Connected World.
Connected Experiences.

Tech Mahindra

UNLOCK THE CONNECTED FUTURE

SUBSIDIARY ANNUAL REPORT

2017-2018

(VOLUME - I - II & III)

Tech Mahindra Limited

UNLOCK THE CONNECTED FUTURE

To make this seamlessly connected future a reality, everything must be connected.

That's when we will #unlockexperiences that change the way we live, work and play.

Empowering people to do harness the possibilities of a hyper connected world – transforming how they interact and transact, learn and cure, make and move.

Enabling enterprises to run better, change faster, and grow greater.

And that's when we unlock our true potential.

As dreamers and doers.
As thinkers and innovators.
As people.

Ready to Rise™ to the connected future.

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VOLUME - I

VOLUME - II

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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

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2018.

Financial Results:

For the year ended March 31	**2018 USD**	**2018 INR**	2017 USD	2017 INR
Income	**898,999,719**	**58,587,811,687**	865,837,550	56,145,235,930
Profit/(Loss) before tax	**43,969,117**	**2,865,467,357**	47,689,567	3,092,429,971
Profit/(Loss)after tax	**38,284,383**	**2,494,993,242**	27,312,529	1,771,080,942

Review of operations:

During the fiscal year under review, the Company achieved an income of US$ 899 Million (equivalent to INR 5859 Crores). 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:

On May 4, 2017, TMA acquired 84.7% holding in Tech Mahindra Healthcare Systems Holdings, LLC ("Holdco"), a Delaware Limited Liability Company. An individual, resident of the State of Florida ("minority shareholder"), holds the 15.3 % minority interest. Investment details are mentioned in Note 1 of Notes to Consolidated Financial Statements.

On March 9, 2018, TMA acquired 100% of Sofgen Americas Inc. ("Sofgen"), a New Jersey corporation at a cost of $4.3 million from Sofgen Holdings Limited, Cyprus. The purchase is part of the rationalization of subsidiaries within the Tech Mahindra Group. Sofgen offer end-to-end banking IT services, both in and around core systems, ranging from requirements analysis and system selection to implementation and beyond.

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: Texas
Date: May 10, 2018

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tech Mahindra (Americas), Inc. a Delaware Corporation,
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, 2018 and 2017, and the related statements of operations and comprehensive income, 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., Lightbridge Communications Corporation, Sofgen Americas Inc. and 84.7% owned Tech Mahindra Healthcare Systems Holdings, LLC 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 matters 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, 2018 and 2017, 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 11 and 12 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 27 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 23, 2018

SUPPLEMENTAL INFORMATION

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, 2018 and 2017, 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 29 - 57 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 65.17 to 1.00 USD for both 2018 and 2017.

Catrakilis Kraitzick Hrabova, LLC
Atlanta, Georgia
April 23, 2018

SUPPLEMENTAL BALANCE SHEETS

	Note	March 31, 2018 USD	March 31, 2018 INR	March 31, 2017 USD (Restated)	March 31, 2017 INR
ASSETS:					
Current assets:					
Cash	3	$ **3,283,759**	**214,002,574**	$ 6,718,006	437,812,451
Accounts receivable, net	4	**32,435,511**	**2,113,822,252**	26,412,179	1,721,281,705
Employee advances		**1,087,583**	**70,877,784**	1,612,841	105,108,848
Due from parent company	11	**113,312,443**	**7,384,571,910**	158,448,047	10,326,059,223
Due from affiliated companies	12	**10,574,214**	**689,121,526**	8,578,950	559,090,172
Prepaid expenses and other current assets		**8,755,601**	**570,602,517**	2,905,138	189,327,843
Prepaid income tax		**15,006,441**	**977,969,760**	1,117,402	72,821,088
Notes receivable from affiliated companies, current	12	**15,448,629**	**1,006,787,152**	29,695,876	1,935,280,239
Total current assets		**199,904,181**	**13,027,755,475**	235,488,439	15,346,781,569
Property and equipment, net	6	**21,064,630**	**1,372,781,937**	16,853,570	1,098,347,157
Non current assets:					
Notes due from affiliated company, non-current	12	**20,983,544**	**1,367,497,562**	4,577,351	298,305,965
Deferred tax assets	5	**25,260,386**	**1,646,219,356**	13,051,891	850,591,736
Total non current assets		**46,243,930**	**3,013,716,918**	17,629,242	1,148,897,701
Other assets:					
Security deposits		**360,642**	**23,503,039**	342,265	22,305,410
Other receivables		**10,133**	**660,368**	2,339	152,433
Intangible assets, net	7	**11,916,052**	**776,569,109**	13,240,058	862,854,580
Investment in subsidiaries	8	**254,229,810**	**16,568,156,718**	161,022,806	10,493,856,267
Investment in financial asset	10	**15,000,000**	**977,550,000**	-	-
Investment in associated companies	9	**3,033,676**	**197,704,665**	3,033,676	197,704,665
Total other assets		**284,550,313**	**18,544,143,899**	177,641,144	11,576,873,355
Total Assets		**$ 551,763,054**	**35,958,398,229**	$ 447,612,395	29,170,899,782
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities:					
Accounts payable		$ **5,080,496**	**331,095,924**	$ 3,529,001	229,984,995
Accrued expenses and other current liabilities		**61,901,240**	**4,034,103,811**	65,050,537	4,239,343,496
Unearned revenue		**1,455,348**	**94,845,029**	-	-
Due to parent company	11	**80,204,497**	**5,226,927,069**	75,254,087	4,904,308,850
Due to affiliated company	12	**49,381,105**	**3,218,166,613**	25,703,349	1,675,087,254
Note payable, current portion	14	**75,345,000**	**4,910,233,650**	380,063	24,768,706
Total current liabilities		**273,367,686**	**17,815,372,096**	169,917,037	11,073,493,301
Non current liabilities:					
Other non current liabilities	19	**4,900,000**	**319,333,000**	-	-
Stockholder's equity		**273,495,368**	**17,823,693,133**	277,695,358	18,097,406,481
Total Liability and Stockholder's Equity		**$ 551,763,054**	**35,958,398,229**	$ 447,612,395	29,170,899,782

