaries.

17. Provisions for risks and charges, contingent liabilities and litigation

(a) Provisions for risks and charges

Changes in provisions for risks and charges are set out below, with a comment on the main changes:

	31.12.2015	Additions	Utilisations	Other changes	**31.12.2016**
Provision for product warranty	54,612	-	(87)	-	**54,525**
Restructuring provision	939,360	-	(701,165)	-	**238,195**
Other provisions	271,653	168,014	(308,386)	(3,213)	**128,068**
Provisions for risks and charges	**1,265,625**	**168,014**	**(1,009,638)**	**(3,213)**	**420,788**

The restructuring provision reflects the best estimate of the liability for restructuring at the reporting date. Utilisations mainly relate to the amounts paid in January 2016 to employees who left the parent under a redundancy programme in December 2015.

Other provisions reflect the estimated liabilities that may arise from losses to complete styling and engineering contracts, potential disputes with former employees and environmental risks. Utilisations and other changes mainly show the effects of the measurement of losses to complete long-term contracts.

(b) Contingent liabilities and litigation

VAT

This dispute, which arose in 2007 regarding the allegation that VAT should have been levied on the amounts invoiced in 2002 and 2003 by the parent to Peugeot Citroen Automobiles SA, is currently pending before the Supreme Court of Cassation. There were no developments in this case as of the approval date hereof.

18. Current and deferred taxes

(a) Deferred taxes

The table below provides a breakdown of deferred tax assets and liabilities:

	31.12.2016	31.12.2015
Deferred tax assets	**1,001,766**	926,424
(Deferred tax liabilities)	**(974)**	(12,754)
Net deferred tax assets	**1,000,792**	913,670

The net deferred tax assets shown in the consolidated financial statements mainly refer to the German companies. They reflect the recoverable portion of the tax loss carryforwards, determined based on forecast future taxable profit and taking into account the agreement for the filing of a national consolidated tax return signed by the German companies, headed by the subsidiary Pininfarina Extra S.r.l..

The decrease in deferred tax liabilities relates to temporary differences of the subsidiary Pininfarina of America Corp..

A breakdown of the temporary differences relating to unrecognised deferred tax assets and liabilities is set out below:

	31.12.2016	31.12.2015
Tax loss carryforwards	**141,006,216**	133,517,402
Deductible temporary differences	**414,074**	43,423,652
(Taxable temporary differences)	**(17,293,106)**	(14,091,230)
Total	**124,127,184**	162,849,825

The balance is mainly attributable to Pininfarina S.p.A., the Pininfarina Deutschland GmbH subgroup and the subsidiary Pininfarina Automotive Engineering Shanghai Co Ltd..

The change in temporary differences is mainly due to the finance lease agreements.

A breakdown of tax loss carryforwards by geographical segment is set out below:

	31.12.2016	31.12.2015
Italy	**97,979,500**	94,765,696
Germany	**42,829,400**	38,589,000
China	**197,316**	162,706
Total tax loss carryforwards	**141,006,216**	133,517,402

The Group has not recognised the deferred tax assets resulting from the above table as the generation of taxable profit in the short to medium-term enabling the full use of the tax losses and deductible temporary differences is not probable.

(b) Current taxes

Income taxes recognised in profit or loss are detailed below:

	2016	2015
Income taxes	**(11,674)**	(367,951)
IRAP (Regional tax on production activities)	**(54,861)**	(77,239)
Tax consolidation benefit	**-**	-
Adjustment to prior year tax consolidation benefit	**-**	-
Addition to prior year provision	**-**	(11,437)
Current taxes	**(66,535)**	(456,627)
Change in deferred tax assets	**76,721**	-
Change in deferred tax liabilities	**-**	(119,828)
Net deferred taxes	**76,721**	(119,828)
Income taxes	**10,186**	(576,455)

IRAP (Regional tax on production activities) relates to Pininfarina Extra S.r.l..

19. Revenue from sales and services

	2016	2015
Sales - Italy	**1,394,239**	1,343,342
Sales - EU	**1,392,274**	1,327,020
Sales - Non-EU countries	**4,298,651**	813,864
Services - Italy	**8,760,035**	17,087,847
Services - EU	**31,448,293**	34,964,144
Services - Non-EU countries	**15,366,028**	19,590,077
Revenue from sales and services	**62,659,520**	75,126,294

Sales refer mainly to revenue from sales of spare parts, equipment and prototypes. Services show amounts invoiced for styling and engineering services.

Segment reporting is provided on page 48.

20. Other revenue and income

	2016	2015
Royalties	**6,083,000**	1,471,500
Lease income	**3,592,634**	3,555,237
Prior year income	**212,913**	70,831
Rebilling	**171,397**	260,099
Sundry	**109,081**	96,392
Insurance compensation	**52,256**	54,451
Grants relating to income	**5,469**	126,003
Other revenue and income	**10,226,750**	5,634,513

Royalties mainly refer to fees for the licence to use the Pininfarina trademark granted to the Bolloré

S.A. Group in connection with the electric cars manufactured at the Bairo Canavese facility and for the brand licence agreement signed with Mahindra & Mahindra Ltd. The increase for the year is due to the brand licence agreement.

Lease income mainly refers to the business lease signed by Pininfarina S.p.A. and a third party and leases for the two buildings located in Renningen, near Stuttgart, in Germany, owned by the subsidiary Pininfarina Deutschland Holding GmbH.

Prior year income refers to prior year income and estimation differences, other than errors, resulting from the regular updating of estimates made in previous years.

21. Raw materials and components

Raw materials and components mainly include purchases of equipment and materials used for the styling and engineering contracts and spare parts resold by the parent.

22. External variable engineering services

External variable engineering services mainly refer to design and technical services.

23. Wages, salaries and employee benefits

	2016	2015
Wages and salaries	**(34,476,355)**	(37,483,045)
Social security contributions	**(8,238,411)**	(9,350,947)
Utilisation of restructuring provision	**701,165**	403,255
Blue collars, white collars and managers	**(42,013,601)**	(46,430,737)
Post-employment benefits - defined contribution plan	**(1,217,607)**	(1,258,295)
Wages, salaries and employee benefits	**(43,231,208)**	(47,689,032)

Utilisation of restructuring provision mainly relates to the amounts paid in January 2016 to employees who left the parent under a redundancy programme in December 2015.

Post-employment benefits – defined contribution plan reflect the costs related to post-employment benefits both for defined benefit and defined contribution plans.

A breakdown of the actual number of employees at the reporting date and the average number for the year is set out below, as per article 2427 of the Italian Civil Code, calculated by adding the number of employees at the beginning and end of the reporting period and dividing the result by two:

	2016		2015	
	reporting date	**average**	reporting date	average
Managers	**22**	**23**	25	25
White collars	**532**	**539**	567	601
Blue collars	**24**	**28**	29	31
Total	**578**	**590**	621	657

The business lease currently in force involved the transfer of 50 employment contracts.

24. Additions to/utilisation of provisions and impairment losses

	2016	2015
Net impairment losses on loans and receivables	**(682,334)**	(28,809)
Revised estimate of the allowance for impairment	**-**	-
Additions to provisions for risks and charges	**(168,014)**	(1,074,855)
Utilisation and revised estimates of provisions for risks and charges	**249,822**	102,995
Impairment losses on property, plant and equipment	**-**	(9,504,996)
Additions to/utilisation of provisions and impairment losses	**(600,526)**	(10,505,665)

Utilisation and revised estimates of provisions for risks and charges include the utilisation and revised estimates of the provision for losses to complete contracts.

Reference should be made to note 17 for details of additions to the provisions for risks and charges.

25. Other expenses

	2016	2015
Travel expenses	**(1,353,993)**	(2,162,432)
Leases	**(2,682,676)**	(2,409,943)
Directors' and statutory auditors' fees	**(898,756)**	(1,126,138)
Consulting and other services	**(3,591,999)**	(4,324,476)
Other personnel costs	**(749,021)**	(566,956)
Postal expenses	**(441,845)**	(409,620)
Cleaning and waste disposal services	**(305,383)**	(282,671)
Advertising	**(307,308)**	(562,308)
Indirect taxes	**(687,237)**	(692,902)
Insurance	**(585,881)**	(561,825)
Membership fees	**(102,061)**	(105,383)
Prior period expense	**(19,922)**	(12,614)
General services and other expenses	**(916,855)**	(973,866)
Other expenses	**(12,642,937)**	(14,191,135)

Consulting and other services include legal expenses and IT consultancy fees.

General services and other expenses include costs for general services, guarantees and settlements in court.

Leases mainly refer to IT equipment, forklift trucks and cars used by employees. These are operating leases pursuant to IAS 17 – Leases and do not entail special commitments for the group companies.

26. Net financial expense

	2016	2015
Interest and commission expense on credit facilities	**(155,306)**	(342,598)
Lease interest expense	**(1,235,609)**	(3,205,774)
Interest expense on loans and financing	**(1,835,791)**	(2,052,577)
Financial expense	**(3,250,706)**	(5,600,949)
Bank interest income	**70,302**	100,855
Gains on assets held for trading	**72,085**	119,541
Interest income on loans and receivables - third parties	**10,783**	111,673
Interest income on loans and receivables - related parties	**8,609**	66,620
Financial income	**161,779**	398,689
Net financial expense	**(3,088,927)**	(5,202,260)

Interest and commission expense refer to interest paid on credit lines and bank fees.

Lease interest expense of €1,235,609 shows the effect of amortised-cost accounting (€1,168,381) and interest paid under the existing Agreement (€67,228).

Interest expense on loans and financing of €1,835,791 comprises the effect of amortised-cost accounting (€1,737,078) and interest accrued under the existing Agreement (€96,338). The remainder relates to foreign companies.

Interest expense on loans from the ultimate parent refers to the loan granted by PF Holdings B.V. to Pininfarina S.p.A..

Bank interest income accrued on the current account positive balances.

Gains on assets held for trading relate to the sale of the parent’s portfolio in March 2016.

Interest income on loans and receivables - third parties relates to the 2015 VAT and II quarter tax assets recovered by the parent at the end of June 2016.

Interest income on loans and receivables - related parties of €6,605 accrued on the loans granted to the former ultimate parent, Pincar S.r.l. in liquidation, by Pininfarina S.p.A. and to the associate Goodmind S.r.l. by Pininfarina Extra S.r.l..

27. Gain on the extinguishment of financial liabilities

The 2016 substantial modification of the terms of financial liabilities resulted in the extinguishment of the carrying amount of the pre-Rescheduling Agreement obligation outstanding on the effective date (30 May 2016) and the recognition of the restructured obligation at its fair value, in line with that described in note 14. The gain on the extinguishment of financial liabilities is the difference between the two amounts

OTHER INFORMATION

Events after the reporting date

On 27 February 2017, Pininfarina S.p.A. signed a trade agreement with Hybrid Kinetic Group Limited, listed on the Hong Kong stock exchange and specialised in the business of electric cars. The agreement covers the development of an electric vehicle from styling the concept to development, engineering development, virtual and physical validation for series production. The contact is worth €65 million and has a term of four years.

The agreement is expected to have a limited impact on the 2017 revenue of the parent and the subsidiary Pininfarina Deutschland GmbH, but it will have a significant effect in the following three years.

There are no other significant events that occurred after the reporting date.

Related party transactions

The table below, which is presented pursuant to Consob communication no. DEM/6064293 of 28 July 2006, summarises related party transactions, including intragroup transactions. These transactions were carried out at market conditions, consistent with the nature of the goods exchanged or services provided. They were neither atypical nor unusual for the purposes of the above-mentioned communication.

	Commercial		**Financial**		**Operating**		**Financial**	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	16,024,000	-	-	-	24,000
Pincar S.r.l. in liquidation	-	-	-	-	-	400,000	4,612	-
Goodmind S.r.l.	-	-	133,997	-	32,000	-	3,997	-
Mahindra&Mahindra Limited	361,500	-	-	-	6,287,008	-	-	-
Tech Mahindra (Americas) Inc.	2,317	-	-	-	19,412	-	-	-
Tech Mahindra Ltd (India)	32,913	-	-	-	29,726	-	-	-
Total	**396,730**	**-**	**133,997**	**16,024,000**	**6,368,146**	**400,000**	**8,609**	**24,000**

The expense relating to Pincar S.r.l. in liquidation shows the liquidation costs incurred by Pininfarina

S.p.A. in accordance with the investment agreement signed by the parties.

The balances with the Mahindra group companies relate to transactions carried out after the acquisition of the investment.

In addition to the above figures, Studio Professionale Pavesio e Associati, related to Carlo Pavesio (director of Pininfarina S.p.A. until 2 August 2016), provided legal assistance to the company and Pininfarina Extra S.r.l. for total fees of €54,193 and €2,033, respectively.

Directors' and statutory auditors' fees
(€'000)

	2016	2015
Directors	**789**	1,015
Statutory auditors	**110**	111
Total	**899**	1,126

Significant non-recurring transactions

As required by Consob communication no. DEM/6064293 of 28 July 2006, the effects of non- recurring events or transactions, i.e., those events or transactions that do not occur frequently during the normal course of business, are shown in the next table:

	31.12.2016	31.12.2016 net of significant non-recurring transactions
Property, plant and equipment	**41,994,888**	41,994,888
Investment property	**8,116,293**	8,116,293
Intangible assets	**1,808,854**	1,808,854
Equity investments	**336,939**	336,939
Deferred tax assets	**1,001,766**	1,001,766
Non-current financial assets	**133,997**	133,997
NON-CURRENT ASSETS	**53,392,737**	53,392,737
Inventories	**330,388**	330,388
Contract work in progress	**1,418,702**	1,418,702
Current financial assets	**-**	-
Derivatives	**-**	-
Trade receivables and other assets	**18,375,527**	18,375,527
Cash and cash equivalents	**27,783,369**	39,321,782
CURRENT ASSETS	**47,907,986**	59,446,339
TOTAL ASSETS	**101,300,723**	112,839,136
Share capital and reserves	**9,932,958**	9,932,958
Profit (loss) from continuing operations	**20,531,208**	(9,492,049)
EQUITY	**30,464,166**	440,909
Non-current loans and borrowings	**26,130,952**	64,827,402
Deferred tax liabilities	**974**	974
Post-employment benefits and other provisions	**4,926,779**	4,926,779
NON-CURRENT LIABILITIES	**31,058,705**	69,755,155
Current loans and borrowings	**19,451,614**	22,316,834
Other financial liabilities	**4,966,574**	4,966,574
Trade payables	**12,924,607**	12,924,607
Current tax liabilities	**616,440**	616,440
Provisions for risks and charges	**420,788**	420,788
Other liabilities	**1,397,829**	1,397,829
CURRENT LIABILITIES	**39,777,852**	42,643,072
TOTAL LIABILITIES	**70,836,558**	112,398,228
TOTAL LIABILITIES AND EQUITY	**101,300,723**	112,839,136

	2016	2016 net of significant non-recurring transactions
Revenue from sales and services	**62,659,520**	62,659,520
Internal work capitalised	**-**	
Change in finished goods and contract work in progress	**(4,017,608)**	(4,017,608)
Other revenue and income	**10,226,749**	5,226,749
REVENUE	**68,868,661**	63,868,661
Net gains on sale of non-current assets and equity investments	**14,454**	14,454
Raw materials and consumables	**(4,698,019)**	(4,698,019)
Other variable production costs	**(2,112,022)**	(2,112,022)
External variable engineering services	**(5,306,243)**	(5,306,243)
Wages, salaries and employee benefits	**(43,231,208)**	(43,231,208)
Amortisation and depreciation, impairment losses and provisions	**(3,743,868)**	(3,743,868)
Net exchange rate gains	**(26,621)**	(26,621)
Other expenses	**(12,642,937)**	(12,242,937)
OPERATING LOSS	**(2,877,805)**	(7,477,805)
Net financial expense	**(3,088,927)**	(2,053,299)
Gain on the extinguishment of financial liabilities	**26,458,885**	-
Dividends	**14,561**	14,561
Share of profit of equity-accounted investees	**14,307**	14,307
PROFIT (LOSS) BEFORE TAXES	**20,521,022**	(9,502,235)
Income taxes	**10,186**	10,186
PROFIT (LOSS) FOR THE YEAR	**20,531,208**	(9,492,049)

The transactions identified as significant and non-recurring are as follows:
. the parent’s debt Rescheduling Agreement;
. loan agreement between Pininfarina S.p.A. and PF Holdings BV;
. brand licence agreement between Pininfarina S.p.A. and Mahindra & Mahindra;
. Pincar S.r.l. in liquidation’s liquidation costs.

Atypical and unusual transactions

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Pininfarina Group specifies that it did not carry out atypical or unusual transactions during the year, as defined in the above-mentioned Communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, nature of the counterparty, subject, method used to determine the transfer price and timing of the event, could create doubts as to: the fairness/completeness of the disclosure provided in the financial statements, the existence of a conflict of interest, the safeguarding of corporate assets and the protection of non-controlling investors.

Disclosure required by article 149-duodecies of the Issuer Regulation

The 2016 fees for audit and non-audit services provided by KPMG and other entities of its network are detailed below, pursuant to article 149-duodecies of the Consob Issuer Regulation.

Service p rovider	**Service recipient**	**Fee**
KPMG S.p.A.	Pininfarina S.p.A. (1)	**203,000**
KPMG S.p.A.	Pininfarina Extra S.r.l.	**10,000**
KPMG network	Subsidiaries (2)	**59,000**
Total		**272,000**

(1) Includes the following services for total fees of €130,000:
- translation of financial documents prepared by Pininfarina S.p.A.
- audit of the consolidated reporting package at 30 May 2016 for the consolidation purposes of the Tech Mahindra Group
- procedures performed in connection with the preparation of the prospectus for the parent’s share capital increase

(2) Includes the fees for the audit of the reporting package at 30 May 2016 requested by the Tech Mahindra Group (€18,000).

LIST OF CONSOLIDATED COMPANIES

	Registered office	Country	Share/ quota capital	Currency	Consolidated %	Investor	Investment %
Parent							
Parent							
Pininfarina S.p.A.	Turin Via Bruno Buozzi 6	Italy	30,166,652	€	100		
Consolidated subsidiaries							
Italian subsidiaries							
Pininf arina Extra S.r.l.	Turin Via Bruno Buozzi 6	Italy	388,000	€	100	Pininf arina S.p.A.	100
Foreign subsidiaries							
Pininf arina of America Corp.	Miami FL	USA	10,000	USD	100	Pininf arina Extra S.r.l.	100
Pininf arina Deutschland Holding GmbH	Leonberg Riedw iesenstr. 1	Germany	3,100,000	€	100	Pininf arina S.p.A.	100
Pininf arina Deutschland GmbH	Munchen Frankf urter Ring 81	Germany	25,000	€	100	Pininf arina Deutschland GmbH	100
Pininf arina Automotive Engineering (Shanghai) Co Ltd	Shanghai Jiading district, Unit 1, ane 56, Building 3, L Antuo Road, Anting, 201805 501 Brickell Key Drive - Suite 200	China	3,702,824	CNY	100	Pininf arina S.p.A.	100
Equity-accounted investees							
Goodmind S.r.l.	Cambiano (TO) Via Nazionale 30	Italy	20,000	€	20	Pininf arina Extra S.r.l.	20

Key figures of the main group companies
(IFRS figures)

Pininfarina Extra Group

Registered office: Turin - I
Quota capital €388,000
Investment percentage 100%

	31.12.2016	31.12.2015
	(€'million)	
Revenue	**7.8**	8.5
Profit for the year	**0.9**	1.5
Equity	**6.4**	6.5
Net financial position	**3.4**	3.8

Pininfarina Deutschland Group

Registered office: Leonberg - D
Share capital €3,100,000
Investment percentage 100%

	31.12.2016	31.12.2015
		(€'million)
Revenue	**22.5**	30.6
Profit for the year	**(2.0)**	1.5
Equity	**18.6**	21.6
Net financial position	**0.7**	2.0

Pininfarina Automotive Engineering Co Ltd

Registered office: Shanghai - PRC
Share capital CNY3,702,824
Direct investment percentage 100%

	31.12.2016	31.12.2015
	(€'million)	
Revenue	**2.9**	3.3
Profit for the year	**0.3**	0.1
Equity	**0.7**	0.4
Net financial position	**1.0**	0.7

Chairman of the Board of Directors Paolo Pininfarina

(signed on the original)

**STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS
PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE NO. 58/98**

◊ The undersigned Paolo Pininfarina, as chairman, and Gianfranco Albertini, as manager in charge of financial reporting of Pininfarina S.p.A., also considering the provisions of article 154- bis.3/4 of Legislative decree no. 58 of 24 February 1998, state that the administrative and accounting policies adopted for the preparation of the consolidated financial statements:

- are adequate in relation to the Group's characteristics and
- have been effectively applied during 2016.

◊ Moreover, they state that the consolidated financial statements as at and for the year ended 31 December 2016:

- have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Community pursuant to (EC) regulation no. 1606/2002 issued by the European Parliament and Council on 19 July 2002;
- are consistent with the accounting ledgers and records;
- are suitable to give a true and fair view of the financial position, financial performance and cash flows of the issuer and the group of companies included in the consolidation scope.

The directors' report includes a reliable analysis of the Group's performance and results of operations and the issuer's and consolidated companies' financial position and performance, as well as a description of the main risks and uncertainties to which they are exposed.

21 March 2017

Chairman	Manager in charge of financial reporting
Paolo Pininfarina	Gianfranco Albertini

Translation from the Italian original which remains the definitive version)

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

Dear shareholders,

The Board of Directors has presented the consolidated financial statements of the Pininfarina Group as at and for the year ended 31 December 2016, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes.

These consolidated financial statements show equity of €30,464,166, gross of the profit of the year of €20,531,208.

The consolidated financial statements as at and for the year ended 31 December 2016 have been prepared in accordance with the IFRS.

The consolidated financial statements have been made available to the Board of Statutory Auditors within the legal terms, together with the separate financial statements and the directors' report.

The latter adequately describes the financial position, financial performance and cash flows, including at consolidation level, of Pininfarina S.p.A. and its subsidiaries during the year and after the reporting date. It also provides a breakdown of business volumes by the main business segments and the consolidated results.

The consolidation scope has been adequately defined. At 31 December 2016, it includes the parent, five consolidated subsidiaries and one associate measured using the equity method.

Moreover, the subsidiary Matra Automobile Engineering SAS had already been deconsolidated in 2012 due to the immateriality of its net assets.

Based on their checks, the independent auditors, KPMG S.p.A., confirmed that carrying amounts in the 2016 consolidated financial statements are consistent with the parent's accounting records, the subsidiaries' financial statements and relevant information communicated by the latter.

The subsidiaries' financial statements prepared by their relevant bodies and provided to the parent for consolidation purposes were checked/audited by the individual companies' relevant bodies and/or parties, in accordance with local legislation. The independent auditors performed the procedures necessary for the audit of the consolidated financial statements.

The checks of the Board of Statutory Auditors do not cover those financial statements, as provided for by specific legal provisions (Consolidated Finance Act and article 41.3 of Legislative decree no. 127 of 9 April 1991).

KPMG S.p.A., as the independent auditors engaged for the audit of the Pininfarina Group's consolidated financial statements, issued their unqualified audit report today, in which they state that, in their opinion, the consolidated financial statements of the Pininfarina Group as at and for the year ended 31 December 2016 comply with the IFRS endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Based on our checks and procedures, we state that:

- the consolidation scope, consolidation policies and procedures comply with the IFRS requirements. Accordingly, the structure of the consolidated financial statements is technically correct and, as a whole, consistent with relevant legislation;
- our examination of the directors' report did not identify any inconsistencies with the figures and results presented in the consolidated financial statements;
- all information used for consolidation purposes relates to the entire reporting period, which is the year ended 31 December 2016;
- the accounting policies are consistent with those used in the previous year, except where stated otherwise.

Lastly, the chairman and the manager in charge of financial reporting issued a statement pursuant to article 81-ter of Consob regulation no. 11971/1999, as subsequently amended, and article 154-bis.3/4 of the Consolidated Finance Act (Legislative decree no. 58/1998).

Turin, 6 April 2017

STATUTORY AUDITORS

(Nicola Treves) (signed on the original)
(Giovanni Rayneri) (signed on the original)
(Margherita Spaini) (signed on the original)

TECH MAHINDRA FINTECH HOLDINGS LIMITED

Board of Directors

Mr. Vivek Satish Agarwal

Mr. William Michael Alley

Mr. Patrick Michael Byrne

Mr. Ian David Larkin

Mr. Vikram Narayanan Nair

Registered Office

401, Graffton Gate,

Milton Keynes,

MK91AT 36

Bankers

HSBC Bank

Auditors

KPMG LLP

STRATEGIC REPORT

The Directors present their strategic report for the period ended 31 March 2017.

The Company was formed on 27 May 2016 to act as an investment vehicle by Tech Mahindra Limited with the primary aim of investing in the Target Group of Companies.

Principal activities

The principal activity of the Company is to hold an investment in Target Topco Limited which controls the Target Group of Companies.

Business Performance

In August 2016 the Company purchased 100% of the share capital of Target Topco Limited, the ultimate UK parent of Target Group Limited.

During the year your Company paid an amount of £86m towards the acquisition of Target Group. As per the investment agreement the Company is expected to pay an amount of £11.25m as a first deferred consideration by April 2017. A further consideration of £20.22m has been estimated based on the terms of the purchase agreement.

Position of the Company at the period end

At the end of the year your Company has a cash and bank balance of £16.5m which is sufficient to cover the deferred consideration amounts held within creditors.

Vivek Satish Agarwal
Director
Registered Number: 10203355
Date : 1st July, 2017

401, Graffton Gate,
Milton Keynes
MK9 1AT

DIRECTORS' REPORT

The directors have pleasure in presenting their Directors 'report and the financial statements for the period ended 31 March 2017.

Results and Dividends

The results are set out in the Profit and Loss Account and Other Comprehensive Income on page herein.

The directors do not recommend the payment of a dividend for the period.

Directors

The directors who held office during the period were as follows:

Mr. Vivek Satish Agarwal
Mr. William Michael Alley
Mr. Patrick Michael Byrne
Mr. Ian David Larkin
Mr. Vikram Narayanan Nair

Political contributions

There were no political contributions made during the period.

Other information

Your Company has been formed as a Special Purpose Vehicle and the majority of the shares are held by Tech Mahindra Limited. The main purpose of forming the Company was to acquire the Target Group Limited. During the year the Company acquired 100% shares of the Target Group Limited.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Vivek Satish Agarwal
Director
Registered Number: 10203355
Date : 1st July, 2017

401 Graffton Gate
Milton Keynes
MK9 1AT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Vivek Satish Agarwal
Director
Registered Number: 10203355
Date : 1st July, 2017

401, Graffton Gate,
Milton Keynes
MK9 1AT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECH MAHINDRA FINTECH HOLDINGS LIMITED

We have audited the financial statements of Tech Mahindra Fintech Holdings Limited for the period ended 31 March 2017 set out on pages herein. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page herein, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
Date : 1st July, 2017

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	Note	Period ended 31 March 2017 £000
Administrative expenses		**(1,063)**
Operating loss		**(1,063)**
Interest receivable and similar income	5	**98**
Interest payable and similar expenses	6	**(92)**
Loss before tax		**(1,056)**
Tax on loss	7	**-**
Loss after tax for the period, being total comprehensive loss		**(1,056)**

The notes on pages 9 to 18 form part of these financial statements.

There was no other comprehensive income for the period other than the profit for the period.

BALANCE SHEET AT 31 MARCH 2017

	Note	Period ended 31 March 2017 £000
Fixed assets		
Investments	8	**117,943**
Current assets		
Debtors (including £X due after more than one year)	9	**4,752**
Cash at bank and in hand		**16,549**
Creditors: amounts falling due within one year	10	**(11,267)**
Net current assets		**10,034**
Total assets less current liabilities		**127,977**
Creditors: amounts falling due after more than one year	11	**(26,391)**
Provisions for liabilities		
Other provisions	13	**-**
Net assets		**101,586**
Capital and reserves		
Called up share capital	14	**10**
Share premium account		**102,632**
Profit and loss account		**1,056**
Shareholders' funds		**101,586**

These financial statements were approved by the board of directors on ………… and were signed on its behalf by:

Vivek Satish Agarwal
Director

Company registered number: 10203355

STATEMENT OF CHANGES IN EQUITY

	Called up Share capital	Share Premium account	Profit and loss account	Total Equity
	£000	£000	£000	£000
On incorporation	10	102,632		102,642
Total comprehensive loss for the period				
Loss for the year			(1,056)	(1,056)
Total comprehensive loss for the period			(1,056)	(1,056)
Balance at 31 March 2017	10	102,632	(1,056)	101,586

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

1 Accounting policies

Tech Mahindra Fintech Holdings Limited (‘the Company’) is a private company limited by shares, incorporated, registered and domiciled in England and Wales in the in the United Kingdom.

These financial statements are the first set prepared by the Company since it was incorporated on the 26 May 2016.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Tech Mahindra Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Tech Mahindra Limited are prepared in accordance with Indian Accounting Standards and are available to the public and may be obtained from the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company’s website (www.techmahindra.com). In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

1.1 Measurement Convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

1.2 Going concern

The company has been formed to acquire the 100% shares in The Target Group which was completed during the year. The company does not carry on any activities other than the investment in The Target Group. Considering the performance of The Target group, which has performed quite well. Considering this the directors have presented the company financial statements on the going concern basis.

It is also their opinion that a parent company will provide funding necessary if it is required to support the business to meets its obligations as they fall due for at least 12 months from the date of approval of the financial statements. This is based on a confirmation that support will be available if required for at least twelve months from the date of the approval of these financial statements.

1.3 Foreign Currency

Transactions in foreign currencies are translated to the companies’ functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non- monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the companies presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade debtors and creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. In the Company balance sheet, investments in subsidiaries acquired for consideration are measured by reference to purchase price less any impairment.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus

- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

1.7 Impairment

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.9 Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.10 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

2. Auditor's remuneration

Auditor's remuneration:

	Period ended 31 March 2017
	£000
Audit of these financial statements	**16**
Amounts receivable by the company's auditor and its associates in respect of:	
Audit -related assurance services	3

3. Staff numbers and costs

During the reporting period, the company had no employees.

4. Directors' remuneration

No remuneration / benefits paid to any of the directors during the year.

5. Interest receivable and similar income

	Period ended 31 March 2017
	£000
Interest on intercompany loans	**65**
Other interest	**33**
Total other interest payable and similar expenses	**98**

6. Interest payable and similar expenses

	Period ended 31 March 2017
	£000
Interest on loans	**92**
Total other interest payable and similar expenses	**92**

7. Taxation

During the reporting period, the company did not have any taxable profit hence no provision for current tax was made.

8. Fixed asset investments

	£000
Cost	
Additions	**X**
At 31 March 2017	**X**
Provisions	
Additions	**X**
At 31 March 2017	**X**
Net Book Value	
At 31 March 2017	X

On the 19th August 2016 the Company acquired 100% of the share capital of Target Topco Limited for a maximum consideration of £163,750,000. The company, as per the share purchase agreement paid the initial consideration of GBP 97.21 Million and accrued on fair value the balance consideration of GBP 20.32 Million which is payable on mutually agreed performance milestones in Calendar year 2020.

The company's wholly owned subsidiaries as at 31 March 2017 were:

Subsidiary undertakings	Registered Office	Class of share held	Ownership %
Target Topco Limited*		**Ordinary**	**100**
Target TG Investment Limited		**Ordinary**	**100**
Target Group Limited		**Ordinary**	**100**
Elderbridge Limited		**Ordinary**	**100**
Target Servicing Limited		**Ordinary**	**100**
Target Financial Systems Limited		**Ordinary**	**100**
Target Financial Solutions Limited		**Ordinary**	**100**
Target computer Group Limited		**Ordinary**	**100**
Target Group Trustee Company Limited		**Ordinary**	**100**
Harlosh Limited		**Ordinary**	**100**
Harlosh New Zealand Limited		**Ordinary**	**100**

*Directly owned by the company

9. Debtors

	2017 £000
Amounts owed by group undertakings	4,243
Prepayments and accrued income	509
	4,752
Due within one year	X
Due after more than one year	X
	4,752

10. Creditors: amounts falling due within one year

	2017 £000
Trade creditors	11
Obligations under share purchase agreement	11,255
Total	11,267

11. Creditors: amounts falling due after more than one year

	2017 £000
Obligations under share purchase agreement	20,327
Amounts owed to group undertakings	6,064
Total	26,391

12. Interest bearing loans and borrowings

Unsecured loans falling due within less than one year

	20 £000	20 £000
Loan payable to immediate parent company		6,064
Principal	5,972	
Interest	92	

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	Amount (principal)
Parent company loan	GBP	2.5%	2017	Bullet	5,972

13. Share capital

Type of shares	Number of shares	Face value
B1 voting shares of £0.010 each	**875,000**	**8,750**
A1 voting shares of £0.0001 each	**25,652**	**2,56**
A2 voting shares of £0.0200 each	**62,500**	**1,250**
		10,002

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

14. Ultimate controlling party

The Company is a subsidiary undertaking of Tech Mahindra Limited. The ultimate controlling party is Tech Mahindra Limited and its registered office is Gateway Building, Apollo Bunder, Mumbai – 400001, India.