See Notes to Supplemental Financial Statements

SUPPLEMENTAL STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Schedule	Three Months Ended March 31,				Twelve Months Ended March 31,			
		2018 USD	INR	2017 USD (Restated)	INR	**2018 USD**	INR	USD (Restated)	2017 INR
REVENUE	I	**$ 216,277,789**	14,094,823,509	$ 218,265,428	14,224,357,943	**$ 898,999,719**	58,587,811,687	$ 865,837,550	56,426,633,134
OPERATING EXPENSES:									
Personnel	II	**129,694,944**	8,452,219,500	143,016,700	9,320,398,339	**564,473,450**	36,786,734,737	557,235,672	36,315,048,744
General and administrative	III	**72,626,160**	4,733,046,847	60,518,806	3,944,010,588	**277,050,538**	18,055,383,558	249,193,401	16,239,933,943
Amortization		**331,001**	21,571,335	331,001	21,571,335	**1,324,006**	86,285,471	1,324,006	86,285,471
Depreciation		**3,419,044**	222,819,097	2,505,346	163,273,399	**11,784,984**	768,027,407	10,839,771	706,427,876
Total operating expenses		**206,071,149**	13,429,656,779	206,371,853	13,449,253,661	**854,632,978**	55,696,431,173	818,592,850	53,347,696,034
Operating income		**10,206,640**	665,166,730	11,893,575	775,104,282	**44,366,741**	2,891,380,514	47,244,700	3,078,937,100
OTHER (EXPENSES) / INCOME									
Other income		**14,188**	924,632	15,554	1,013,654	**381,441**	24,858,510	119,116	7,762,790
Interest (expenses) / income		**(194,264)**	(12,660,185)	64,392	4,196,427	**(771,956)**	(50,308,373)	333,281	21,719,923
Foreign currency gain / (loss)		**592**	38,581	(7,479)	(487,406)	**(7,109)**	(463,294)	(7,530)	(490,730)
Total other (expenses) / income		**(179,484)**	(11,696,972)	72,467	4,722,675	**(397,624)**	(25,913,157)	444,867	28,991,982
Income before income tax expense		**10,027,156**	653,469,758	11,966,042	779,826,957	**43,969,117**	2,865,467,357	47,689,567	3,107,929,082
INCOME TAX EXPENSE	Note 5	**5,264,029**	343,056,770	5,080,239	331,079,176	**5,684,734**	370,474,115	20,377,038	1,327,971,566
NET INCOME		**$ 4,763,127**	310,412,988	$ 6,885,803	448,747,781	**$ 38,284,383**	2,494,993,242	$ 27,312,529	1,779,957,515
Other comprehensive income									
Gain on hedge activity		**146,063**	9,518,926	-	-	**146,063**	9,518,926	-	-
Comprehensive income		**$ 4,909,190**	319,931,914	$ 6,885,803	448,747,781	**$ 38,430,446**	2,504,512,168	$ 27,312,529	1,779,957,515

See Notes to Supplemental Financial Statements

TECH MAHINDRA (AMERICAS) INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

		Common Stock	Accumulated Other Comprehensive Income / (Loss)	USD Accumulated Retained Earnings	Total Stockholder's Equity
Balance at April 1, 2016, (restated)	Note 19	$ 170,521,745	$ -	$ 96,913,259	$ 267,435,004
Net income for the period		-	-	27,312,529.00	27,312,529
Cash dividends declared	Note 15	-	-	(17,052,175.00)	(17,052,175)
Other comprehensive income	Note 20	-	-	-	-
Balance at March 31, 2017, (restated)		$ 170,521,745	$ -	$ 107,173,613	$ 277,695,358
Net income for the period		-	-	38,284,383	38,284,383
Cash dividends declared	Note 15	-	-	(42,630,436)	(42,630,436)
Other comprehensive income	Note 20	-	146,063	-	146,063
Balance at March 31, 2018		$ 170,521,745	$ 146,063	$ 102,827,560	$ 273,495,368

		Common Stock	Accumulated Other Comprehensive Income / (Loss)	INR Accumulated Retained Earnings	Total Stockholder's Equity
Balance at April 1, 2016, (restated)	Note 19	11,112,902,122	-	6,315,837,089	17,428,739,211
Net income for the period		-	-	1,779,957,515	1,779,957,515
Cash dividends declared	Note 15	-	-	(1,111,290,245)	(1,111,290,245)
Other comprehensive income	Note 20	-	-	-	-
Balance at March 31, 2017, (restated)		11,112,902,122	-	6,984,504,359	18,097,406,481
Net income for the period		-	-	2,494,993,240	2,494,993,240
Cash dividends declared	Note 15	-	-	(2,778,225,514)	(2,778,225,514)
Other comprehensive income	Note 20	-	9,518,926	-	9,518,926
Balance at March 31, 2018		11,112,902,122	9,518,926	6,701,272,085	17,823,693,133

See Notes to Financial Statement

SUPPLEMENTAL STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		**2018**		2017	
	USD	**INR**	USD	INR	**USD**	**INR**	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES:				(Restated)				(Restated)
Net income	$ 4,763,127	310,412,988	$ 6,885,803	448,747,781	$ 38,284,383	2,494,993,242	$ 27,312,529	1,779,957,515
Adjustments to reconcile net income to								
net cash provided by operating activities:								
Amortization	331,001	21,571,335	331,001	21,571,335	1,324,006	86,285,471	1,324,006	86,285,471
Depreciation	3,419,044	222,819,097	2,505,346	163,273,399	11,784,984	768,027,407	10,839,771	706,427,876
Deferred income tax expense	(12,421,681)	(809,520,951)	(78,030)	(5,085,215)	(12,208,495)	(795,627,619)	(1,450,178)	(94,508,100)
Changes in operating assets and liabilities:								
Accounts receivable, net	(4,176,979)	(272,213,721)	5,181,121	337,653,656	(6,023,332)	(392,540,546)	9,574,112	623,944,879
Due from parent company	44,994,404	2,932,285,309	(28,496,766)	(1,857,134,240)	45,135,604	2,941,487,314	(6,077,692)	(396,083,188)
Due from affiliated companies	(893,779)	(58,247,577)	(2,844,055)	(185,347,064)	(1,995,264)	(130,031,355)	15,015,028	978,529,375
Employee advances	81,524	5,312,919	(105,158)	(6,853,147)	525,258	34,231,065	849,028	55,331,155
Prepaid expenses and other current assets	(1,274,160)	(83,037,007)	57,534	3,749,491	(5,857,940)	(381,761,951)	17,303,514	1,127,670,008
Prepaid income taxes	1,293,024	84,266,374	3,705,394	241,480,527	(13,889,039)	(905,148,672)	9,047,076	589,597,943
Security deposits and other assets	-	-	802,197	52,279,178	(18,694)	(1,218,288)	800,967	52,199,019
Accrued expenses	(23,072,617)	(1,503,642,453)	(12,263,891)	(799,237,776)	(5,149,297)	(335,579,689)	(19,528,325)	(1,272,660,939)
Accounts payable	(430,395)	(28,048,842)	(3,902,303)	(254,313,087)	1,551,495	101,110,929	(700,233)	(45,634,185)
Unearned Revenue	582,768	37,978,991	(55,800)	(3,636,486)	1,455,348	94,845,029	-	-
Due to parent company	(8,493,613)	(553,528,759)	34,390,754	2,241,245,438	4,950,410	322,618,220	(5,665,322)	(369,209,035)
Due to affiliated companies	20,560,540	1,339,930,392	(947,450)	(61,745,317)	23,677,756	1,543,079,359	9,009,107	587,123,503
Net Cash Provided by Operating Activities	25,262,208	1,646,338,095	5,165,697	336,648,473	83,547,183	5,444,769,916	67,653,388	4,408,971,297
CASH FLOWS FROM INVESTING ACTIVITIES:								
Capital expenditures	(2,455,653)	(160,034,906)	(5,346,651)	(348,441,246)	(15,996,044)	(1,042,462,187)	(15,249,515)	(993,810,893)
Investment in subsidiaries, associates and financial asset	(19,307,000)	(1,258,237,190)	(10,071)	(656,327)	(101,307,004)	(6,602,177,451)	(31,089)	(2,026,070)
Refund of investment funds from escrow account	-	-	3,241,872	211,272,798	-	-	3,241,872	211,272,798
Notes receivable from affiliated companies	(3,219,739)	(209,830,391)	(960,210)	(62,576,886)	(2,158,946)	(140,698,511)	(33,500,000)	(2,183,195,000)
Net Cash Used in Investing Activities	(24,982,392)	(1,628,102,487)	(3,075,060)	(200,401,661)	(119,461,994)	(7,785,338,149)	(45,538,732)	(2,967,759,165)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Repayment of long-term debt	(44,391)	(2,892,961)	(95,016)	(6,192,193)	(35,063)	(2,285,056)	(900,063)	(58,657,106)
Proceeds from note payable	-	-	-	-	75,000,000	4,887,750,000	-	-
Payment of common stock dividend	-	-	-	-	(42,630,436)	(2,778,225,514)	(17,052,176)	(1,111,290,310)
Net Cash (Used in) / Provided by Financing Activities	(44,391)	(2,892,961)	(95,016)	(6,192,193)	32,334,501	2,107,239,430	(17,952,239)	(1,169,947,416)
Effect of gain on hedge activity	146,063	9,518,926	-	-	146,063	9,518,926	-	-
Net change in cash	235,425	15,342,647	1,995,621	130,054,619	(3,580,310)	(233,328,803)	4,162,417	271,264,716
Cash, beginning of period	2,902,271	189,141,001	4,722,385	307,757,830	6,718,006	437,812,451	2,555,589	166,547,735
Cash, end of period	$ 3,283,759	214,002,574	$ 6,718,006	437,812,451	$ 3,283,759	214,002,574	$ 6,718,006	437,812,451
Supplemental disclosure:								
Cash paid for interest	$ 467,824	30,488,090	$ 39,070	2,546,192	$ 1,333,669	86,915,209	$ 72,697	4,737,663
Cash paid for income taxes	$ 2,214,351	144,309,255	$ 1,520,599	99,097,437	$ 18,248,176	1,189,233,630	$ 15,888,682	1,035,465,406