The largest group in which the results of the company are consolidated is that headed by Tech Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai – 400001, India . The consolidated financial statements of Tech Mahindra Limited are available to the public on the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company's website (www.techmahindra.com).

15. Related party transactions

At 31 March 2017, £6,063k (Principal £5,971K & Interest £91.8K) was due to the immediate parent company, tech Mahindra Limited, in relation to an intercompany loan.

Interest expenses of £91.8k accrued on the intercompany loan with Tech Mahindra Limited.

At 31 March 2017, £4,242k (Principal £4,217K & Interest £25.9K) was due from the immediate subsidiary company, Target Topco Limited, in relation to an intercompany loan.

Interest Income of £64.98k accrued / paid on the intercompany loan with Target Topco Limited.

16. Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

TARGET GROUP LIMITED

Board of Directors
Mr. Ian David Larkin
Mr. Vivek Satish Agarwal
Mr. William Michael Alley
Mr. Patrick Michael Byrne
Mr. Colin Archibald Dickie
Mr. Terence Alexander Baxter
Mr. Stephen William Haggerty

RegisteredOffice
Target House, 5-19
Cowbridge Road East,
Castlebridge, Cardiff,
CF11 9AU

Bankers
HSBC Bank

Auditors
KPMG LLP

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report, the strategic report and the audited financial statements for the year ended 31 December 2016. In accordance with Section 414C (11) of the Companies Act 2006, certain information around the trading activities of the Group are contained within the Strategic Report.

Results and Dividend

The Group's results are set out in the consolidated profit and loss account on page herein.

The directors do not recommend the payment of a dividend for the year (2015: £Nil).

Directors

The directors who held office during the year were as follows:

Mr. Ian David Larkin

Mr. William Michael Alley

Mr. Patrick Michael Byrne

Mr. Colin Archibald Dickie

Mr. Terence Alexander Baxter

Mr. Stephen William Haggerty

Mr. R. Houghton (resigned 19th August 2016)

Mr. J.R.B. Snow (resigned 22nd August 2016)

Mr. J.W. Scott (resigned 19th August 2016)

Mr. S.A. Robertson (appointed 11th March 2016 and resigned 8th December 2016)

Donations

No political donations were made (2015: £Nil).

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page herein.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

I.D. Larkin
Director
Date: 23rd March 2017
Registered No.: 01208137

Target House, 5-19
Cowbridge Road East,
Castlebridge, Cardiff,
CF11 9AU

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Principal activities and financial review

Principal activities

The principal activity of the Group is the provision of consultancy, software, payments and servicing solutions primarily to the financial services sector. Our solutions are provided as software licence and related services sales or as services under IT hosting and business process outsourcing contracts. Target Group has over 38 years of experience and is trusted by over 50 major financial institutions, including a number of the top 20 global banks. Our platform now supports in excess of £25bn of business on behalf of our clients, comprising some £16bn under Target Group administration and a further £9bn of financial assets administered on our software platforms.

The principal activity of Elderbridge Ltd, another Group company, is to act as Lender of Record. The entity currently undertakes this function on the Group's owned loan portfolio and a number of other client portfolios.

Financial review

Turnover increased by 25.8% (2015: 10.5%) from £50,957k in year ended 31 December 2015 to £64,106k in the year ended 31 December 2016.

The group earnings before interest, tax, depreciation and amortisation of goodwill (EBITDA) was £11,019k (2015: £6,839k) as follows:

	Year ended 31 December 2016 £000	Year ended 31 December 2016 £000
Operating Profit	**8,345**	4,479
Depreciation (note 12)	**1,883**	1,758
Amortisation (note 10)	**791**	602
EDITDA	**11,019**	6,839

Business Performance

In August 2016 100% of the share capital of Target Topco Limited, the ultimate UK parent of Target Group Limited, was acquired by Tech Mahindra for an enterprise value of £112M. Tech Mahindra is listed on the National Stock Exchange of India and in 2015-16 published results posted revenue of $4bn and profit after tax of $480m. By joining with Tech Mahindra, a global multi-national specialist in digital transformation, it will allow us to better serve our clients through greatly expanding the solutions and services we provide.

In September 2016 Target Servicing Limited acquired the trade of Commercial First, a leading provider of commercial and residential mortgage servicing. Target Servicing Limited launched its first Structured Products in January 2016 under the Hartmoor Financial Brand. As a result of challenging market conditions the decision was taken to close the business in November 2016.

During the year we secured several new clients which contributed to our success, including being selected to provide third party administration for The Home and Communities Agency. The contract sees Target administer loans on behalf of the Government's flagship Help To Buy England Scheme. The business also secured a new two year contract with the DVLA to continue to provide our payments system to offer consumers an alternative method of paying their vehicle tax.

In the investments market we won contracts to provide back office administration for leading providers Barclays, Investec and RBS.

Risks and Uncertainties

Most of our clients are blue chip investment, retail banking, finance and insurance companies, and government bodies which represent a low credit risk.

There is minimal interest rate risk to the Group arising from the revolving credit facility and bank loan, which is addressed through considered cash management, fixing the rate on the revolving credit facility for 12 months and the bank loan for the period of the arrangement being five years at the outset. While the Group has exposure to exchange rate fluctuations due to its operations in Australia, New Zealand, and the Euro zone, this is limited due to a natural hedge, in that revenues are largely offset by expenditure in the local currencies. All treasury and taxation matters are now coordinated via the relevant group functions of our multinational listed parent Tech Mahindra.

Target Servicing Limited holds FCA permissions as an IFPRU 125k limited licence firm to enable it to operate as a plan manager within the structured product arena under the Hartmoor Financial brand. Following the closure of the plan manager business in November 2016, a variation of permissions to remove those pertinent to plan manager was submitted to the Financial Conduct Authority.

Our Markets

Our clients are predominantly providers of lending and payments, investments and insurance products. We service these markets through three key offerings; Business Process Outsourcing (BPO), managed services (incorporating hosted services) and software. These services are supported by our professional services and consultancy across all our markets.

We hold a Standard and Poor's Primary Servicing rating of Above Average and Special Servicer rating of Average.

Corporate Social Responsibility

In 2016 we continued to support charitable causes, with each office selecting a charity. In total we raised over £25,000 for Cancer Research UK, Hope House Hospice, Diabetic Association and The Stroke Association, whilst also raising over £4,000 for a number of smaller charities. Our employees contributed to the local community through foodbank collections, blood donation drives and via charitable payroll giving. As a company, we are passionate about engaging with our local community and taking responsibility for the environment around us.

People

There were changes in the structure of the executive committee, with Jeremy Edwards joining as Chief Client Officer.

The average number of colleagues increased in the period from 592 to 849, largely due to the growth in our business resulting from our client wins. The Management Graduate Scheme has added a further 4 graduates to the team.

The culture change programme that was successfully launched in 2014 continues to live in our day to day business. Built around a clear set of values and behaviours, a number of further initiatives have been introduced including our Value Behaviour Awards which encourage ongoing engagement amongst our team; in 2016 close to 300 nominations were received.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure their employment with the company continues and that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Outlook

Target Group is in an excellent position to take advantage of opportunities arising in the coming year.

A rapidly changing financial services market will lead to opportunities with both established players and disruptive entrants. The continued strengthening of our senior management team during recent years leaves us well positioned to secure these new client opportunities.

Our strong client relationships will also enable us to support the growth of those businesses with our servicing and software solutions.

By order of the board

I.D. Larkin
Director
Date: 23rd March 2017
Registered No.: 01208137

Target House, 5-19
Cowbridge Road East,
Castlebridge, Cardiff,
CF11 9AU

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

I.D. Larkin
Director
Date: 23rd March 2017
Registered No.: 01208137

Target House, 5-19
Cowbridge Road East,
Castlebridge, Cardiff,
CF11 9AU

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TARGET GROUP LIMITED

We have audited the financial statements of Target Group Limited for the year ended 31 December 2016 set out on pages herein. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS I 02 The Financial Reporting Standard applicable in the UK and Republic of Ireland .

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor 's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

A s explained more fully in the Directors' Responsibilities Statement set out on page herein, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board 's Ethical Standards for Auditors.

Scop e of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council 's website at www.frc.org.uk/auditscopcukprivate.

Opinion on financial statements In our opinion the financial statements:

- give a true and fair view of the state of the group's and ofthc parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Account ing Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by th e Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be und ertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report :

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Assembly Square Britannia Quay Cardiff
CFI04AX

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

Profit and Loss Account

	Note	**Year ended 31 December 2016 £000**	Year ended 31 December 2015 £000
Turnover	3	**64,106**	50,957
Cost of sales		**(41,860)**	(35,341)
Gross profit		**22,246**	15,616
Administrative expenses		**(13,901)**	(11,137)
Operating profit		**8,345**	4,479
Interest payable and similar charges	4	**(502)**	(699)
Interest receivable and similar income		**246**	47
Profit before taxation	6	**8,089**	3,827
Tax (charge)/ credit on profit	9	**(253)**	1,321
Profit after taxation		**7,836**	5,148
Other comprehensive income		**-**	-
Total comprehensive income		**7,836**	5,148

Turnover and operating profit relate entirely to continuing operations.

Notes on pages herein form part of these financial statements.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016

	Note	**Year ended 31 December 2016**		Year ended 31 December 2015	
Fixed assets		**£000**	**£000**	£000	£000
Goodwill	10	**696**		480	
Other intangibles	10	**1,082**		804	
Tangible assets	12	**6,077**		4,423	
			7,855		5,707
Current assets					
Debtors – due within one year	14	**19,075**		10,478	
Debtors – due after one year	14	**8,690**		8,045	
		27,765		18,523	
Cash at bank and in hand		**9,009**		5,176	
		36,774		23,699	
Creditors: amounts falling due within one year	15	**(17,705)**		(14,573)	
Net current assets			**19,069**		9,126
Total assets less current liabilities			**26,924**		14,833
Creditors: amounts falling due after more than one year	16		**(7,616)**		(6,073)
Net assets			**19,308**		8,760
Capital and reserves					
Called up share capital	18		**810**		810
Share premium account			**501**		501
Capital redemption reserve			**68**		68
Profit and loss account			**17,929**		7,381
Shareholders' funds			**19,308**		8,760

These financial statements were approved by the board of directors on 23 March 2017 and were signed on its behalf by:

I.D. Larkin

Director

COMPANY BALANCE SHEET

at 31 December 2016

	Note	Year ended 31 December 2016		Year ended 31 December 2015	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		628		643
Tangible assets	12		4,082		2,961
Investment in subsidiary undertakings	13		14,888		14,888
			19,598		18,492
Current assets					
Debtors – due within one year	14	11,724		13,020	
Debtors – due after one year	14	3,411		592	
		15,135		13,612	
Cash at bank and in hand		7,902		304	
		23,037		13,916	
Creditors: amounts falling due within one year	15	(22,894)		(18,429)	
Net current assets / (liabilities)			143		(4,513)
Total assets less current liabilities			19,741		13,979
Creditors: amounts falling due after more than one year	16		(1,551)		(1,346)
Net assets			18,190		12,633
Capital and reserves					
Called up share capital	18		810		810
Share premium account			501		501
Capital redemption reserve fund			68		68
Profit and loss account			16,811		11,254
Shareholders' funds			18,190		12,633

These financial statements were approved by the board of directors on 23 March 2017 and were signed on its behalf by:

I.D. Larkin

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the Group				
	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
Balance at 1 January 2015	810	501	68	2,233	3,612
Total comprehensive income for the period					
Profit for the financial year	-	-	-	5,148	5,148
Balance at 31 December 2015 and 1 January 2016	810	501	68	7,381	8,760
Total comprehensive income for the period					
Profit or loss	-	-	-	7,836	7,836
Other comprehensive income for the period	-	-	-	-	-
Capital contribution from shareholders, recorded directly in equity	-	-	-	2,712	2,712
Balance at 31 December 2016	810	501	68	17,929	19,308

COMPANY STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the Company				
	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
Balance at 1 January 2015	810	501	68	9,625	11,004
Total comprehensive income for the period					
Profit for the financial year	-	-	-	1,629	1,629
Balance at 31 December 2015 and 1 January 2016	810	501	68	11,254	12,633
Total comprehensive income for the period					
Profit or loss	-	-	-	2,845	2,845
Other comprehensive income for the period	-	-	-	-	-
Capital contribution from shareholders, recorded directly in equity	-	-	-	2,712	2,712
Balance at 31 December 2016	810	501	68	16,811	18,190

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Note	**Year ended 31 December 2016 £000**	Year ended 31 December 2015 £000
Cash flows from operating activities			
Operating profit		**8,345**	4,479
Adjustments for:			
Amortisation of intangible assets		**791**	602
Depreciation of tangible assets		**1,883**	1,758
(Increase)/ decrease in debtors		**(9,285)**	300
Increase in creditors		**9,292**	29
Cash from operations		**11,026**	7,168
Profit on sale of tangible fixed assets		**-**	(9)
Tax		**(211)**	(27)
Net cash generated from operating activities		**10,815**	7,132
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**-**	11
Purchases of tangible assets		**(2,103)**	(1,639)
Additions to intangible asset		**(1,285)**	(626)
Dividend received		**48**	47
Net cash generated from investing activities		**(3,340)**	(2,207)
Cash flows from financing activities			
Repayment of bank loans		**(2,537)**	(3,060)
Repayment of hire purchase and finance lease obligations		**(962)**	(851)
Interest paid		**(341)**	(464)
Net cash generated from financing activities		**(3,840)**	(4,375)
Net increase in cash and cash equivalents		**3,635**	550
Effect of exchange rates on cash and cash equivalents		**198**	-
Cash and cash equivalents at the beginning of the year		**5,176**	4,626
Cash and cash equivalents at the end of the year		**9,009**	5,176

NOTES

(forming part of the financial statements)

1 Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Target Group Limited is a company incorporated, domiciled and registered in England and Wales in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Directors' report and Strategic report on pages 1 to 4.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The functional currency of Target Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Target Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to intra-group transactions and remuneration of key management personnel, and no separate parent company Cash Flow Statement with related notes is included. The consolidated financial statements of Target Topco Limited, within which this Company is included, can be obtained from the address provided in Note 22.

The Group proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

Going Concern

The directors have presented the financial statements on the going concern basis.

This is predominantly because the directors expect the Group and Company to sustain profitable trading and cash flows and trading to date in 2017 is showing the Group and Company in a strong position in terms of both profits and cash flow.

The directors have prepared forecasts including cash flow information for up to 31 December 2018. On the basis of these forecasts and discussions with the group's bankers, the directors consider that the group will continue to operate within the facility currently agreed.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings made up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Business combinations are accounted for under the purchase method. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

Intangible assets - Goodwill

Purchased goodwill is capitalised at cost. Goodwill arising on the acquisition of subsidiary undertakings and businesses representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provisions are made for any impairment. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Goodwill is amortised on a straight line basis of its useful life. Goodwill has no residual value. The directors consider each acquisition separately for the purpose of determining the amortisation period, being the period over which the directors estimate that economic benefit will continue to be derived from the purchase as:

Purchased goodwill	5 years
Goodwill on consolidation arising on acquisition of subsidiary undertakings	5 – 10 years

Intangible assets – Research and Development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is between 3 and 5 years. Provisions are made for any impairment. See note 2 for further details.