See Notes to Supplemental Financial Statements

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

March 31, 2018 and 2017

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 since inception in the periods ended December 31, 2017 and 2016. During the period ended December 31, 2017 the shareholders of the Company and its Board of Directors decided to dissolve the Canadian Branch, with effective date March 20, 2018.

On June 24, 2013, TechM and Satyam Computer Technologies Ltd (MSAT) (incorporated in New Jersey), 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 years 2014 and 2015 all the employees of MSAT branch transferred to TMA. 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.

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 May 4, 2017, TMA acquired 84.7% holding in Tech Mahindra Healthcare Systems Holdings, LLC (“Holdco”), a Delaware Limited Liability Company. An individual, resident of the State of Florida (“minority shareholder”), holds the 15.3 % minority interest in Holdco.

Total amount paid was $89.5 million (INR 5,833 million) which includes $7.5 million (INR 489 million) considered as a prepaid compensation to the minority shareholder resulting in net investment value of $82 million (INR 5,343 million). If at any time on or before December 31, 2019, the employment agreement is terminated by either party, the minority shareholder is obligated to repay the $7.5 million (INR 489 million).

TMA has a call option to purchase the remaining 15.3% of shares from the minority shareholder over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and revenue achievement. The minority shareholder has a put option on the remaining 15.3% of shares over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and revenue achievement. The estimated fair value of the put and call options is $6.9 million (INR 450 million).

On January 17, 2018 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 invest an amount not exceeding $15 million (INR 978 million) in Altiostar Networks Inc.’s (“Altiostar”) series C1 Preferred shares entitling 17.5% of the fully diluted stake in the Altiostar. Altiostar is the mobile telecommunication industry’s first provider of Virtual RAN (vRAN) with a Flexible Ethernet fronthaul. Altiostar is headquartered in Tewksbury, Massachusetts. In accordance with FASB ASC 323, Investments, TMA owns less than 20% of the voting stock and there is no significant influence in the investee resulting in TMA accounting for the investment on the cost basis.

On March 9, 2018, TMA acquired 100% of Sofgen Americas Inc. (“Sofgen”), a New Jersey corporation at a cost of $4.3 million (INR 280 million) from Sofgen Holdings Limited , Cyprus. The purchase is part of the rationalization of subsidiaries within the Tech Mahindra Group. Sofgen offer end-to-end banking IT services, both in and around core systems, ranging from requirements analysis and system selection to implementation and beyond.

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.

Tech Mahindra Healthcare Systems Holdings, LLC

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its 84.7 % held subsidiary Holdco. 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.

Sofgen Americas Inc.

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary Sofgen. 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.

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, 2018 and 2017 the allowance for doubtful accounts was $7,133,710 (INR 464,903,881) and $1,497,101 (INR 97,566,072), 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 32,585) 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, 2018 and 2017.

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. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

M. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized 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 asset 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 assets or financial liability.

N. FAIR VALUE- DEFINITION AND HIERARCHY

Fair value is defined 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.

In determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Company to determine fair value are consistent with the income approaches. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Valuations based on unadjusted quoted prices

Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when observable inputs are not readily available, the Company’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In some cases, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In such cases, the fair value measurement is generally categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

O. RESTATEMENT

In the period ending March 31, 2017, 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 , 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, 2018 and 2017 cash is summarized as follows:

	March 31,			
	2018 USD	**INR**	2017 USD	INR
Cash at banks			(Restated)	
	$ 3,283,759	**214,002,574**	$ 6,718,006	437,812,451

4. ACCOUNTS RECEIVABLE

At March 31, 2018 and 2017, accounts receivable are summarized as follows:

	March 31,			
	2018 USD	**INR**	2017 USD (Restated)	INR
Amounts due for services rendered and billed	**$ 25,022,472**	**1,630,714,500**	$ 21,759,057	1,418,037,745
Less: allowance for doubtful accounts	**(1,099,328)**	**(71,643,206)**	(1,497,101)	(97,566,072)
Amounts due for services rendered and billed, net	**23,923,144**	**1,559,071,294**	20,261,956	1,320,471,673
Amounts due for services rendered, not billed	**8,512,367**	**554,750,957**	6,150,223	400,810,033
Total accounts receivable, net	**$ 32,435,511**	**2,113,822,252**	26,412,179	1,721,281,705

Billed accounts receivable concentrations:

	March 31, 2018		
	USD	**INR**	**Concentration**
Customer - 1	**$ 7,724,190**	**503,385,462**	**21%**
Customer - 3	**$ 3,697,007**	**240,933,946**	**10%**

	March 31, 2017 (Restated)		
	USD	INR	Concentration
Customer - 1	$ 6,817,256	444,280,574	31%
Customer - 3	$ 1,993,740	129,932,036	9%

Subsequent to period end, as of April 23, 2018 $9,764,382 (INR 636,344,775 (39%) of billed accounts receivable balances outstanding at March 31, 2018 has been collected.

5. INCOME TAXES

TMA accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as described in Note 2K above. For the three months ended March 31, 2018 and 2017, the current income tax expense / (benefit) consists of the following:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	(Restated) USD	INR
Federal	**$ (1,077,001)**	**(70,188,155)**	$ 4,219,909	275,011,470
Federal - prior period adjustment	**(707,127)**	**(46,083,467)**	-	-
State	**229,997**	**14,988,904**	1,111,932	72,464,608
State - prior period adjustment	**3,113,296**	**202,893,500**	(173,572)	(11,311,687)
	$ 1,559,165	**101,610,782**	$ 5,158,269	336,164,391

For the three months ended March 31, 2018 and 2017, the deferred income tax expense / (benefit) consists of the following:

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	(Restated) USD	INR
Federal	$ 2,903,366	189,212,362	$ (48,313)	(3,148,558)
State	801,498	52,233,624	(29,717)	(1,936,657)
	3,704,864	241,445,986	(78,030)	(5,085,215)
Total current and deferred income tax expense	$ 5,264,029	343,056,770	$ 5,080,239	331,079,176

For the years ended March 31, 2018 and 2017, the current income tax expense / (benefit) consists of the following:

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	(Restated) USD	INR
Federal	$ 10,174,520	663,073,468	$ 18,166,218	1,183,892,428
Federal - prior period adjustment	(11,063,770)	(721,025,892)	(6,650)	(433,381)
State	3,242,940	211,342,400	3,841,221	250,332,373
State - prior period adjustment	(587,007)	(38,255,246)	(173,572)	(11,311,687)
	$ 1,766,683	115,134,730	$ 21,827,217	1,422,479,733

For the years ended March 31, 2018 and 2017, the deferred income tax expense / (benefit) consists of the following:

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	(Restated) USD	INR
Federal	$ 4,054,732	264,246,884	$ (1,415,430)	(92,243,573)
State	(136,681)	(8,907,501)	(34,749)	(2,264,593)
	3,918,051	255,339,383	(1,450,179)	(94,508,166)
Total current and deferred income tax expense	$ 5,684,734	370,474,115	$ 20,377,038	1,327,971,566

Deferred tax asset consists of the following:

	March 31,			
	2018		2017	
	USD	INR	(Restated) USD	INR
Federal	$ 22,861,263	1,489,868,510	$ 10,789,450	703,148,457
State	2,399,123	156,350,846	2,262,441	147,443,279
	$ 25,260,386	1,646,219,356	$ 13,051,891	850,591,736

As of March 31, 2018 and 2017, TMA had utilized all available federal net operating losses (NOLs) available to be carried forward from prior years. TMA had utilized all available state net operating losses (NOLs) available to be carried forward from prior years. 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, 2018 and 2017, of $42,372,089 (INR 2,761,389,040) and $24,373,603 (INR 1,588,427,708) 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, 2018 and 2017, property and equipment are summarized as follows:

	March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Plant and machinery - cost	**$ 30,128,250**	**1,963,458,053**	$ 26,826,607	1,748,289,978
Computer and software - cost	**30,684,919**	**1,999,736,171**	22,286,840	1,452,433,363
Furniture and equipment - cost	**3,587,136**	**233,773,653**	3,434,314	223,814,243
Leasehold improvements - cost	**3,268,726**	**213,022,873**	2,930,047	190,951,163
Office equipment - cost	**2,014,191**	**131,264,827**	894,737	58,310,010
Less: accumulated depreciation	**(48,618,592)**	**(3,168,473,641)**	(39,518,975)	(2,575,451,600)
Property and equipment, net	**$ 21,064,630**	**1,372,781,937**	$ 16,853,570	1,098,347,157

Depreciation expense was $3,419,044 (INR 222,819,097) and $2,505,346 (INR 163,273,399) for the three months ended March 31, 2018 and 2017, respectively. Depreciation expense was $11,784,984 (INR 768,027,407) and $10,839,771 (INR 706,427,876) for the twelve months ended March 31, 2018 and 2017, respectively. The depreciation policies followed by TMA are described in Note 2G.

7. INTANGIBLE ASSETS, NET

At March 31, 2018 and 2017, intangible assets are summarized as follows:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Trademarks, customer lists and other	**$ 19,860,088**	**1,294,281,935**	$ 19,860,088	1,294,281,936
Less: accumulated amortization	**(7,944,036)**	**(517,712,826)**	(6,620,030)	(431,427,355)
Intangible assets, net	**$ 11,916,052**	**776,569,109**	$ 13,240,058	862,854,581

Amortization expense for the three months ended March 31, 2018 and 2017 was $331,001 (INR 21,571,335) for each period. Amortization expense for the twelve months ended March 31, 2018 and 2017 was $1,324,006 (INR 86,285,471) 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 (INR 32,585,000) at March 31, 2017 and 2016. The subsidiary's stockholder's equity at March 31, 2017 and 2016 was $2,694,741 (INR 175,616,271) and $1,706,398 (INR 111,205,958), 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 11,079 million) and the transaction related acquisition costs were $2,772,263 (INR 180,668,380), 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 211,272,798) and $6,235,322 (INR 406,355,935), respectively, from the investment escrow account. The balance of the investment was reported at $160,522,806 (INR 10,461 million) and $163,764,678 (INR 10,673 million) at March 31, 2018 and 2017, respectively.

As stated in Note 1, the Company indirectly acquired CJS by investing in Tech Mahindra Healthcare Systems Holding LLC. The present value of CJS is $100 million (INR 6,517 million); with $84.7 million (INR 5,520 million) paid upfront in cash, for the acquisition of 84.7% membership units in CJS. There was an additional amount of $4.7 million (INR 306 million) paid to the minority shareholder as goodwill. Total amount paid including the goodwill is $89.5 million (INR 5,833 million) out of which $7.5 million (INR 489 million) is considered as a prepaid compensation to the minority shareholder resulting in net investment value of $82 million (INR 5,344 million). If at any time on or before March 31, 2019, the employment agreement is terminated by either party, the minority shareholder is obligated to repay the $7.5 million (INR 488 million). TMA also has a put option at fair value of $6.9 million (INR 450 million) resulting in a net investment of $88.9 million (INR 5,794 million). On October 13, 2018 the Board of Directors of Tech Mahindra (Americas) Inc. approved to extend a corporate guarantee, for the working capital facility of CJS.

The Company owns 100% investment in Sofgen Americas, Inc. (100% owned subsidiary), that is accounted for on the cost method. The cost of investment was reported at $4.3 million (INR 280 million) on March 31, 2018.

9. INVESTMENT IN ASSOCIATED COMPANIES

The Company owns 30% investment (600,000 Series A Preferred Stock shares of $0.001 (INR 0.07) 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 197,704,665) and $3,023,605 (INR 197,048,338) at March 31, 2018 and 2017, respectively. The Company recognized $0 (INR 0) and $11,152 (INR 726,776) of after-tax income from Avion during the three months period ended March 31, 2018 and 2017, respectively. The Company recognized $0 (INR 0) and $21,018 (INR 1,369,743) of after-tax income from Avion during the twelve months period ended March 31, 2018 and 2017, respectively.

Company's investment in Avion Networks, Inc. ("Avion"), an associated entity and accounted for by the equity method, is carried at $3 million (INR 196 million) on the consolidated balance sheet as at March 31, 2018, and the Company's share of Avion's profit or losses of $33,676 (INR 2,194,665) is included in the consolidated statement of comprehensive income for the period then ended. The Company reflects a confirmed receivable from Avion to the value of $2,011,462 (INR 131,086,979).

10. INVESTMENT IN FINANCIAL ASSET

The Company owns 17.5% investment (series C1 Preferred shares entitling 17.5% of the fully diluted stake amounting to $15 million (INR 978 million) in Altiostar Networks Inc.'s ("Altiostar") . TMA owns less than 20% of the voting stock and there is no significant influence in the investee resulting in TMA accounting for the investment on the cost basis.