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Other intangible assets

Intangible assets acquired as part of a business acquisition are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

The intangible assets acquired have been valued using an income approach, using the multi-period excess earnings method for customer contracts, and the relief from royalty method for brands.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful economic lives as follows:

Customer contracts	-	5 years
Brand	-	5 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less the estimated residual value, of each asset on a straight-line basis over their estimated useful economic lives from the point they are brought into use as follows:

Short leasehold property	-	the term of the lease
Computer equipment	-	3-7 years
Fixtures and fittings	-	3-10 years
Motor vehicles	-	2-4 years

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. In the Company balance sheet, investments in subsidiaries acquired for consideration are measured by reference to purchase price less any impairment.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Debt instruments

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

a. Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

b. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

c. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

d. There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Impairment of non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Turnover

Turnover represents the amounts, excluding value added tax, derived from the provisions of solutions to third party customers. Solutions can be provided in three ways: as software licence and related service sales, under facilities management contracts and under business process outsourcing contracts.

Sales of proprietary software systems licences and enhancements to software systems

Revenue from licence agreements for the delivery of software that does not require significant production or enhancement is recognised when, for this delivery, all the following are met:

- persuasive evidence of an arrangement exists;
- delivery of software has occurred;
- there are no significant remaining vendor obligations;
- the vendor's fee is fixed or determinable; and
- collectability is probable.

Licence agreements and enhancements to software systems where production or enhancement is significant are treated as long term contracts and revenue is recognised accordingly. Where the outcome of the contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probably they will be recoverable. Contract costs are recognised as expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Amounts recoverable on contracts are included in debtors and represent revenue earned in excess of payments on account. Amounts invoiced in excess of revenue earned are included in creditors and represent deferred income.

Maintenance

Revenue received under maintenance contracts is credited to turnover on a straight-line basis over the period in which it is earned.

Facilities management contracts

A facilities management contract typically contains a number of elements such as licence fees, enhancements, maintenance and facilities management services. The income arising from each of the elements of such a contract is treated in the same way as it would be were it made directly, as set out above. Licence fees and enhancements are accounted for in line with the methods described in the previous paragraphs, whereas the income from maintenance and facilities management services, which are delivered over the term of the contract, will be recognised equally over that term.

Where these figures are not separately identified in the contract then estimated figures are calculated using the following assumptions:

- facilities management income is based upon staff costs included at charge rate and an allocation of relevant overheads;
- enhancement income is based upon specific estimates to complete, valued at charge rate;
- maintenance income is based upon the same ratio of maintenance to licence revenue as when these are sold directly;
- licence fee income is calculated as the remaining income released over the term of the contract.

Business process outsourcing (servicing) contracts

Revenue received under loan servicing and other business process outsourcing contracts is recognised as turnover in the period that the servicing is carried out. All existing servicing contracts provide for charging clients on a monthly basis, either by reference to the portfolio size or according to a fixed fee structure.

Costs incurred in advance of the commencement of live servicing (net of upfront implementation fees received) which are recoverable over the period of the initial contract are shown as debtors within “other amounts recoverable on contracts” and amortised over the initial contract life. Costs which are not recoverable are fully expensed in the period incurred.

Services income

Short-term service revenues such as training, consultancy, and installation revenues are recognised once the service has been delivered.

Retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leasing and hire purchase obligations

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

In accordance with the transitional provisions of FRS 102, lease incentives on leases which were in existence prior to the date of transition have been spread over the shorter of the lease term and the period to the first review date on which the rent is first expected to be adjusted to the prevailing market rate.

Owned loan portfolios

Owned loan portfolios acquired from third parties are recognised at fair value, being purchase consideration payable, plus transaction costs. Thereafter all loans are valued at amortised cost with the Effective Interest Rate (‘EIR’) method. The EIR method spreads the expected net income arising from a loan over its expected life. The EIR is that rate of interest which, at inception, exactly discounts the future cash payments and receipts arising from the loan to the initial carrying amount. The loan balances are reviewed for impairment annually and written down using an impairment provision where required.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Certain elements of revenue recognition are subject to a degree of estimation, in particular in relation to long term contracts and the unbundling of facilities maintenance contracts. For further detail see note 1.

Owned loan portfolio

The value of the owned loan portfolio is calculated as the value of the expected future cash flows from the loans, discounted at the effective interest rate (EIR) calculated on their initial recognition. Various assumptions have been used to derive the expected cash flows, and the assumptions derived by the directors have been driven by historical performance of the loans.

The specific provision applied against loans in the portfolio is based on a roll rate methodology that is also based on assumptions that are derived from historical loan performance. In line with accounting requirements, the EIR used to calculate interest income from the loan portfolio was calculated upon initial recognition as the rate that discounted expected future cash flows to the purchase price of the loans.

Research and development costs

In line with FRS 102, the Group capitalises expenditure on development activities where that expenditure meets the requirements of the standard i.e. a product or process is technically and commercially feasible, the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and the Group can measure reliably the expenditure attributable to the intangible asset during its development. Projects are assessed on an individual basis to determine which activities meet the eligibility criteria for capitalisation as an intangible asset. The days attributable to eligible activities based on the time recording system, together with management assessment of percentage attributable where required, are multiplied by the relevant day rate for that period and capitalised. Eligible non-staff costs are also capitalised where relevant.

Deferred implementation costs

Due to the nature of some of the Group's servicing revenue streams, there may be certain projects where the implementation and set-up phase are loss making due to the contract with a client not providing any revenue until the servicing element begins. In order to provide a true and fair view of the nature of costs incurred during this implementation phase, the net costs of any implementation are deferred and released over the agreed contractual term.

3 Turnover

Turnover by destination was UK £61,781k (2015: £49,618k) and rest of the world £2,325k (2015: £1,339k). The table below sets out information for each of the group's industry segments:

	Portfolio income		**Software**		**Services**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Turnover	**1,764**	1,877	**19,342**	19,020	**43,000**	30,060	**64,106**	50,957

4 Interest payable and similar costs

	Year ended 31 December 2016	Year ended 31 December 2015
	£000	£000
Bank interest and charges	**179**	140
Hire purchase and finance interest	**159**	161
Loan interest	**161**	235
Other finance costs	**3**	163
	502	699

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 31 December 2016	Year ended 31 December 2015
Technical and operational	**754**	514
Sales, marketing, management and administration	**95**	78
	849	592

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
	£000	£000
Wages and salaries	**27,107**	20,740
Social security costs	**4,250**	3,342
Pension costs	**1,420**	1,245
	32,777	25,327

6 Profit on ordinary activities before taxation

	Year ended 31 December 2016	Year ended 31 December 2015
	£000	£000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation	**791**	602
Depreciation (note 12)		
Owned	**949**	732
Leased	**934**	1,026
Impairment of loan book	**384**	66
Profit on disposal of fixed assets	**-**	(9)
Rentals under operating leases - property	**1,247**	870
Auditor's remuneration:		
Audit of these financial statements	**18**	18
Audit of financial statements of other group companies pursuant to legislation	**37**	37
Other assurance services	**119**	101

Auditor's remuneration in respect of the company was £18k (2015: £18k). Audit of other group companies relates to the audit fees for the subsidiaries Harlosh Limited, Target Servicing Limited, Target Financial Systems Limited and Elderbridge Limited and the parent companies Target TG Investments Limited and Target Topco Limited.

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2016	2015
	£000	£000
Cost of sales	**237**	160
Administrative expenses	**938**	508

7 Profit and loss account of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after taxation for the financial period was £2,845k (2015: £1,629k).

8 Directors' remuneration

Emoluments of the directors were as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
	£000`	£000
Directors' emoluments	**2,301**	1,687
Company contributions to money purchase pension scheme	**237**	61
	2,538	1,748

The aggregate of emoluments of the highest paid director were £590k (2015:£352k) and company pension contributions of £78k (2015: £14k) were made to a money purchase pension plan on his behalf. Retirement benefits are paid for 6 directors (2015: 6 directors) under their individual money purchase pension plans.

9 Taxation

The tax charge/(credit) for the year comprises:

	Year ended 31 December 2016	Year ended 31 December 2015
Current tax on profit on ordinary activities:	**£000**	£000
Tax on profit on ordinary activities	**215**	27
Prior year tax adjustment	**29**	-
Total current tax charge/(credit)	**244**	27
Deferred tax:		
Deferred tax charge/(credit)	**9**	(1,348)
Total deferred tax charge/(credit)	**9**	(1,348)
Total tax charge/(credit) on profit on ordinary activities	**253**	(1,321)

The tax charge is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%) as explained below:

	Year ended 31 December 2016	Period ended 31 December 2015
	£000	£000
Profit for the year	**7,836**	5,148
Total tax charge/(credit)	**253**	(1,321)
Profit excluding taxation	**8,089**	3,827
Tax at 20% (2015:20.25%)	**1,618**	775
Effects of:		
Depreciation in excess of capital allowances	**-**	(69)
Recognised deferred tax	**(232)**	(1,348)
Short term timing differences	**-**	7
Expenses not deductible for tax purposes	**218**	72
Group relief claimed	**(802)**	(606)
Write off of withholding tax	**-**	27
Tax losses utilised in the year	**(578)**	(179)
Prior year movement	**29**	-
Total charge/(credit) for the period as above	**253**	(1,321)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

10 Intangible fixed assets

	Group					Company	
Group	Development costs	Brand	Customer contracts	Goodwill	Total	Development costs	Total £000
	£000	£000	£000	£000	£000		£000
Cost At 1 January 2016	1,005	-	-	5,141	6,146	803	803
Additions through business combinations (note 11)	-	145	213	746	1,104	-	-
Additions	181	-	-	-	181	181	181
Disposals	-	-	-	-	-	-	-
At 31 December 2016	**1,186**	**145**	**213**	**5,887**	**7,431**	**984**	**984**
Amortisation At 1 January 2016	201	-	-	4,661	4,862	160	160
Charge for the year	237	10	14	530	791	196	196
Disposals	-	-	-	-	-	-	-
At 31 December 2016	**438**	**10**	**14**	**5,191**	**5,653**	**356**	**356**
Net book value							
At 31 December 2016	748	135	199	696	1,778	628	628
At 31 December 2015	**804**	**-**	**-**	**480**	**1,284**	**643**	**643**

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss. These costs are being amortised over the life of the project to which they relate on a straight line basis, which is no more than 5 years.

Goodwill arising on the acquisition of Harlosh Ltd is being amortised evenly over the directors' estimate of its useful economic life of 10 years. Goodwill arising on the acquisition of Commercial First Mortgages Ltd is being amortised evenly over the directors' estimate of its useful economic life of 5 years.

11 Business combinations

On 1 September 2016, the group acquired 100% of the unincorporated business of Commercial First Mortgages Ltd for a cash consideration of £1,050,000. The business contributed revenue of £685k and a net loss of (£270k) for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

Acquiree's net assets at the acquisition date:

	Recognised values on acquisition £000
Tangible fixed assets	**58**
Trade and other debtors	**116**
Trade and other creditors	**(65)**
Net identifiable assets and liabilities	**109**
Total cost of business combination:	
Consideration paid:	
Initial cash price paid	**300**
Deferred consideration at fair value	**750**
Costs directly attributable to the business combination	**163**
Total consideration	**1,213**
Intangible assets	**358**
Goodwill on acquisition	**746**

12 Tangible fixed assets

Group	Short leasehold property £000	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2016	253	14,507	1,718	16,478
Additions	62	3,068	349	3,479
Acquisition through business combinations (note 11)	-	52	6	58
Disposals	-	(466)	-	(466)
At 31 December 2016	**315**	**17,161**	**2,073**	**19,549**
Depreciation	130	10,654	1,271	12,055
At 1 January 2016				
Charge for the year	29	1,723	131	1,883
Disposals	-	(466)	-	(466)
At 31 December 2016	**159**	**11,911**	**1,402**	**13,472**
Net book value				
At 31 December 2016	**156**	**5,250**	**671**	**6,077**
At 31 December 2015	123	3,853	447	4,423

The Group has leased IT equipment and infrastructure which are considered to meet the definition of finance leases and are accounted for accordingly.

Included in tangible fixed assets of the Group are assets held under hire purchase and finance lease agreements with a cost and net book value at 31 December 2016 of £5,799k and £2,365k respectively (2015: £4,364k and £1,864k). The associated depreciation for the period on those assets was £933k (2015: £1,026k).

Company	Short leasehold property £000	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost	253	9,238	797	10,288
At 1 January 2016				
Additions	2	2,231	146	2,379
Disposals	-	(466)	-	(466)
At 31 December 2016	**255**	**11,003**	**943**	**12,201**
Depreciation	130	6,625	572	7,327
At 1 January 2016				
Charge for the year	22	1,181	55	1,258
Disposals	-	(466)	-	(466)
At 31 December 2016	**152**	**7,340**	**627**	**8,119**
Net book value				
At 31 December 2016	**103**	**3,663**	**316**	**4,082**
At 31 December 2015	123	2,613	225	2,961

Included in tangible fixed assets of the Company are assets held under hire purchase and finance lease agreements with a cost and net book value at 31 December 2016 of £3,886k and £2,081k respectively (2015: £2,573k and £1,546k). The associated depreciation for the period on those assets was £777k (2015: £663k).

13 Investment in subsidiary undertakings

Company	**£000**
Cost	
At 1 January 2016 and 31 December 2016	**17,976**
Provisions	
At 1 January 2016 and 31 December 2016	**3,088**
Net book value	
At 31 December 2015 and 31 December 2016	**14,888**

The company's wholly owned subsidiaries at 31 December 2016 were:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares	Percentage ownership
Target Servicing Limited	United Kingdom	Provision of business process outsourced services	Ordinary	100%
Harlosh Limited	United Kingdom	Provision of computer applications software and related services	Ordinary	100%
Harlosh New Zealand Limited	New Zealand	Provision of computer applications software and related services	Ordinary	100%
Target Financial Systems Limited	United Kingdom	Management of owned loan portfolios	Ordinary	100%
Target Financial Solutions Limited	United Kingdom	Dormant	Ordinary	100%
Target Computer Group Limited	United Kingdom	Dormant	Ordinary	100%
Target Group Trustee Company Limited	United Kingdom	Dormant	Ordinary	100%
Elderbridge Limited	United Kingdom	Lender of record for loan portfolios	Ordinary	100%

The registered office of all subsidiary companies is the same as the parent company.

14 Debtors

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Trade debtors	**4,492**	2,058	**624**	680
Owned Loan Portfolio **	**6,562**	8,191	**-**	-
Services delivered payable by instalments **	**-**	80	**-**	80
Gross amount due from customers for contract work**	**5,889**	2,577	**4,216**	658
Other debtors	**289**	25	**260**	3
Corporation tax	**148**	181	**6**	39
Prepayments and accrued income	**7,347**	2,651	**1,248**	1,155
Deferred tax asset (note 17) **	**1,658**	1,667	**1,004**	780
Amounts due from group undertakings	**1,380**	1,093	**7,777**	10,217
	27,765	18,523	**15,135**	13,612

** Included in the above figures are the following amounts due after more than one year:

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Owned Loan Portfolio	**4,354**	6,886	**-**	-
Gross amount due from customers for contract work	**3,577**	-	**3,096**	-
Deferred tax (note 17)	**759**	1,159	**315**	592
	8,690	8,045	**3,411**	592

15 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Obligations under finance leases	**1,027**	760	**1,027**	760
Revolving credit facility - HSBC	**3,000**	3,000	**3,000**	3,000
Trade creditors	**2,002**	1,653	**1,601**	1,146
Other taxes and social security costs	**3,030**	1,211	**513**	398
Other creditors	**1,023**	187	**258**	185
Accruals and deferred income	**7,623**	5,407	**2,995**	2,744
Amounts due to subsidiary undertakings	**-**	-	**13,500**	7,842
Amounts due to parent undertaking	**-**	2,355	**-**	2,354
	17,705	14,573	**22,894**	18,429

The revolving credit facility with HSBC of £3m is due for renewal on 31 December 2017 for another year. Of the total available, £3.0m was drawn down by the year end and each drawdown within the amount drawn is repayable in accordance with the period established for that drawdown.

The revolving credit facility bears interest at 1.5% per annum over LIBOR.