11. TRANSACTIONS WITH PARENT COMPANY

As stated in Note 2I above, TMA has entered into revenue sharing contracts with TechM, its parent company. The transactions with TechM are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from parent company	**$ 69,608,737**	**4,536,401,390**	$ 48,570,720	3,165,353,822
Contract revenue - parent company	**(35,519,039)**	**(2,314,775,772)**	(31,308,496)	(2,040,374,684)
Income from parent company	**209,586,730**	**13,658,767,194**	218,069,123	14,211,564,746
Payments to parent company	**45,970,329**	**2,995,886,341**	-	-
Collections from parent company	**(254,993,266)**	**(16,617,911,145)**	(191,000,000)	(12,447,470,000)
Expense reimbursement - debit/credit notes	**(1,545,545)**	**(100,723,168)**	38,862,613	2,532,676,489
Ending balance, due from parent company	**$ 33,107,946**	**2,157,644,841**	$ 83,193,960	5,421,750,373

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due from parent company	$ 83,193,960	5,421,750,373	$ 30,928,988	2,015,642,148
Contract revenue - parent company	(131,939,019)	(8,598,465,868)	(117,479,214)	(7,656,120,376)
Income from parent company	898,399,954	58,548,725,002	865,015,002	56,373,027,680
Payments to parent company	135,744,534	8,846,471,281	142,466,810	9,284,562,008
Collections from parent company	(956,993,266)	(62,367,251,145)	(860,446,871)	(56,075,322,583)
Expense reimbursement - debit/credit notes	4,701,783	306,415,198	22,709,245	1,479,961,496
Ending balance, due from parent company	$ 33,107,946	2,157,644,841	$ 83,193,960	5,421,750,373

Due (to) from parent consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to parent company	**$ (80,204,497)**	**(5,226,927,069)**	$ (75,254,087)	(4,904,308,850)
Amounts due from parent company	**113,312,443**	**7,384,571,910**	158,448,047	10,326,059,223
	$ 33,107,946	**2,157,644,841**	$ 83,193,960	5,421,750,373

All transactions with the parent are priced on an arm's length basis.

12. TRANSACTIONS WITH AFFILIATED COMPANIES

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Mahindra Technologies, Inc. ("TechM Tech"), an affiliated company. Transaction with TechM Tech are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from TechM Tech	**$ 74,237**	**4,838,025**	$ 39,725	2,588,878
Expense reimbursement - debit/credit notes	**373,593**	**24,347,056**	249,877	16,284,484
Collections from TechM Tech	**(332,561)**	**(21,673,000)**	(49,051)	(3,196,654)
Ending balance, due from TechM Tech	**$ 115,269**	**7,512,081**	$ 240,551	15,676,709

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from TechM Tech	**$ 240,551**	**15,676,709**	$ 22,816	1,486,919
Expense reimbursement - debit/credit notes	**1,056,384**	**68,844,544**	582,735	37,976,840
Collections from TechM Tech	**(1,187,608)**	**(77,396,413)**	(365,000)	(23,787,050)
Amount paid to TechM Tech	**5,942**	**387,240**	-	-
Ending balance, due from TechM Tech	**$ 115,269**	**7,512,081**	$ 240,551	15,676,709

Due (to) from TechM Tech consists of:	**March 31,**			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to TechM Tech	**$ -**	**-**	$ -	-
Amounts due from TechM Tech	**115,269**	**7,512,081**	240,551	15,676,709
	$ 115,269	**7,512,081**	$ 240,551	15,676,709

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Talenta, Inc. ("TechT"), its wholly owned subsidiary. Transaction with TechT are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TechT	**$ (1,110,038)**	**(72,341,176)**	$ (833,251)	(54,302,968)
Subcontractor cost - TechT	**(5,699,050)**	**(371,407,089)**	(5,825,935)	(379,676,184)
Expense reimbursement - debit/ credit notes	**179,868**	**11,721,998**	122,115	7,958,235
Collections from TechT	**(222,418)**	**(14,494,981)**	(988,180)	(64,399,691)
Amounts paid to TechT	**5,696,046**	**371,211,317**	7,446,933	485,316,624
Ending balance, due to TechT	**$ (1,155,592)**	**(75,309,931)**	$ (78,318)	(5,103,984)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TechT	**$ (78,318)**	**(5,103,984)**	$ (314,339)	(20,485,473)
Subcontractor cost - TechT	**(24,601,076)**	**(1,603,252,123)**	(19,537,846)	(1,273,281,423)
Expense reimbursement - debit/ credit notes	**917,698**	**59,806,379**	389,421	25,378,567
Collections from TechT	**(612,786)**	**(39,935,264)**	(988,180)	(64,399,691)
Amounts paid to TechT	**23,218,890**	**1,513,175,061**	20,372,626	1,327,684,036
Ending balance, due to TechT	**$ (1,155,592)**	**(75,309,931)**	$ (78,318)	(5,103,984)

Due (to) from TechT consists of:	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to TechT	**$ (1,868,215)**	**(121,751,572)**	$ (468,686)	(30,544,267)
Amounts due from TechT	**712,623**	**46,441,641**	390,368	25,440,283
	$ (1,155,592)	**(75,309,931)**	$ (78,318)	(5,103,984)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Mahindra IPR, Inc. (“TM IPR”), an affiliated company. Transaction with TM IPR are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from TM IPR	**$ 1,768,031**	**115,222,580**	$ 1,163,675	75,836,700
Income from TM IPR	**118,931**	**7,750,733**	196,305	12,793,197
Collections received from TM IPR	**-**	**-**	(72,782)	(4,743,203)
Ending balance, due from TM IPR	**$ 1,886,962**	**122,973,314**	$ 1,287,198	83,886,694

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due from TM IPR	**$ 1,287,198**	**83,886,694**	$ 978,749	63,785,072
Income from TM IPR	**599,764**	**39,086,620**	822,548	53,605,453
Collections received from TM IPR	**-**	**-**	(514,099)	(33,503,832)
Ending balance, due from TM IPR	**$ 1,886,962**	**122,973,314**	$ 1,287,198	83,886,694

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Due (to) from TM IPR consists of:	**$ -**	**-**	$ -	-
Amounts due to TM IPR	**1,886,962**	**122,973,314**	1,287,198	83,886,694
Amounts due from TM IPR	**$ 1,886,962**	**122,973,314**	$ 1,287,198	83,886,694

In the period ending March 31, 2018, TMA had inter-company transactions with Leadcom Integrated Solutions, Ltd ("L.I.S"), an affiliated company. Transactions with L.I.S are summarized below:

	Three months ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due from L.I.S	$ 1,397,790	91,093,974	$ -	-
Ending balance, due from L.I.S	$ 1,397,790	91,093,974	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due from L.I.S	$ -	-	$ -	-
Subcontractor cost L.I.S	(7,630)	(497,247)	-	-
Expense reimbursement - debit/ credit notes	1,397,790	91,093,974	-	-
Amounts paid to L.I.S	7,630	497,247	-	-
Ending balance, due from L.I.S	$ 1,397,790	91,093,974	$ -	-

Due from L.I.S consists of:

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to L.I.S	$ -	-	$ -	-
Amounts due from L.I.S	1,397,790	91,093,974	-	-
	$ 1,397,790	91,093,974	$ -	-

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

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD	INR
Beginning balance, due to TM Mexico	$ -	-	$ (318)	-
Ending balance, due (to) from TM Mexico	$ -	-	$ (318)	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD	INR
Beginning balance, due (to) from TM Mexico	$ (318)	(20,724)	$ 53,848	3,509,274
Expense reimbursement - debit/ credit notes	710	46,271	(318)	(20,724)
Amounts paid to TM Mexico	318	20,724	(53,848)	(3,509,274)
Collections received from TM Mexico	(710)	(46,271)	-	-
Ending balance, due (to) from TM Mexico	$ -	-	$ (318)	(20,724)

Due (to) from TM Mexico consists of:

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to TM Mexico	$ -	-	$ (318)	(20,724)
Amounts due from TM Mexico	-	-	-	-
	$ -	-	$ (318)	(20,724)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Lightbridge Communications Corporation ("LCC"), an affiliated company. Transactions with LCC are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to LCC	$ (24,334,717)	(1,585,893,507)	$ (23,741,411)	(1,547,227,755)
Expense reimbursement - debit/ credit notes	(18,966,131)	(1,236,022,757)	(632,192)	(41,199,953)
Ending balance, due to LCC	$ (43,300,848)	(2,821,916,264)	$ (24,373,603)	(1,588,427,708)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to LCC	$ (24,373,603)	(1,588,427,708)	$ (15,346,422)	(1,000,126,322)
Expense reimbursement - debit/ credit notes	(18,927,245)	(1,233,488,556)	(9,027,181)	(588,301,386)
Ending balance, due to LCC	$ (43,300,848)	(2,821,916,264)	$ (24,373,603)	(1,588,427,708)

Due (to) from LCC consists of:	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to LCC	$ (43,372,089)	(2,826,559,040)	$ (24,373,603)	(1,588,427,708)
Amounts due from LCC	71,241	4,642,776	-	-
	$ (43,300,848)	(2,821,916,264)	$ (24,373,603)	(1,588,427,708)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Mahindra Network Services International, Inc.

("TMNSI"), an affiliated company. Transactions with TMNSI are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due from TMNSI	$ 2,438,741	158,932,751	$ 1,505,287	98,099,554
Income from TMNSI	44,513	2,900,912	26,513	1,727,852
Payments from TMNSI	64,519	4,204,703	-	-
Expense reimbursement - debit/ credit notes	7,594	494,901	243,041	15,838,982
Ending balance, due from TMNSI	$ 2,555,367	166,533,267	$ 1,774,841	115,666,388

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due from TMNSI	$ 1,774,841	115,666,388	$ 703,012	45,815,292
Income from TMNSI	197,564	12,875,246	314,369	20,487,428
Payments from TMNSI	286,593	18,677,266	-	-
Expense reimbursement - debit/ credit notes	296,369	19,314,367	757,460	49,363,668
Ending balance, due from TMNSI	$ 2,555,367	166,533,267	$ 1,774,841	115,666,388

Due (to) from TMNSI consists of:

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to TMNSI	$ (201,459)	(13,129,083)	$ (16,415)	(1,069,766)
Amounts due from TMNSI	2,756,826	179,662,350	1,791,256	116,736,154
	$ 2,555,367	166,533,267	$ 1,774,841	115,666,388

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Avion Networks, Inc. (“Avion”), an affiliated company. Transactions with Avion are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due from Avion	$ 2,142,230	139,609,129	$ 3,077,469	200,558,655
Revenue from Avion	3,434,268	223,811,247	2,952,173	192,393,115
Amounts paid by Avion	(2,133,110)	(139,014,779)	(1,623,592)	(105,809,491)
Less: Allowance for doubtful accounts by Avion	(1,431,926)	(93,318,617)	-	-
Ending balance, due from Avion	$ 2,011,462	131,086,980	$ 4,406,050	287,142,279

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due from Avion	$ 4,406,051	287,142,344	$ 653,335	42,577,842
Revenue from Avion	8,343,892	543,771,442	5,902,307	384,653,347
Amounts paid from Avion	(4,704,098)	(306,566,067)	(2,149,592)	(140,088,911)
Less: Allowance for doubtful accounts by Avion	(6,034,383)	(393,260,740)	-	-
Ending balance, due from Avion	$ 2,011,462	131,086,980	$ 4,406,050	287,142,279

Due (to) from Avion consists of:	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to Avion	$ -	-	$ -	-
Amounts due from Avion	2,011,462	131,086,980	4,406,050	287,142,279
	$ 2,011,462	131,086,980	$ 4,406,050	287,142,279

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Mahindra Network Design Services, Inc.

("TMNDES"), an affiliated company. Transactions with TMNDES are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMNDES	**$ (2,043,765)**	**(133,192,165)**	$ (797,193)	(51,953,068)
Cost of services	**(3,062,163)**	**(199,561,163)**	(1,042,400)	(67,933,208)
Expense reimbursement - debit/ credit notes	**-**	**-**	1,267,443	82,599,260
Amount paid to TMDES	**2,160,837**	**140,821,747**	-	-
Ending balance, due to TMNDES	**$ (2,945,091)**	**(191,931,581)**	$ (572,150)	(37,287,016)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMNDES	**$ (572,151)**	**(37,287,081)**	$ -	-
Cost of services	**(8,249,996)**	**(537,652,239)**	(1,839,593)	(119,886,276)
Expense reimbursement - debit/ credit notes	**-**	**-**	1,267,443	82,599,260
Amount paid to TMDES	**5,877,056**	**383,007,739**	-	-
Ending balance, due to TMNDES	**$ (2,945,091)**	**(191,931,581)**	$ (572,150)	(37,287,016)

Due to TMNDES consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to TMNDES	**$ (2,945,091)**	**(191,931,581)**	$ (632,719)	(41,234,297)
Amounts due from TMNDES	**-**	**-**	60,569	3,947,282
	$ (2,945,091)	**(191,931,581)**	$ (572,150)	(37,287,016)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Pininfarina Extra SRL ("PinExtra"), an affiliated company. Transactions with PinExtra are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to PinExtra	$ (23,360)	(1,522,371)	$ (2,433)	(158,559)
Cost of services	(7,113)	(463,554)	(919)	(59,891)
Expense reimbursement - debit/ credit notes	(915)	(59,631)	(32)	(2,085)
Amounts paid to PinExtra	25,376	1,653,754	2,279	148,522
Ending balance, due to PinExtra	$ (6,012)	(391,802)	$ (1,105)	(72,013)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to PinExtra	$ (1,105)	(72,013)	$ -	-
Cost of services	(51,255)	(3,340,288)	(22,022)	(1,435,174)
Expense reimbursement - debit/ credit notes	(1,653)	(107,726)	(348)	(22,679)
Amounts paid to PinExtra	48,001	3,128,225	21,265	1,385,840
Ending balance, due to PinExtra	$ (6,012)	(391,802)	$ (1,105)	(72,013)

Due to PinExtra consists of:

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to PinExtra	$ (6,012)	(391,802)	$ (1,105)	(72,013)
Amounts due from PinExtra	-	-	-	-
	$ (6,012)	(391,802)	$ (1,105)	(72,013)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Fixstream Networks Inc. ("FIXNET"), an affiliated company. Transactions with FIXNET are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to FIXNET	**$ 20,958**	**1,365,833**	$ (4,292)	(279,710)
Cost of services	**(146,417)**	**(9,541,996)**	(156,750)	(10,215,398)
Amounts paid to FIXNET	**229,500**	**14,956,515**	385,000	25,090,450
Amount due (to) from FIXNET	**$ 104,041**	**6,780,352**	$ 223,958	14,595,342

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to FIXNET	**$ 223,958**	**14,595,343**	$ -	-
Cost of services	**(563,417)**	**(36,717,886)**	(334,542)	(21,802,102)
Amounts paid to FIXNET	**443,500**	**28,902,895**	558,500	36,397,445
Amount due (to) from FIXNET	**$ 104,041**	**6,780,352**	$ 223,958	14,595,343

Due (to) from FIXNET consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to FIXNET	**$ (913,000)**	**(59,500,210)**	$ (179,000)	(11,665,430)
Amount due from FIXNET	**1,017,041**	**66,280,562**	402,958	26,260,773
	$ 104,041	**6,780,352**	$ 223,958	14,595,343

During the period ending March 31, 2018, TMA had inter-company transactions with CJS Solutions Group LLC ("CJS"), an affiliated company. Transactions with CJS are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to CJS	**$ 405,000**	**26,393,850**	$ -	-
Expense reimbursement - debit/ credit notes	**-**	**-**	-	-
Amount due (to) from CJS	**$ 405,000**	**26,393,850**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to CJS	**$ -**	**-**	$ -	-
Expense reimbursement - debit/ credit notes	**405,000**	**26,393,850**	-	-
Amount due (to) from CJS	**$ 405,000**	**26,393,850**	$ -	-

Due (to) from CJS consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to CJS	**$ -**	**-**	$ -	-
Amount due from CJS	**405,000**	**26,393,850**	-	-
	$ 405,000	**26,393,850**	$ -	-

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:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to CITI	**$ -**	**-**	$ -	-
Expense reimbursement - debit/ credit notes	**-**	**-**	(31,123)	(2,028,286)
Amount due (to) from CITI	**$ -**	**-**	$ (31,123)	(2,028,286)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to CITI	**$ 31,123**	**2,028,286**	$ -	-
Expense reimbursement - debit/ credit notes	**-**	**-**	(31,123)	(2,028,286)
Payment from CITI	**(31,123)**	**(2,028,286)**		
Amount due (to) from CITI	**$ -**	**-**	$ (31,123)	(2,028,286)

Due (to) from CITI consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to CITI	**$ -**	**-**	$ (31,123)	(2,028,286)
Amount due from CITI	**-**	**-**	-	-
	$ -	**-**	$ (31,123)	(2,028,286)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with LCC Mexio ("LCCM"), an affiliated company. Transactions with LCCM are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCCM	**$ (1,123)**	**(73,186)**	$ -	-
Cost of services	**-**	**-**	(380)	(24,765)
Amount due (to) from LCCM	**$ (1,123)**	**(73,186)**	$ (380)	(24,765)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCCM	**$ (380)**	**(24,765)**	$ -	-
Cost of services	**(743)**	**(48,421)**	(380)	(24,765)
Amount due (to) from LCCM	**$ (1,123)**	**(73,186)**	$ (380)	(24,765)

Due (to) from LCCM consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to LCCM	**$ (1,123)**	**(73,186)**	$ (380)	(24,765)
Amount due from LCCM	**-**	**-**	-	-
	$ (1,123)	**(73,186)**	$ (380)	(24,765)

During the period ending March 31, 2018, TMA had inter-company transactions with Tech Mahindra Healthcare Systems Holdings LLC (“Holdco”), an affiliated company. Transactions with Holdco are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-
Payable to Holdco	**-**	**-**	-	-
Amount due (to) from Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to Holdco	**$ -**	**-**	$ -	-
Payable to Holdco	**(72,550)**	**(4,728,084)**	-	-
Amount due (to) from Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-

Due (to) from Holdco consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-
Amount due from Holdco	**-**	**-**	-	-
	$ (72,550)	**(4,728,084)**	$ -	-

During the period ending March 31, 2018, TMA had inter-company transactions with Tech Mahindra ICT Services (Malaysia) (“TMM”), an affiliated company. Transactions with TMM are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMM	**$ (1,566)**	**(102,056)**	$ -	-
Expense reimbursement - debit/ credit notes	**-**	**-**	-	-
Amount due (to) from TMM	**$ (1,566)**	**(102,056)**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMM	**$ -**	**-**	$ -	-
Expense reimbursement - debit/ credit notes	**(1,566)**	**(102,056)**	-	-
Amount due (to) from TMM	**$ (1,566)**	**(102,056)**	$ -	-

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to TMM	**$ (1,566)**	**(102,056)**	$ -	-
Amount due from TMM	**-**	**-**	-	-
	$ (1,566)	**(102,056)**	$ -	-

During the period ending March 31, 2018, TMA had inter-company transactions with LCC Middle East FZ LLC (“LCC ME”), an affiliated company. Transactions with LCC ME are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCC ME	**$ 200,000**	**13,034,000**	$ -	-
Expense reimbursement - debit/ credit notes	**-**	**-**	-	-
Amount due (to) from LCC ME	**$ 200,000**	**13,034,000**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCC ME	**$ -**	**-**	$ -	-
Expense reimbursement - debit/ credit notes	**200,000**	**13,034,000**	-	-
Amount due (to) from LCC ME	**$ 200,000**	**13,034,000**	$ -	-

Due (to) from LCC ME consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to LCC ME	**$ -**	**-**	$ -	-
Amount due from LCC ME	**200,000**	**13,034,000**	-	-
	$ 200,000	**13,034,000**	$ -	-
Amounts due to affiliated companies	**$ (49,381,105)**	**(3,218,166,613)**	(25,703,349)	(1,675,087,254)
Amounts due from affiliated companies	**10,574,214**	**689,121,526**	8,578,950	559,090,172
	$ (38,806,891)	**(2,529,045,087)**	$ (17,124,399)	(1,115,997,082)

During the periods ending March 31, 2018 and 2017, notes due from affiliated companies consist of the following:

Light Bridge Communication Corporation (“LCC”)

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**$ 368,861**	**24,038,671**	$ 10,354,650	674,812,541
	$ 368,861	**24,038,671**	$ 10,354,650	674,812,541

Note receivable from LCC. The note is unsecured. The outstanding principal loan balances of $10,000,000 (INR 651,700,000) was repaid in April 2017, the principal loan balance accrued interest of LIBOR plus 1.15% per annum and is payable quarterly. All accrued interest is still due at period ending March 31, 2018. Accumulated interest income on the loan was $0 (INR 0) for the period ending March 31, 2018 and $354,650 (INR 23,112,541) for the period ending March 31, 2017.

Light Bridge Communication Corporation (“LCC”)

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**$ 10,514,931**	**685,258,053**	$ 10,237,931	667,205,963
	$ 10,514,931	**685,258,053**	$ 10,237,931	667,205,963

Note receivable from LCC. The note is unsecured. The outstanding balance includes principal loan balances of $10,000,000 (INR 651,700,000), the principal loan balance accrues interest of LIBOR plus 1.75% per annum and is payable quarterly. This note matures on November 19, 2018. Accumulated interest income on the loan was $514,931

(INR 35,317,643) for the period ending March 31, 2018 and $237,931 (INR 15,505,963) for the period ending March 31, 2017.