In the prior period, amounts due to parent undertaking of £2,354k included amounts related to loan notes recharged by Target Topco Limited via the intercompany account. On 19 August 2016, Tech Mahindra Fintech Holdings purchased 100% of the share capital of Target Topco Limited, and simultaneously settled the ultimate loan note liability on behalf of that company. On settlement, the intercompany loan due to parent undertaking was waived and has been recorded as a capital contribution directly in equity during the year.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Obligations under finance leases (amounts payable in the second to fifth years inclusive)	**1,551**	1,346	**1,551**	1,346
Accruals and deferred income	**4,328**	453	**-**	-
Bank loan (payable in 1-2 years inclusive)	**1,737**	-		
Bank loan (payable in 2-5 years inclusive)	**-**	4,274	**-**	-
	7,616	6,073	**1,551**	1,346

The bank loan is a 5 year loan bearing interest at 7.5% over LIBOR and is repayable on 23rd December 2018 although monthly repayments are made in line with the terms of the facility agreement based on portfolio collection activity.

17 Deferred taxation

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
At 1 January - asset	**1,667**	319	**780**	-
(Charge) / credit for the year in the P&L account	**(9)**	1,348	**224**	780
At 31 December – asset (note 14)	**1,658**	1,667	**1,004**	780

	Group		Company	
	2016	2015	**2016**	2015
The deferred tax asset comprises	**£000**	£000	**£000**	£000
Tax losses carried forward	**1,338**	1,667	**692**	780
Other timing differences	**320**	-	**312**	-
	1,658	1,667	**1,004**	780

A further deferred tax asset of £41k (2015: £871k) for the group and £41k (2015: £834k) for the company has not been recognised due to uncertainty over its future utilisation. It is made up as follows:

The unprovided deferred tax asset comprises				
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Difference between depreciation and capital allowances	**-**	247	**-**	218
Tax losses carried forward	**41**	527	**41**	527
Other timing differences	**-**	97	**-**	89
	41	871	**41**	834

18 Share capital

	Ordinary shares of 5p each	**'A' shares of 5p each**	**'B' shares of 5p each**	**Total**
	Number	**Number**	**Number**	**Number**
Allotted, called up and fully paid				
At 31 December 2015 and 2016	**11,557,417**	**1,476,287**	**3,161,200**	**16,194,904**
	Ordinary Shares of 5p each	**'A' Shares of 5p each**	**'B' Shares of 5p each**	**Total**
Allotted, called up and fully paid	**£000**	**£000**	**£000**	**£000**
At 31 December 2015 and 2016	**579**	**73**	**158**	**810**

Both the 'A' and 'B' shares carry no right to vote at, attend or receive notice of general meetings of the company. They have rights to income or capital only on a sale of the business for a value above specific defined thresholds.

The Group and Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

19 Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

Financial assets	Group		Company	
	2016	2015	**2016**	2015
	Total	Total	**Total**	Total
	£000	£000	**£000**	£000
Debt instruments measured at amortised cost				
Long term loans receivable (see note 14)	**6,562**	8,191	**-**	-
Measured at undiscounted amount receivable	**14,957**	5,748	**5,041**	1,633
Amounts due from customers (see note 14)	**1,485**	1,093	**7,777**	10,217
Amounts due from related undertakings (see note 14) Other amounts	**4,761**	3,491	**2,317**	1,762
	27,765	18,523	**15,135**	13,612

	Group		Company	
	2016	2015	**2016**	2015
	Total	Total	**Total**	Total
Financial liabilities	**£000**	£000	**£000**	£000
Measured at amortised cost				
Loans payable (see note 16)	**1,737**	4,274	**-**	-
Lease liabilities	**2,578**	2,106	**2,578**	2,106
Measured at undiscounted amount payable				
Bank overdraft	**3,000**	3,000	**3,000**	3,000
Trade and other creditors	**18,006**	8,911	**5,367**	4,473
Amounts owed to related undertakings	**-**	2,355	**13,500**	10,196
	25,321	20,646	**24,445**	19,775

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
Financial assets	**2016**	2015
	Total	Total
Interest income and expense	**£000**	£000
Total interest income for financial assets at amortised cost	**1,764**	1,877
Total interest expense for financial liabilities at amortised cost	**(554)**	(875)
Impairment losses		
On financial assets measured at amortised cost	**(386)**	(66)

The interest expense includes £234k (2015: £479k) of interest that was recognised within cost of sales in Target Financial Systems Limited. The remainder is interest on loan notes (see note 4).

Under FRS 102 Section 34 one of the Group's subsidiaries, Target Financial Systems Limited (TFS), is classified as a financial institution and additional disclosures are therefore required, as set out below in notes 19a and 19b. These disclosures are in respect of the financial instruments held by TFS only, i.e. the owned loan portfolio, and not in respect of any other financial instruments held by other entities within the group. This is in accordance with FRS 102 34.17.

19 (a) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers,

The Group's forecasts and plans continue to take account of scenarios that model stresses on the ability of customers and counterparties to repay their financial obligations.

Risk mitigation

The controlled management of credit risk is critical to the success of the Group's strategy. There has been, and continues to be, no origination by the Group, with the portfolio having been acquired from a third party. However, the quality of individual decisions and subsequent management and control, together with the application of a credit policy that reflects the risk appetite of the Group, have a direct impact on the achievement of the financial objectives of the Group. The Group has a clear risk appetite including policy scope, structures and responsibilities, definitions of risk and risk measurement and approach to monitoring. The Group's collections and recoveries functions aim to provide a responsive and effective operation for the arrears management process. The Group encourages early two- way communication with borrowers, obtaining their commitment to maintain payment obligations. We recognise that customers in financial difficulties need support at what may be a difficult time so careful consideration is given to the most appropriate realisation strategy likely to result in the best outcome for the Group and the customer.

Exposure to credit risk

For financial assets recognised in the statement of financial position, the exposure to credit risk without taking into account any collateral held or other credit enhancements, is shown below. The carrying value of loans and advances to customers at a fixed rate of interest represents the discounted amount of estimated future cash flows expected to be received after taking account of expected loss provisions, expected levels of early repayment and discounting at current market rates.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was;

	2016	2015
	£000	£000
Loans and advances to customers	**7,983**	9,873

Based on indexed valuations the total collateral held against lending secured against residential property is estimated to be £52,259k (2015: £56,859k). Any collateral surplus on the sale of repossessed properties, after a deduction for costs incurred in relation to the sale, would be returned to the borrower.

The concentration of credit risk for loans receivable at the balance sheet date by geographic region was:

	2016	2015
	£000	£000
United Kingdom	**100%**	100%

The concentration of credit risk for loans and advances to customers at the balance sheet date by type of counterparty was:

	2016	2015
In respect of loans and advances to customers	**£000**	£000
Fully secured by a first charge on residential property	**4,012**	6,300
Partially secured by a second charge on residential property	**3,971**	3,573

Credit quality of financial assets and impairment losses

The ageing of receivables at the balance sheet date was:

	Gross 2016 £000	Impairment 2016 £000	Gross 2015 £000	Impairment 2015 £000
Not past due	**5,005**	**4**	6,524	6
Past due 0-30 days	**627**	**-**	720	-
Past due 31-90 days	**377**	**-**	751	-
More than 90 days	**1,974**	**448**	1,878	60

Loan to value (LTV) is one of the main factors used to determine the credit quality of loans secured on residential property. The average index linked LTV in respect of the Group's loans secured on residential property is estimated to be 20% (2015: 37.5%). Index-linked LTV banding is shown below:

	2016 £000	2015 £000
Less than 80%	**95%**	89.6%
More than 80% but less than 100%	**2%**	4.1%
More than 100%	**3%**	6.3%

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 £000	2015 £000
Balance at 1 January	**66**	-
Impairment loss recognised	**386**	66
Impairment loss reversed	**-**	-
Balance at 31 December	**452**	66

The allowance account for loans receivable is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the loan book directly.

19 (b) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group is exposed to liquidity risk by the fact that the bank loan obligations are met using repayments from customers on the loan portfolio. If customers were to cease payment, this would have a negative impact on liquidity and have an impact on the loan facility. In order to address this risk, the Group has a dedicated customer services team that maintains regular contact with borrowers in order to ensure that any changes in circumstances that could affect payment are identified early. There is also an experienced arrears team who will ensure that any missed or late payments are followed up with the customer in order to keep the accounts up to date. For impaired accounts there are dedicated processes and procedures to ensure that any litigation or further action on a customer account combines the objective of maintaining a fair customer outcome whilst minimising any loss to the Group.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2016					
	Carrying amount	**Contractual cash flows**	**1 year or less**	**1 to <2years**	**2 to <5years**	**5 years and over**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Non-derivative financial liabilities						
Secured bank loans	**1,737**	**-**	**-**	**1,737**	**-**	**-**

	2015					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5 years and over
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank loans	4,274	-	-	-	4,274	-

20 Commitments

Group capital commitments authorised and contracted at 31 December 2016 were £Nil (2015: £Nil).

Group total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	Total	Total
Group:	**£000**	£000
In the first year	**1,247**	1,010
Between one and five years	**4,327**	2,019
After five years	**4,221**	4,707
	9,795	7,736

Total future minimum lease payments under non-cancellable finance leases are as follows:

	2016	2015
Group:	**£000**	£000
In the first year	**1,027**	760
Between one and five years	**1,551**	1,346
After five years	**-**	-
	2,578	2,106

Annual commitments at 31 December 2016 relate solely to property leases. The majority of leases of land and buildings are subject to rent reviews.

The company had no capital commitments or annual commitments at the year end (2015: £Nil).

21 Pensions

The assets of the pension schemes to which the group contributes on behalf of its employees are held within independently administered funds. The schemes are all defined contribution schemes thus the group's obligation is solely to make contributions based on a percentage of salary. Employer contributions to the schemes for the year amounted to £1,420k (2015: £1,245k).

22 Ultimate controlling party

On the 19 August 2016, Tech Mahindra Fintech Holdings Limited acquired 100% of share capital of Target Topco Limited, the ultimate parent company at that date.

The immediate parent company is Target TG Investments Limited (formerly known as Robin TG Investments Limited). The company is a 100% subsidiary undertaking of Target TG Investments Limited, a company incorporated in Great Britain and registered in England and Wales.

The smallest group in which the results of the company are consolidated is Target Topco Limited. The consolidated accounts of Target Topco Limited are available to the public and may be obtained from Target House, Cowbridge Road East, Cardiff.

The largest group in which the results of the company are consolidated is Tech Mahindra Limited. The consolidated financial statements of Tech Mahindra Limited are available to the public on the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company's website (www.techmahindra.com). Tech Mahindra Limited is also the ultimate parent company and its registered office is Gateway Building, Apollo Bunder, Mumbai – 400001, India.

23 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Creditors falling due after more than one year				
Secured bank loans	**1,737**	4,274	**-**	-
Finance lease liabilities	**1,551**	1,346	**1,551**	1,346
Creditors falling due within less than one year				
Finance lease liabilities	**1,027**	760	**1,027**	760

Terms and debt repayment schedule

Group	**Currency**	**Nominal interest rate**	**Year of maturity**	**Repayment schedule**	**2016 £000**	2015 £000
Secured bank loan	GBP	7.5%	2018	Bullet	**1,737**	4,274
Finance lease liabilities	GBP	6%	2019	Quarterly	**2,578**	2,106

Company	Currency	Nominal interest rate	Year of maturity	Repayment schedule	**2016 £000**	2015 £000
Finance lease liabilities	GBP	6%	2019	Quarterly	**2,578**	2,106

24 Related Party Transactions

During the year, Target Topco Limited recognised a capital contribution from its parent company, Tech Mahindra Fintech Holdings Limited. The related intercompany debt due from Target Group Limited to its parent company, Target TG Investments Limited, was consequently waived.

There were no other related party transactions during the year other than with entities consolidated in to the financial statements of Target Topco Limited.

THE BIO AGENCY LIMITED

Board of Directors
Mr. Manoj Bhat
Mr. Milind Vasant Kulkarni
Mr. Vikram Nair
Mr. Peter Samuel Veash
Mr. Robin Adam Andreas Souter

RegisteredOffice
Charlotte Building,
17 Gresse Street, London,
W1T 1QL

Bankers
Natwest Bank

Auditors
Saffery Champness LLP

Note: As per local laws audit is not mandatory. Financial as certified by the management as per Ind AS GAAP are enclosed.

BALANCE SHEET AS AT ENDED

	Note No.	Currency GBP 31-Mar-17
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	3	**194,924**
(b) Capital work-in-Progress		**-**
(c) Investment Property	5	**-**
(d) Goodwill	6	**-**
(e) Other Intangible Assets	4	**1**
(f) Financial Assets		
(i) Investments	7	**-**
(ii) Trade Receivables	8	**-**
(iii) Loans	9	**-**
(iv) Other Financial Assets	10	**-**
(g) Deferred Tax Assets (Net)		**-**
(h) Other Non-Current Assets	11	**-**
Total Non-Current Assets		**194,925**
Current Assets		
(a) Inventories	12	**-**
(b) Financial Assets		
(i) Investments	13	**-**
(ii) Trade Receivables	14	**3,483,648**
(iii) Cash and Cash Equivalents	15	**2,403,931**
(iv) Other Balances with Banks	16	**-**
(iv) Loans	17	**-**
(v) Other Financial Assets	18	**2,420,176**
(c) Other Current Assets	19	**521,262**
Total Current Assets		**8,829,017**
Total Assets		**9,023,942**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	20	**600**
(b) Other Equity	21	**7,462,917**
Equity Attributable to Owners of the Company		**7,463,517**
Non-Controlling Interests		**-**
Total Equity		**7,463,517**
LIABILITIES		
Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	22	**-**
(ii) Other Financial Liabilities	23	**-**
(b) Provisions	24	**-**
(c) Deferred Tax Liabilities (Net)		**27,457**
(d) Other Non-Current Liabilities	25	**-**
Total Non - Current Liabilities		**27,457**

BALANCE SHEET AS AT ENDED

	Note No.	Currency GBP 31-Mar-17
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	26	**-**
(ii) Trade Payables	27	**949,830**
(iii) Other Financial Liabilities	28	**-**
(b) Other Current Liabilities	29	**332,848**
(c) Provisions	30	**78,723**
(d) Current Tax Liabilities (Net)		**171,567**
Total Current Liabilities		**1,532,968**
Suspense Account (Net)		**-**
Total Equity and Liabilities		**9,023,942**

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED

		Note No.	Currency GBP **31-Mar-17**
I	Revenue from Operations		**10,521,024**
II	Other Income	31	**14,921**
III	**Total Revenue (I +II)**		**10,535,945**
IV	**EXPENSES**		
	Subcontracting Expenses		**1,998,981**
	Employee Benefit Expense	32	**3,799,512**
	Finance Costs	33	**-**
	Depreciation and Amortisation Expense	34	**89,628**
	Other Expenses	35	**1,394,526**
	Total Expenses		**7,282,647**
V	**Share of (Profit) / Loss of Associates**		**-**
VI	**Profit/(loss) before Exceptional Item and Tax (III-IV-V)**		**3,253,298**
VII	**Exceptional Item (net)**		**-**
VIII	**Profit/(loss) Before Tax (VI+VII)**		**3,253,298**
IX	**Tax Expense**		
	Current tax		**658,284**
	MAT charge / (credit)		**-**
	Earlier years excess provision written back		**-**
	Deferred Tax		**(13,799)**
	Total Tax Expense		**644,485**
X	**Profit/(loss) after Tax**		**2,608,813**
XI	**Profit/(Loss) for the period attributable to:**		
	Owners of the Company		**2,608,813**
	Non Controlling Interests		**-**
			2,608,813
XII	**Other Comprehensive Income**		
A	I. Items that will not be recycled to Profit or Loss		
	(a) Remeasurements of the Defined Benefit Liabilities / (Asset)		**-**
	(b) Equity instruments through Other Comprehensive Income		**-**
	II. Income tax relating to items that will not be reclassified to Profit or Loss		**-**
B	I. Items that may be reclassified to Profit or Loss		
	(a) Exchange differences in translating the Financial Statements of Foreign Operations		**-**
	(b) Effective portion of gains and loss on Designated Portion of Hedging Instruments in a Cash Flow Hedge		**-**
	II. Income tax on items that will be reclassified to Profit or Loss		**-**
XIII	**Total Other Comprehensive Income for the period (X+XII)**		**2,608,813**
XIV	**Total comprehensive income for the period attributable to:**		
	Owners of the Company		**2,608,813**
	Non controlling interests		**0**

Note -3: Property, Plant and Equipment

Currency GBP

Particulars	Gross Block						Accumulated Depreciation / Amortisation						Net Block (as at)
	Additions during the period / year	Deletions during the period / year	FCTR	Balance at the end of the period	Balance at the beginning of the period	Acquisitions through business combinations	For the period / year	Deductions during the period / year	FCTR	Balance at the end of the period	FCTR	Balance at the end of the period	31-Mar-17
Tangible Assets													
Freehold Land	-					-						-	-
Leasehold Land													
Buildings	-					-	-					-	-
Computers	-					-	-					-	-
Plant and Equipments	-					-	-					-	-
Furniture and Fixtures	455,253		39,794			495,047	267,223		82,329			349,552	145,495
Vehicles	-					-	-					-	-
Office Equipments	-					-	-					-	-
Leasehold Improvements	97,301					97,301	40,573		7,299			47,872	49,429
Taken on Finance Lease :													
Computers	-					-	-					-	-
Plant and Equipments	-					-	-					-	-
Furniture & Fixtures	-					-	-					-	-
Vehicles	-					-	-					-	-
Total	552,554	-	39,794	-	-	592,348	307,796	-	89,628	-	-	397,424	194,924

Note -4

Other Intangible Assests

Currency GBP

As at 31-Mar-17

Description of Assets	**Intellectual property rights**	**Patents**	**Software (other than internally generated)**	**Customer Relationship**	**Brand**	**Technology**	**License**	**Goodwill**	**Software taken on lease**	**Total**
Gross Block:										
Balance at the beginning of the reporting period	-	-	5,536	-	-	-	-	-	-	5,536
Additions through business combination										-
Additions during the period										-
Additions from internal developments										-
Disposals or classified as held for sale										-
Revaluation increase/(decrease)										-
Effect of foreign currency exchange differences										-
Closing Gross Block	-	-	5,536	-	-	-	-	-	-	5,536
II. Accumulated depreciation and impairment for the period ended										
Balance at the beginning of the reporting period	-	-	5,535	-	-	-	-	-	-	5,535
Amortisation expense for the Period										-
Eliminated on disposal of assets										-
Acquisitions through business combinations										-
Eliminated on reclassification as held for sale										-
Eliminated on Disposal of group undertakings										-
Impairment losses recognised / (Reversed) in Statement of Profit and Loss										-
Effect of foreign currency exchange differences										-
Closing Accumulated depreciation / impairment	-	-	5,535	-	-	-	-	-	-	5,535
Closing Net Block	-	-	1	-	-	-	-	-	-	1

Note -5
Investment Property

Currency GBP
As at 31-Mar-17

Description of Assets	Land	Buildings	Total
I. Gross Block			
Balance at the beginning of the reporting period			-
Additions relating to acquisitions/ Business combination			-
Addition others			-
Disposals			-
Classified as held for sale			-
Impairment losses recognised/ (reversed) in profit and loss			-
Transferred from Inventories and property, plant and equipment			-
Effect of foreign currency exchange differences			-
Closing Gross Block	-	-	-
II. Accumulated depreciation and impairment for the period ended			
Balance at the beginning of the reporting period			-
Charge for the period			-
Additions relating to acquisitions/ Business combination			-
Reversals/ Disposals during the period			-
Classified as held for sale			-
Transferred from Inventories and property, plant and equipment			-
Effect of foreign currency exchange differences			-
Closing Accumulated depreciation / impairment	-	-	-
Net Closing balance (I-II)	-	-	-

Note - 6: Goodwill on Consolidation

A reconciliation of the carrying amount of 'Goodwill on Consolidation' at the beginning and end of the reporting period

Currency GBP

Goodwill on Consolidation	31-Mar-17	31-Mar-16
Cost		
Balance at the beginning of the reporting period		
Deletion		
Additional amounts recognised from business cominations occurring during the year		
Derecognisd on disposal of a subsidiary		
Reclassified as held for sale		
Effect of foreign currency exchange differences		
Others (Describe)		
Balance at end of period	**-**	-
Accumulated Impairment		
Balance at the beginning of the reporting period		
Impairment losses recognised in the year		
Derecognised on disposal of a subsidiary		
Classified as held for sale		
Effect of foreign currency exchange differences		
Balance at end of period	**-**	-
Net Balance	**-**	-

Note 7: Non-Current Investments: Table 1 and 2

Period Ended 31-Mar-17

Currency GBP

Sr No	Quoted / Unquoted	No. of Shares	Name of the Company	Type of Share Capital	Relationship	Currency	Face Value	Total Investment	Provision Amount	Net	Market value - incase of quoted investment
1										-	
2										-	
3										-	
4										-	
5										-	
6										-	
7										-	
8										-	
9										-	
10										-	
11										-	
					Total Amount					-	-
					As per Financials					-	
					Control Total					-	

Note -8
Trade Receivables-Non Current

Currency GBP

Particulars	**As at 31-Mar-17**
Trade Receivables	
Considered Doubtful	-
Less: Allowance for Doubtful Debts	-
TOTAL	-

Note 9
Loans

Currency GBP

Particulars	**As at 31-Mar-17**
a) Loans to related parties	
- Unsecured, considered good	-
TOTAL	-

Note 10
Other Financial Assets

Currency GBP

Particulars	**As at 31-Mar-17**
a) Unbilled Revenue	-
	-
b) Interest Receivable	
(i) Interest accrued on deposits, loans and advances	-
(ii) Interest - Others	-
	-
c) Security Deposits	
- Unsecured, considered good	-
- Doubtful	-
Less : Allowance for bad and doubtful deposits	-
	-
d) Lease Receivable	
Considered Good	-
Considered Doubtful	-
Provision	-
	-

Particulars	Currency GBP **As at** **31-Mar-17**
e) Fixed deposits/Margin Money Deposits having maturities of more than 12 months from the Balance Sheet date	-
	-
f) Foreign Currency Derivative Assets	-
	-
g) Advances to Related Parties	
- Secured, considered good	-
- Unsecured, considered doubtful	-
- Doubtful	-
	-
h) Balance with Government Authorities	
Considered Good	-
Considered Doubtful	-
Less: Provision	-
	-
TOTAL	-

Note 11
Other Non-Current Assets

Particulars	Currency GBP **As at** **31-Mar-17**
a) Balance with Government Authorities	
Considered Good	-
Considered Doubtful	-
Less: Provision	-
	-
b) Capital Advances	
Considered Good	-
Considered Doubtful	-
Less: Allowance on advances to suppliersLess: Provision	-
	-
c) Prepaid Exp	-
	-
d) Advance Income Taxes (Net of provisions)	-
	-
e) Advance towards Investments	-
	-
f) Share application money given to subsidiaries	
Considered Good	-
Considered Doubtful	-
Provision	-
	-
g) Other Loans and Advances	
- Secured, considered good	-
- Unsecured, considered doubtful	-
Less : Allowance for bad and doubtful advances	-
	-
TOTAL	-

Note 12: Inventories

Particulars	Currency GBP **As at** **31-Mar-17**
- Hardware, Software and Product Components	-
Total	-

Please provide the Breakup:

Inventory	**31-Mar-17**
Hardware/Software/Equipments	
Components	
Any other to be specified	
Total	-

Note 13: Details for Current Investments (Table 1)

Period Ended 31-Mar-17 Currency GBP

Table 1

Sr No	Type of Investment	Quoted / UnQuoted	No. of Units	Currency	Market Rate	Name of Scheme	Amount
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
						Total Amount	0
						As per Schedule	0
						Control Total	0

Note -14

Trade Receivables-Current

Currency GBP

Particulars	As at 31-Mar-17 Current
Trade Receivables	
Over Six Months	
(a) Unsecured, considered good*	-
(b) Doubtful	-
Others	
(a) Unsecured, considered good**	3,483,648
(b) Doubtful	-
Less: Allowance for doubtful debts	-
TOTAL	3,483,648

Note

1. * Net of remittances received aggregating to GBP. NIL Million (previous year: GBP. NIL Million) pending adjustments against invoices.
2. ** Net of remittances received aggregating to GBP. NIL Million (previous year: GBP. NIL Million) pending adjustments against invoices.

Note - 15

Cash and Cash Equivalents

Currency GBP

Particulars	As at 31-Mar-17
Current Cash and bank balances	
Cash in hand	29
Fund in Transit	-
Balances with banks	
(i) In Current Account	779,538
(ii) In Deposit Account	1,624,364
Total	2,403,931

Reconcliation of Cash and Cash Equivalents

Particulars	As at 31-Mar-17
Total Cash and Cash Equivalents	2,403,931
Add: Current Cash and bank balances	-
Add: Current Restricted cash and bank balances	-
Total Cash and Bank Balance	2,403,931

Note - 16
Other Balances with Bank

Currency GBP

Particulars			As at 31-Mar-17
a)	**Other Bank Balances**		
	(i)	**Unrestricted Cash and bank balances**	
		- Deposit account with banks (having original maturity more than 3 months)	-
	(ii)	**Restricted Cash and bank balances**	
		- Unclaimed Dividend	-
		- Balances held as Margin Money/Security towards obtaining Bank Guarantees	-
		- Balance held under Escrow Account	-
TOTAL			**-**

Note 17
Loans

Currency GBP

Particulars		As at 31-Mar-17
a)	**Loans to Related Parties**	
	- Unsecured, considered good	-
Total		**-**

Note 18
Other Financial Assets

Currency GBP

Particulars			As at 31-Mar-17 Current
a)	**Unbilled Revenue**		**2,184,575**
			2,184,575
b)	**Interest Receivable**		
	(i)	Interest accrued on deposits, loans and advances	-
	(ii)	Interest - Others	-
			-
c)	**Security Deposits**		
	- Unsecured, considered good		**235,601**
	- Doubtful		-
	Less : Allowance for bad and doubtful deposits		-
			235,601

Particulars	Currency GBP As at 31-Mar-17 Current
d) Lease Receivable	
Considered Good	-
	-
e) Foreign Currency Derivatives Assets	-
	-
f) Advances to Related Parties	
- Secured, considered good	-
- Unsecured, considered doubtful	-
- Provision	-
	-
g) Balance with Government Authorities	
Considered Good	-
Considered Doubtful	-
Less: Provision	-
	-
h) Contractually Reimbursable Expenses #	
Considered Good	-
Considered Doubtful	-
Less: Allowance for doubtful receivables	-
	-
TOTAL	**2,420,176**

Note 19
Other current assets

Currency GBP

Particulars	**As at 31-Mar-17**
a) Balance with Government Authorities	
Considered Good	-
Considered Doubtful	-
Provision	-
	-
b) Advances to Employees	
Considered Good	18,858
Considered Doubtful	-
Less : Allowance on employee advances	-
	18,858
c) Prepaid Expenses	502,404
	502,404

Particulars	As at 31-Mar-17
d) Share Application Money given to Subsidiaries	
Considered Good	**-**
	-
e) Other Loans and Advances	
Considered Good	**-**
Considered Doubtful	**-**
Less: Allowance on other loans and advances	**-**
	-
TOTAL	**521,262**

Statement of changes in equity

Note -20: Equity share capital

Currency GBP

Particulars	Number of Shares	Equity share capital
Authorised:		
102,000 A Ordinary Shares of 0.5 p each		
18,000 B Ordinary Shares of 0.5 p each		
Issued Subscribed and Paid up share Capital as at July 1, 2016		
102,000 A Ordinary Shares of 0.5 p each	**102,000**	510
18,000 B Ordinary Shares of 0.5 p each	**18,000**	90
Less: Treasury Shares		
Balance at July 1, 2016	**120,000**	600
Changes in equity share capital during the year		
Issue of equity shares		-
Changes in Treasury Shares		-
Issue of equity shares under employee share option plan		-
Balance at the end of reporting period 31 March,2017	**120,000**	600
Check		
As per Hyperion		600
Difference (this should be Zero)		-

Details of shares held by each shareholder holding more than 5% shares:	**As at ->**	31-Mar-17
Name of the shareholder	**Number of shares held**	**% holding of total shares**
Tech Mahindra Limited	**120,000**	**100.0%**
		0.0%
		0.0%
		0.0%
		0.0%
		0.0%

Note -21: Other Equity

Currency GBP

Particulars	Share Application Money pending Allotment	Reserves & Surplus							Hedging Reserve	Fair Value through OCI (FVTOCI)	Foreign Currency Translation Reserve	Attributable to Owners of the Parent	Non Controlling Interests	Total
		Capital Reserve on Consolidation	Capital reserve	Securities Premium Reserve	Share Option Outstanding Account	General Reserve	Statutory Reserve	Retained Earnings						
Balance at the beginning of reporting period	-	-	-	-	-	-	-	4,854,104	-	-	-	4,854,104	-	4,854,104
Profit for the period								2,608,813				2,608,813	-	2,608,813
Other Comprehensive Income								-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	-	-	-	-	2,608,813	-	-	-	2,608,813	-	2,608,813
Money received / Movement on account of issue of shares / exercise of Options (net)	-			-								-		-
Transfer from share option outstanding account to Securities premium on exercise of stock options					-							-		-
Amortised Amount of Stock Compensation Cost (net)					-							-		-
Dividends												-		-
Tax on Dividend												-		-
Transfer to / from during the period		-	-			-	-	-				-		-
Balance at the end of reporting period March 31,2017	-	-	-	-	-	-	-	7,462,917	-	-	-	7,462,917	-	7,462,917
As per Hyperion	-	-	-	-	-	-	-	7,462,917	-	-	-	7,462,917	-	7,462,917
Difference (this should be zero)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

If there is difference, then please click on Submit, under 'Smart View' in MS Excel menu at the top.

Note - 22: Borrowings-Non Current

Currency GBP

Particulars	As at 31-Mar-17
Measured at amortised cost	
A. Secured Borrowings:	
Debentures	-
Cash Credit and Loans Repayable on Demand	
- From Banks (Other than Finance Lease Obligations)	
- From Others (Other than Finance Lease Obligations)	
Long Term Maturities of Finance Lease Obligations	-
Total Secured Borrowings	-
B. Unsecured Borrowings - at amortised Cost	
From Banks (other than Finance Lease Obligations)	-
From Others (other than Finance Lease Obligations)	-
Loans From Group Companies (Inter-corporate Deposits)	-
Total Unsecured Borrowings	-
Total Borrowings	-

Note - 23: Other Financial Liabilities

Currency GBP

Particulars	As at 31-Mar-17
Security Deposits	-
Contractual Obligation	-
Creditors For Capital Supplies/Services	-
Foreign Currency Derivatives Liabilities	-
Contingent Consideration On Acquisitions	-
	-

Note - 24: Provisions

Currency GBP

Particulars	As at 31-Mar-17
Provision for Employee Benefits	
Gratuity	-
Others	-
Other Provisions	
Contingencies	-
Others	-
Total Provisions	-

Note - 25: Other Non Current Liabilities

Particulars	Currency GBP **As at 31-Mar-17**
Unearned Revenue	**-**
Advances received from customers	**0**
TOTAL	**-**

Note - 26: Borrowings -Current

Particulars	Currency GBP **As at 31-Mar-17**
Secured Borrowings	
(1) From Banks	
(i) Cash Credit / Packing Credits	**-**
(ii) Other loans (secured by ____)	**-**
(2) From other	**-**
	-
Unsecured Borrowings	
(1) From Banks/Financial Institution	**-**
(2) From other	**-**
From Related Parties	**-**
	-
Total	**-**

Note - 27: Trade Payables

Particulars	Currency GBP **As at 31-Mar-17 Current**
Trade Payables other than Accrued Salaries and Benefits	**949,830**
Accrued Salaries and Benefits	**-**
Total trade payables	**949,830**

Note - 28: Other Financial Liabilities

Currency GBP

Particulars	As at 31-Mar-17
Current:	
Current maturities of long-term loans (secured)	-
Current maturities of long-term loans (Unsecured)	-
Current maturities of finance lease obligations	-
Current maturities of long term debt (Secured Debentures)	-
Interest payable on Borrowings	-
Unclaimed dividends	-
Foreign currency Derivatives Liabilities	-
Capital Creditors	-
Contractual Obligation	-
Contingent consideration on acquisitions	-
Total	-

Note - 29: Other Current Liabilities

Currency GBP

Particulars	**As at 31-Mar-17**
Advances received from customers	-
Unearned revenue	**100,567**
Statutory Remittances	**205,942**
Others**	**26,339**
TOTAL	**332,848**

Note:

Please provide details of others below -

Summarised Breakup of Others (Other Current Liabilities):**

Currency GBP

Particulars	31-Mar-17
Business Card Account - Nat West	**8034**
Business Card Account - AMEX	**288**
Business Card Account - GOLD AMEX	**18017**
Total	**26,339**

Note - 30: Provisions Currency GBP

Particulars	As at 31-Mar-17 Current
Provision for employee benefits	
Gratuity	-
Others	78,723
Other Provisions	
Contingencies	-
Warranty claims	-
Provision for Dividend Tax	-
Provision for Dividend	-
Others	-
Total Provisions	78,723

Note - 31: Other Income Currency GBP

Particulars	As at 31-Mar-17
Interest Income	
-On Bank deposits	2,650
- Other financial assets carried at amortised cost	-
Dividend Income on Non Current Investment	-
Dividend Income on Current Investment	-
Profit on Sale of Current Investments	-
Rental income	
- From Investment property	-
- Others	-
Foreign Exchange gain/(loss) net	12,271
Provision for non-current investments no longer required	-
Gain/ (Loss) on Investment carried at Fair value through Profit & Loss	-
Sundry Balances Written Back	-
Miscellaneous Income**	-
Total Other Income	14,921

Please provide the Breakup / further details:
Table 1 : Miscellaneous Income**

Particulars	31-Mar-17
Total	-

Note - 32: Employee Benefits Expense

Currency GBP

Particulars	As at 31-Mar-17
Salaries and Wages, including bonus	3,219,758
Contribution to Provident and other Funds	472,524
Gratuity	-
Share Based Payments to Employees	-
Staff Welfare Expenses	107,230
Total	**3,799,512**

Note - 33: Finance Cost

Currency GBP

Particulars	As at 31-Mar-17
Interest On Debentures And Long Term Loans	-
Interest On Short Term Loan & Cash Credits	-
Interest On Loans From Related Parties	-
Other Interest Expense	-
Cash Discount	-
Total finance costs	**-**

Note - 34 : Depreciation and Amortization Expense

Currency GBP

Particular	As at 31-Mar-17
Depreciation / Amortisation on Property ,Plant and Equipment and Intangible Assets	89,628
Depreciation on Investment Property	-
	89,628

Note - 35: Other Expenses

Currency GBP

Particulars	As at 31-Mar-17
Power & Fuel Expenses	**5,735**
Rent	**320,842**
Rates and taxes	**176,479**
Communication Expenses	**25,262**
Travelling Expenses	**10,661**
Recruitment Expenses	**-**
Training	**35,870**
Hire Charges	**5,002**
Legal and other professional costs	**368,936**
Repair and maintenance Expenses	
- Buildings (including leased premises)	**20**
- Machinery and Computers	**40,211**
- Others	**2,835**
Insurance charges	**38,498**
Software, Hardware and Project Specific Expenses	**139,899**
Claims and Warranties (Net)	**-**
Advertisement, Promotion & Selling Expenses	**171,723**
General Office Expenses	**37,839**
(Profit)/ Loss on sale of Property, Plant & Equipments	**-**
Allowance for Doubtful Receivables, Unbilled Revenue and Bad Debts written off	**-**
-Provided during the quarter	**-**
-Bad Debts written off	**-**
-Less: Provision reversed during the period	**-**
Provision for Doubtful Advances, Deposits and Advances written off	**-**
-Provided during the quarter	**-**
-Bad Debts written off	**-**
-Less: Provision reversed during the period	**-**
Donation	**110**
Corporate Social Responsibility Expenditure	**-**
Miscellaneous Expenses	**14,604**
Total	**1,394,526.00**

TECH MAHINDRA SWEDEN AB

Board of Directors
Mr. Ola Hammarlund
Mr. Kishan Chuckun
Mr. Sundar Sankaralingam

Registered Office
C/o. Ola Hammarlund
Room 501 & 538, Norrtullsgatan 6
113 29 STOCKHOLM

Bankers
Citibank Plc

Auditors
Deloitte AB

BOARD OF DIRECTORS REPORT

Business Concept & Overview

Tech Mahindra Sweden AB is the Swedish subsidiary of the Indian company Tech Mahindra Limited and was registered in 2016.

The company was registered at C/o Ola Hammarlund, Room No 501 & 538, Norrtullsgatan 6, 113 29 Stockholm with an authorized Share capital is SEK 200,000 comprising of 2,000 shares of SEK 100 each and issued and subscribed share capital is SEK 50,000 comprising of 500 shares of SEK 100 each. The entire share capital of the company has been subscribed by Tech Mahindra Limited. The headquarters of Tech Mahindra Limited is in Pune, India.

Multi-year comparison*

	2016/2017
Net sales	**28,760,477**
Profit/loss after financial items	**1,368,547**
Balance sheet total	**8,734,794**
Equity-assets ratio (%)	**12.57**

*For definitions of key ratios, please see notes

Ownership conditions

Tech Mahindra Limited is an international IT company offering development and marketing of software for computer systems and consulting services in global systems integration and adaption of software solutions.

Tech Mahindra Limited represents the connected world, offering innovative and customer-centric information technology experiences, enabling Enterprises, Associates and the Society to Rise. We are a USD 4.2 billion company with 117,000+ professionals across 90 countries, helping over 837 global customers including Fortune 500 companies. Tech Mahindra Limited's convergent, digital, design experiences, innovation platforms and reusable assets connect across a number of technologies to deliver tangible business value and experiences to our stakeholders. Tech Mahindra is amongst the Fab 50 companies in Asia (Forbes 2016 list).

Tech Mahindra Limited is part of the USD 17.8 billion Mahindra Group that employs more than 200,000 people in over 100 countries. The Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, after-market, and information technology and vacation ownership.

Tech Mahindra Limited have have also offices in several cities in India, USA, UK, Singapore, Australia, New Zealand, Germany, Malaysia, Thailand, United Arab Emirates, Indonesia, Belgium and Canada.

Business Highlights

- Tech Mahindra was recognized as a global leader for its actions and strategics in response to climate change; was awarded a position on the Climate A List by Climate Disclosure Project (CDP), an international not-for-profit which drives sustainable economies.
- Ranked as one of the Top 3 companies in India and one of the Top 20 companies in Asia in the Channel News-Asia Sustainability Ranking for Asia's top businesses.
- Positioned in the Leadership Zone in the Zinnov Zones 2016 Internet of Things (IoT) Technology Services report.
- Tech Mahindra launched its Virtual Network Function (VNF) Exchange, along with a number of leading new age providers of Software Defined Networks (SDN) and Network Functions Virtualization (NFV) products.
- Tech Mahindra Ltd. announced the launch of the Connected Service Experience Solution, which will enable the manufacturing industry to integrate connected devices with end-to-end business processes; the solution was built on Pegasystems? Pega® 7 Platform.
- C P Gurnani was recognized as the Best CEO in IT/ITes Category by Business Today.
- Tech Mahindra joins hands with UC Berkley, Advance Energy Center, Canada and AP?s Eastern Power Distribution Company to offer its Microgrid as a Service platform to create sustainable energy business model.

- The first phase of Securities and Exchange Board of India's (SEBI) new Enterprise Portal went live. In 2015, SEBI had embarked on the digital journey to transform its processes and end-user experience to serve its internal and external customers better, and Tech Mahindra was selected to execute the project.
- Tech Mahindra and Mahindra Comviva launched new Revenue Experience platform called "Data Revenue Booster (DRB) for mobile operators; DRB allows Communication Service Providers to open up additional revenue opportunities while delivering innovative services to users.
- Tech Mahindra and DxContinuum partnered to offer Cloud-based predictive analytics to deliver next-generation solutions for business-to-business (B2B) sales organizations. The joint offering delivers highly accurate forecasts, dramatically boosts productivity and enables sales teams to get a jump on cross-sell/upsell opportunities on a subscription base.
- Tech Mahindra announced new strategy for Network Services business centered around the theme RUN Better, CHANGE Faster and GROW Greater, a move that is expected to further strengthen Tech Mahindra's leadership in Network Services space.

Awards and Recognitions

- Recognized as the "Best Digital Enterprise of the Year" by the Drivers of Digital Awards 2016.
- Tech Mahindra ranked among the Top 3 companies in KPMG's Client Satisfaction Rankings in Europe.
- For the 2nd year in a row, Tech Mahindra made it to the DOW JONES SUSTAINABILITY INDEX, for best practices in sustainability and environment. One amongst the only 3 companies from India to make it to the DJSI World Index.
- Recognized in five categories at 7th Asia Best Employer Brand Awards 2016.
- Tech Mahindra's commitment to excellence over the past year earned recognition as a 2013 AT&T Supplier Award winner for its support of affiliates of AT&T, one of the world's leading data, voice, wireless and Internet services provider.
- Mahindra Comviva (a subsidiary of Tech Mahindra) won GSMA Global Mobile Awards 2013 in the Best Consumer Mobile Service category for their mobility services to Bangladesh Railways in collaboration with two leading mobile service providers.
- Mahindra Comviva won Golden Peacock Award 2012 for Managed VAS Services.
- Tech Mahindra received the "Training Top 125" award. Tech Mahindra's focus on learning and employee development through its flagship training initiatives, leadership programs and their alignment to business goals through were the critical parameters for receiving the award.
- Tech Mahindra was selected as the best performer in the Forbes Asia's Fab 50 which recognizes the best performing publicity traded large companies in India; there were eight Indian companies in Forbes Asia's Fab 50 list this year.
- Tech Mahindra featured as a Star Performer in Everest Group's Life Sciences Digital IT Services Service Provider Landscape with PEAK Matrix™ Assessment.
- Tech Mahindra featured in the Leadership Zone in Overall Ratings IoT technology services Zinnov Zones CP Gurnani, CEO & MD of Tech Mahindra, was recognized as Asia One Global Indian of the Year and Tech Mahindra bagged the best brand (Services).
- Won Indo-American Award for excellence in corporate social responsibility, excellence in manufacturing and excellence in innovation.

Changes in equity

	Share capital	**Statutory Fund**	**Non-restricted equity**
New issue	**50,000**	**0**	
Profit for the year			**1,048,707**
Closing amount	**50,000**	**0**	**1,048,707**

Appropriation of profit/loss

Proposed treatment of the company's profit	
At the disposal of the general meeting:	
profit for the year	**1,048,707**
	1,048,707
The board of directors proposes the following:	
to be carried forward	**1,048,707**
	1,048,707

For information about the company's earnings and financial position in other respects, please refer to the income statements, balance sheets and accompanying notes set out below.

INCOME STATEMENT

	Note	2016-05-19 2017-03-31
Operating income etc.		
Net turnover		28,760,477
		28,760,477
Operating expenses		
Other external expenses		-733,576
Personnel costs	2	-26,657,355
		-27,390,931
Operating profit/loss		1,369,546
Profit/loss from financial items		
Interest expense to group companies		-999
		-999
Profit after financial items		1,368,547
Profit before tax		1,368,547
Tax on profit for the year		-319,840
Profit for the year		1,048,707

BALANCE SHEET

	2017-03-31
	Note
Assets	
Current assets	
Current receivables	
Receivables from group companies	**5,226,499**
Current tax asset	**10,160**
Other receivables	**59,729**
Prepaid expenses and accrued income	**195,895**
	5,492,283
Cash and bank	
Cash and bank	**3,242,511**
Total cash and bank	**3,242,511**
Total current assets	**8,734,794**
TOTAL ASSETS	**8,734,794**
EQUITY AND LIABILITIES	
Equity	
Restricted equity	
Share capital	**50,000**
	50,000
Non-restricted equity	
Profit for the year	**1,048,707**
	1,048,707
Total equity	
	1,098,707
Current liabilities	
Trade payables	**18,750**
Liabilities to group companies	**4,000,999**
Other liabilities	**303**
Accrued expenses and deferred income	**3,616,035**
Total current liabilities	**7,636,087**
TOTAL EQUITY AND LIABILITIES	**8,734,794**

NOTES

Note 1 Accounting policies

The annual report has been prepared in accordance with the Annual Accounts Act and general advice from the Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts.

Receivables
Receivables are recorded in the amounts at which they are expected to be received.

Other assets, provisions and liabilities
Other assets, provisions and liabilities are recorded at cost of acquisition unless otherwise stated below.

Revenue recognition
Revenue is recorded at fair value of what has been received or will be received. Consequently the company records revenue at nominal value (invoice amount) if the payment is received in cash or cash equivalents directly on delivery. Deduction is made for discounts given.

Services
Revenues from consulting services are recognised in revenue when the services are rendered.

Income tax
Current tax is income tax for the current financial year that refers to the year's taxable earnings and the as yet unreported part of previous financial years' income tax.

Current tax is stated at the probable amount according to the tax rates and tax rules applicable on the balance sheet date.

Employee benefits
Pensions
Employee benefits which include salaries, bonuses, holiday pay, paid sick leave, etc. and pensions are recognised as the related service is rendered. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans. The company has only defined benefits. There are no other long-term benefits to employees.

Receivables and liabilities in foreign currency
Monetary receivables and liabilities in foreign currencies have been restated at the closing rate.
Exchange differences arising on settlement or restatement of monetary items are recognised in the income statement in the financial year in which they occur, either as an operating item or a financial item, on the basis of the underlying business transaction.

NOTES TO FINANCIAL STATEMENTS

Note 2	Average number of employees	**2016/2017**
	Average number of employees	
	The average number of employees is based on hours worked related to normal working hours paid for by the company.	
	The average number of employees was	66

NOTES

Note 3 Definitions of business and financial ratios
Equity-assets ratio
Adjusted equity as a percentage of the balance sheet total

Kishan Kumar Chuckun **Claes Ola Hammarlund**
Managing Director

Meenakshi Sundaram Sankaralingam

Our auditor's report was submitted on ,

Deloitte AB

Linn Palmgren
Chartered Accountant

TECH MAHINDRA NORWAY AS

Board of Directors
Mr. Gaurav Gupta
Mr. Greger Lundstrøm

Registered Office
Capus TS
Martin Linges Vei 25
1364 Fornebu
Oslo, Norway

Bankers
Citibank PLC

Auditors
Deloitte AS
Dronning Eufemias gate 14, 0191 Oslo, Norway

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF TECH MAHINDRA NORWAY AS

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of Tech Mahindra Norway AS ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally applicable in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

Restriction on distribution and use

The Report is intended solely for information and use of the Board of directors of the Company and for Tech Mahindra Limited (Ultimate Holding Company), for preparation of Consolidated Ind AS Financial Statements. Our report is intended solely for providing our opinion on these Ind AS financial statements which is used for the preparation of the consolidated Ind AS Financial Statements of the Ultimate Holding Company and should not be distributed or used for any other purpose without our prior consent.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/ W- 100018)

Nilesh Lahoti
Partner
(Membership No. 130054)

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	Amount in NOK 31-Mar-17
ASSETS		
Current Assets		
(a) Financial Assets		
(i) Trade Receivables	3	**2,330,821**
(ii) Cash and Cash Equivalents	4	**30,000**
(iii) Other Financial Assets	5	**4,160,000**
(b) Other Current Assets	6	**188,174**
Total Current Assets		**6,708,995**
Total Assets		**6,708,995**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	7	**30,000**
(b) Other Equity	8	**83,243**
Total Equity		**113,243**
Liabilities		
Current liabilities		
(a) Financial Liabilities		
Trade Payables	9	**5,973,648**
(b) Other Current Liabilities	10	**409,159**
(c) Provisions	11	**185,198**
(d) Current Tax Liabilities (Net)		**27,748**
Total Current Liabilities		**6,595,753**
Total Equity and Liabilities		**6,708,996**
See accompanying notes forming part of the financial statements	1 to 17	

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM DECEMBER 13, 2016 (BEING THE DATE OF INCORPORATION) TO MARCH 31, 2017

	Statement of Profit and Loss for the	Note No.	Amount in NOK For the period from December 13, 2016 to March 31, 2017
I	Revenue from Operations		6,490,821
III	**Total Revenue (I +II)**		**6,490,821**
IV	**EXPENSES**		
	Subcontracting Expenses		**4,160,000**
	Employee Benefit Expense	12	**2,040,070**
	Other Expenses	13	**179,761**
	Total Expenses		**6,379,830**
V	**Profit before Tax (III-IV)**		**110,991**
VI	**Tax Expense**		
	Current Tax		**27,748**
	Deferred Tax		**-**
	Total Tax Expense	14	**27,748**
VII	**Profit after tax (V-VI)**		**83,243**
VIII	**Other Comprehensive Income**		
A	I. Items that will not be reclassified to Profit or Loss		
	(a) Remeasurements of the Defined Benefit Liabilities - gain / (loss)		**-**
	(b) Equity Instruments through Other Comprehensive Income - gain / (loss)		**-**
	II. Income Tax relating to items that will not be reclassified to Profit or Loss		**-**
B	I. Items that will be reclassified to Profit or Loss		
	(a) Effective portion of gain / (loss) on Designated Portion of Hedging Instruments in a Cash Flow Hedge (net)		**-**
	II. Income Tax relating to items that will be reclassified to Profit or Loss		**-**
	Total Other Comprehensive Income (A+B)		**-**
IX	**Total Comprehensive Income (VII + VIII)**		**83,243**
	Earnings per Equity Share (Face Value Euro 1) in Euro	15	
	Basic		**9.38**
	Diluted		**9.38**
	See accompanying notes forming part of the financial statements	1 to 17	

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner

STATEMENTS OF CHANGES IN EQUITY

A. Equity Share Capital

Amount in NOK

Balance as of December 13, 2016	Changes in equity share capital during the year	Balance as of March 31, 2017
-	30,000	30,000

B. Other Equity -Reserves and Surplus - Retained Earnings

Amount in NOK

Particulars	Balance as at March 31, 2017
Balance as at December 13, 2016	-
Profit for the year	83,243
Other Comprehensive Income (net)	-
Total Comprehensive income	**83,243**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner

CASH FLOW STATEMENT FOR THE

			Amount in NOK For the period from December 13, 2016 to March 31, 2017
A	**Cash Flow from Operating Activities**		
	Profit before Tax		**110,991**
	Operating Profit before working capital changes		
	Trade Receivables and Other Assets	**(6,678,995)**	
	Trade Payables, Other Liabilities and Provisions	**6,568,005**	
			(110,991)
	Cash Generated from Operations		**-**
	Income Tax Refund / (Paid) (net)		**-**
	Net Cash Flow from / (used in) Operating Activities (A)		**-**
C	**Cash Flow from Financing Activities**		
	Proceeds from Issue of Equity Shares	**30,000**	
	Net Cash Flow from / (used in) Financing Activities (C)		**30,000**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**30,000**
	Cash and Cash Equivalents at December 13, 2016		**-**
	Cash and Cash Equivalents (refer note III) at the end of the		**30,000**

	As at March 31, 2017
Cash and Cash Equivalents Comprises of	
Balances with Banks :	
In Current Accounts	**30,000**
	30,000

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM DECEMBER 13, 2016 TO MARCH 31, 2017

Note Particulars

1 Corporate information

The company is incorporated on December 13, 2016, principal place of business at Capus TS, Martin Linges Vei 25, 1364 Fronebu 0219 Baerum, Norge. The financial statements are expressed in Norwegian Krone (NOK).

The principal activities of the company are that providing consultancy business related to information technology, as well as investment in, and maintainace of operational and non operational business activities and assets, including all that relates thereto.

The company is a 100% subsidiary of Tech Mahindra GmbH (Germany).

2 Significant accounting policies:

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') notified under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs, except additional disclosures required by the Companies Act 2013 (as these financial statements are not statutory financial statements, full compliance with the above Act is not required). The said financial statements for the year ended March 31, 2017 are the first financial statements of the Company in accordance with Ind AS.

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The functional currency of the Company is Norwegian Krone (NOK). The Financial statements have been prepared as per section 129 (1) of the Act to assist the Tech Mahindra Limited (Parent Company) for preparation of consolidated financial statements and for the purpose of compliance with the provision of section 129 and Section 136 read with Schedule III of the Companies Act, 2013.

2.3 Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenues from the sale of software and hardware products are recognised upon delivery / deemed delivery, which is when title passes to the customer, along with risk and rewards.

2.7 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.8 Foreign currency transactions:

The functional currency of the company is Norwegian Krone (NOK).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

2.9 Financial Instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

Non-derivative financial instruments:

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.

Financial assets at amortised cost
Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities
Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.
For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.10 Taxes on income

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the country.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

2.11 Provisions and contingencies
A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Note 3 : Trade Receivables : Current

Particulars	Amount in NOK As at 31-Mar-17
- Trade receivables (Unsecured)	
Over Six Months	
Unsecured, considered good	-
Doubtful	-
	-
Less: Allowance for doubtful debts	-
Others	
Unsecured, considered good **	2,330,821
Doubtful	-
	2,330,821
Less: Allowance for doubtful debts	-
Total	**2,330,821**

	As at 31-Mar-17
Note :	
** Net of remittances received aggregating pending adjustments against invoices.	-

Note 4 : Cash and Cash Equivalents

Particulars	Amount in NOK As at 31-Mar-17
Balances with banks	
In Current Account	30,000
Total	30,000

Note 5 : Other Financial Assets

Particulars	Amount in NOK As at 31-Mar-17
(Unsecured, considered good unless otherwise stated)	
Unbilled Revenue	4,160,000
	4,160,000

Note 6 : Other Current Assets

Particulars	As at 31-Mar-17
(Unsecured, considered good unless otherwise stated)	
Prepaid Expenses	188,174
	188,174

Note 6 : Equity Share Capital

Particulars		March 31, 2017
	Number	Amount in NOK
Authorised		
Equity shares of NOK 1/- each with voting rights	30,000	30,000
Issued, Subscribed and Paid up	30,000	30,000
Less: Ordinary (Equity) Shares of Rs. 1 each fully paid up	-	-
Adjusted : Issued, Subscribed Share Capital	30,000	30,000
Reconciliation of number of Equity Shares and amount outstanding		
Shares outstanding at December 13, 2016	-	-
Shares issued during the period	30,000	30,000
Total	30,000	30,000
Less : Shares issued to ESOP Trust but not allotted to employees	-	-
Adjusted : Issued, Subscribed Share Capital	30,000	30,000

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of Shareholder	As at March 31, 2017	
	No. of Shares held	% of Holding
Tech Mahindra Limited	30,000	100

i) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

Note 7 : Other Equity

	Amount in NOK As at March 31, 2017
- Retained Earnings	
Opening balance	-
Add : Profit for the year	83,243
Closing Balance	83, 243

Note 8 : Trade Payables

Particulars	Amount in NOK As at 31-Mar-17
Trade Payables other than Accrued Salaries and Benefits	**5,973,648**
Total	**5,973,648**

Note 9: Other Current Liabilities

Particulars	Amount in NOK As at 31-Mar-17
- Statutory Remittances	**409,159**
Total	**409,159**

Note 10 : Provisions : Current

Particulars	Amount in NOK As at 31-Mar-17
Provision for employee benefits	
- Others	**185,198**
Total	**185,198**

Note 11 : Employee Benefits Expense

Particulars	Amount in NOK For the period from December 13, 2016 to March 31, 2017
Salaries and Wages, including bonus	**1,735,111**
Contribution to Provident and other Funds	**304,959**
Total	**2,040,070**

Note 12 : Other Expenses

Particulars	Amount in NOK For the period from December 13, 2016 to March 31, 2017
Communication Expenses	**12,300**
Legal and Other Professional Costs	**146,561**
Insurance charges	**17,900**
Miscellaneous Expenses	**3,000**
Total	**179,761**

Note 13 As required under Ind AS 24, Related Party Disclosures, following are the transactions during the year ended March 31, 2017 and outstanding balances as of that date:

Note Particulars

13 Related party transactions

13.a Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Tech Mahindra Limited
Holding Company	Tech Mahindra GmbH

13.b Details of related party transactions during the year ended March 31, 2017 and balances outstanding as at March 31, 2017:

Amount in NOK

Particulars	Ultimate Holding Company	Holding Company	Total
Revenue from operations	**2,330,821**	**-**	**2,330,821**
Subcontracting Expenses	**4,160,000**	**-**	**4,160,000**
Share Capital Issued	**-**	**30,000**	**30,000**
Balances outstanding at the end of the year			
Trade Receivables	**2,330,821**	**-**	**2,330,821**
Trade Payables	**4,160,000.00**	**1,711,277**	**5,871,277**

14 Current Tax and Deferred Tax:

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

Particulars	**For the period from December 13, 2016 to March 31, 2017**
Profit before Tax	**110,991**
Tax at the domestic income tax rate at 25%	**27,748**
Effect of income that is exempt from tax	**-**
Effect of expenses that are not deductible in determining taxable profit	**-**
Effect of differential overseas tax rates	**-**
Others	**-**
Income tax expense recognised in profit or loss	**27,748**

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in Norway on taxable profits under the Norway tax laws.

Domestic income tax is calculated at 25% of the estimated assessable profit for the period.

15 Earnings Per Share is calculated as follows:

Particulars	**For the period from December 13, 2016 to March 31, 2017**
Profit after taxation	**83,243**
Equity Shares outstanding as at the end of the year (in nos.)	**30,000**
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**8,876.71**
Nominal Value per Equity Share (in NOK)	**1**
Earnings Per Share:	
Earnings Per Share (Basic) (in NOK)	**9.38**
Earnings Per Share (Diluted) (in NOK)	**9.38**

16 Financial Instruments and Risk Review

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The carrying value and fair value of financial instruments by categories as of March 31, 2017 is as follows:

Particulars			**Amount in NOK**
	Amortised cost	**Total carrying value**	**Total fair value**
Assets:			
Trade Receivables	**2,330,821**	**2,330,821**	**2,330,821**
Cash and cash equivalents	**30,000**	**30,000**	**30,000**
Other Financial Assets	**4,160,000**	**4,160,000**	**4,160,000**
	6,520,821	**6,520,821**	**6,520,821**
Liabilities:			
Trade and other payables	**5,973,648**	**5,973,648**	**5,973,648**
	5,973,648	**5,973,648**	**5,973,648**

17 The Company was incorporated on December 13, 2016. This being the first year of Operations, the account have been prepared for period commencing from December 13, 2016 (being the date of incorporation) to March 31, 2017 and there are no corresponding previous year figures.

For and on behalf of the Board of Directors

Director **Director**

SUBSIDIARIES LIQUIDATED OR UNDER PROCESS OF LIQUIDATION

During the year ended March 31, 2017, the following subsidiaries have applied for liquidation and the same are under process of liquidation or liquidated.

100% subsidiaries of Tech Mahindra Limited:

- Tech Mahindra (Nanjing) Co. Limited
- Tech Mahindra (Malaysia) SDN. BHD.
- TechM Canada, Inc. (liquidated on August 19, 2016)

100% subsidiary of Tech Mahindra Servicos De Informatica LTDA

- Satyam Colombia Servicios DE Informatica SAS (liquidated on February 15, 2016)

100% subsidiaries of Lightbridge Communications Corporation:

- LCC do Brasil LTDA
- LCC Diseno y Servicios de RED Peru S.R.L
- Leadcom Mexico S.A. de C.V.
- Merlin Projects (liquidated on January 24, 2017)

100% subsidiaries of Sofgen Holding Limited:

- Sofgen Limited
- Sofgen Australia Pty. Ltd. (liquidated on June 29, 2016)
- Sofgen Luxembourg SARL. (liquidated on August 10, 2016)
- Compania Sofgen SRL (closed effective December 6, 2016)

100% subsidiaries of Target Group Limited:

- Target Financial Solution Limited
- Target Computer Group Limited
- Target Group Trustee Limited

SUBSIDIARIES MERGED

i. Complex IT Solution Consultoria Em Informatica S/A

During the year ended March 31, 2017 the Board of Directors of a step down subsidiary of the company, Complex IT Solution Consultoria Em Informatica S/A has approved the scheme of merger with Tech Mahindra Servicos De Informatica LTDA a 100% subsidiary of the Company with effect from January 1, 2017.

ii. Sofgen Save Tax SA with Sofgen SA, Switzerland

The Board of Directors of the Sofgen Save Tax SA, a step down subsidiary of the company, in their meeting held on February 22, 2017, has approved the scheme of merger and arrangement with the Softgen SA, Switzerland, a step down subsidiary of the company with effect from November 1, 2016 and pursuant thereto the entire business and all the assets and liabilities, duties, taxes and obligations of Sofgen Save Tax SA have been transferred to and vested in Softgen SA, Switzerland with effect from November 1, 2016.

SUBSIDIARIES WHERE NO OPERATIONS HAVE COMMENCED

i. Terra Payment Services Mauritius Limited - On January 19, 2017 a new 100% subsidiary Terra Payment Services Mauritius Limited was incorporated in Mauritius under Terra payment services (Netherlands) BV. There has been no capital infusion and no business transacted as at March 31, 2017.

ii. Mobex Money Transfer Services Limited - On December 16, 2015 a new 100% subsidiary Mobex Money Transfer Services Limited was incorporated in Kenya under Terra payment services (Netherlands) BV. There has been no capital infusion and no business transacted as at March 31, 2017.

iii. **Terrapay Services (UK) Limited -** On February 24, 2016, Terra Payment Services (Netherlands) BV has incorporated 100% subsidiary as Terrapay Services (UK) Limited in United Kingdom. There has been no capital infusion and no business transacted as at March 31, 2017.

iv. **Terra Payment Services (Tanzania) Limited -** On March 10, 2016, Terra Payment Services (Netherlands) BV has incorporated 100% subsidiary as Terra Payment Services (Tanzania) Limited in Tanzania. There has been no capital infusion and no business transacted as at March 31, 2017.

v. **Terra Payment Services (Uganda) Limited in Uganda -** On March 11, 2016, Terra Payment Services (Netherlands) BV has incorporated 100% subsidiary as Terra Payment Services (Uganda) Limited in Uganda. There has been USD 0.013 Million capital infused and no business transacted as at March 31, 2017.

vi. **Terra Payment Services S.A.R.L in Congo DRC -** On June 20, 2016 Terra Payment Services (Netherlands) BV has incorporated 100% subsidiary as Terra Payment Services S.A.R.L in Congo DRC. Capital has been infused but allotment of shares are pending and no business transacted as at March 31, 2017.

vii. **Terra Payment Services S.A.R.L in Senegal -** On June 28, 2016 Terra Payment Services (Netherlands) BV has incorporated 100% subsidiary as Terra Payment Services S.A.R.L in Senegal. There has been capital infusion and no business transacted as at March 31, 2017.

viii. **Terra Payment Services (UK) Ltd. -** The Comviva Group, has acquired a 100% subsidiary named Terra Payment Services (UK) Ltd. through its subsidiary Terra Payment Services (Netherlands) B.V.

ix. **Terra Payment Services Botswana (Pty) Limited -** The Comviva Group, has acquired a 100% subsidiary named Terra Payment Services Botswana (Pty) Limited through its subsidiary Terra Payment Services (Netherlands) B.V. However, the Company has not yet commenced operations as of March 31, 2017.

x. **Terra Payment Services S.A.R.L. -** The Comviva Group, in July 2016, has incorporated a 100% subsidiary named Terra Payment Services S.A.R.L., Congo B through its subsidiary Terra Payment Services (Netherlands) B.V. However, the Company has not yet commenced operations and no capital has been infused in the subsidiary as of March 31, 2017.

xi. **South Africa namely Terra Payment Services South Africa (PTY) Ltd. -** Comviva Technologies Limited has acquired 100% stake in a Company in South Africa namely Terra Payment Services South Africa (PTY) Ltd. As at March 31, 2017 the said subsidiary has not commenced its operations.

xii. **Comviva Technologies Madagascar Sarlu -** On December 12, 2016, Company had incorporated a subsidiary, Comviva Technologies Madagascar Sarlu, a 100% subsidiary of Comviva Technologies Limited and no capital has been infused in the subsidiary as of March 31, 2017.

xiii. **Tapio Inc. -** On February 29, 2016 a new 100% subsidiary Tapio Inc. was incorporated in U.S.A under Tech Mahindra (Americas) Inc. There has been no capital infusion and no business transacted as at March 31, 2017.

Tech Mahindra

Tech Mahindra Limited
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Apollo Bunder, Mumbai – 400001 (Maharashtra)
India.

Tech Mahindra Limited
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