Leadcom Integrated Solutions (L.I.S) Limited ("Leadcom")

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from Leadcom	**$ -**	**-**	$ 3,053,788	199,015,364
	$ -	**-**	$ 3,053,788	199,015,364

Note receivable from Leadcom Integrated Solutions (L.I.S.) Limited. The note is unsecured. The outstanding principal loan balances of $3,000,000 (INR 195,510,000) was repaid in April 2017, the principal loan balance accrued interest of LIBOR plus 1.50% per annum and is payable quarterly.Accumulated interest income on the loan was $0 (INR 0) and $53,788 (INR 3,505,364) for the period ending March 31, 2018 and 2017,

Tech Mahindra Servicos de Informatica Ltda.("TechSI")

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**$ 1,561,474**	**101,761,261**	$ 1,524,110	99,326,249
	$ 1,561,474	**101,761,261**	$ 1,524,110	99,326,249

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 97,755,000), the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. This note matures on March 15, 2018. Accumulated interest income on the loan was $61,474 (INR 4,006,261) and $24,110 (INR 1,571,249) for the periods ending March 31, 2018 and 2017, respectively.

Tech Mahindra Servicos de Informatica Ltda.("TechSI")

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**$ -**	**-**	$ 4,525,397	294,920,122
	$ -	**-**	$ 4,525,397	294,920,122

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding principal loan balances of $4,500,000 (INR 293,265,000), was repaid on September 8, 2017, the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. Accumulated interest income on the loan was $25,397 (INR 1,655,122) for the period ending March 31, 2017.

Tech Mahindra Servicos de Informatica Ltda.("TechSI")

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**$ 3,003,363**	**195,729,167**	$ -	-
	$ 3,003,363	**195,729,167**	$ -	-

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding balance includes principal loan balances of $3,000,000 (INR 195,510,000), the principal loan balance accrues interest of 3.41% per annum and is payable quarterly. This note matures on September 19, 2018. Accumulated interest income on the loan was $3,363 (INR 219,167) for the periods ending March 31, 2018.

Fixstream Networks Inc.(“FIXN”)

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Note receivable from FIXN	**$ 1,609,037**	**104,860,941**	$ 1,541,237	100,442,415
	$ 1,609,037	**104,860,941**	$ 1,541,237	100,442,415

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $109,037 (INR 7,105,941) and $51,237 (INR 3,339,115) for the periods ending March 31, 2018 and 2017.

Fixstream Networks Inc.(“FIXN”)

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Note receivable from FIXN	**$ 1,580,618**	**103,008,875**	$ 1,522,118	99,196,430
	$ 1,580,618	**103,008,875**	$ 1,522,118	99,196,430

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $80,618 (INR 5,253,875) and $22,118 (INR 1,441,430) for the period ending March 31, 2018 and 2017.

Fixstream Networks Inc.(“FIXN”)

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Note receivable from FIXN	**$ 1,584,946**	**103,290,931**	$ 1,513,996	98,667,119
	$ 1,584,946	**103,290,931**	$ 1,513,996	98,667,119

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $84,946 (INR 5,535,931) and $13,996 (INR 912,119)for the periods ending March 31, 2018 and 2017.

Fixstream Networks Inc.(“FIXN”)

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Note receivable from FIXN	**$ 1,566,453**	**102,085,742**	$ -	-
	$ 1,566,453	**102,085,742**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $66,453 (INR 4,330,742) for the period ending March 31, 2018.

Fixstream Networks Inc.(“FIXN”)

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Note receivable from FIXN	**$ 1,548,503**	**100,915,941**	$ -	-
	$ 1,548,503	**100,915,941**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $48,503 (INR 3,160,941) for the period ending March 31, 2018.

Fixstream Networks Inc.(“FIXN”)

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,532,073**	**99,845,197**	$ -	-
	$ 1,532,073	**99,845,197**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $32,073 (INR 2,090,197) for the period ending March 31, 2018.

Fixstream Networks Inc.(“FIXN”)

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,521,371**	**99,147,748**	$ -	-
	$ 1,521,371	**99,147,748**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $21,371 (INR 1,392,748) for the period ending March 31, 2018.

CJS Solution Group LLC (“CJS”)

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from CJS	**$ 5,025,240**	**327,494,891**	$ -	-
	$ 5,025,240	**327,494,891**	$ -	-

Note receivable from CJS Solutions Group LLC. The note is unsecured. The outstanding balance includes principal loan balances of $5,000,000 (INR 325,850,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on April 23, 2018. Accumulated interest income on the loan was $25,240 (INR 1,644,891) for the period ending March 31, 2018.

CJS Solution Group LLC (“CJS”)

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from CJS	**$ 5,015,303**	**326,847,297**	$ -	-
	$ 5,015,303	**326,847,297**	$ -	-

Note receivable from CJS Solutions Group LLC. The note is unsecured. The outstanding balance includes principal loan balances of $5,000,000 (INR 325,850,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on May 21, 2018. Accumulated interest income on the loan was $15,303 (INR 997,297) for the period ending March 31, 2018.

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Subtotal:	**36,432,173**	**2,374,284,715**	34,273,227	2,233,586,203
Less: current portion	**(15,448,629)**	**(1,006,787,152)**	(29,695,876)	(1,935,280,239)
Long-term portion	**20,983,544**	**1,367,497,562**	4,577,351	298,305,965

All transactions with related parties are priced on an arm's length basis.

13. LINE OF CREDIT

In January 2015, the Company entered into a credit facility agreement with a financial institution. The credit facility consists of 1) $12 million (INR 782 million) Documentary Letters of Credit; 2) $10 million (INR 652 million) Overdraft; 3) $10 million (INR 652 million) Revolving Credit Facility; 4) $1.5 million (INR 98 million) Business Card. The maximum borrowing of the credit facility is $33.5 million (INR 2,183 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 balance outstanding at March 31, 2018 and 2017 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 2,607 million) with variable interest rate at LIBOR plus 1.1%. The balance outstanding at March 31, 2018 and 2017 was zero.

14. NOTE PAYABLE

At March 31, 2018 and 2017, long-term debt consists of the following:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note payable to a financial institution dated April 20, 2017. The note is unsecured. The outstanding balance includes loan balance of $75,000,000 (INR 4,887,750,000), the principal balance accrues interest of LIBOR plus 0.65% per annum. This note matures on April 18, 2018. Interest on the note was $1,678,668 (INR 109,398,794) for the period ending March 31, 2018.	**$ 75,345,000**	**4,910,233,650**	$ -	-
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 $95,016 (INR 6,192,193) beginning April 2014 through January 2018. This note was settled in full in January 2018.	**-**	**-**	380,063	24,768,706
Subtotal:	**75,345,000**	**4,910,233,650**	380,063	24,768,706
Less: current portion	**(75,345,000)**	**(4,910,233,650)**	(380,063)	(24,768,706)
Long-term portion	**$ -**	**-**	$ -	-

15. 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, 2018 and 2017.

On July 13, 2017, 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).

16. CONCENTRATIONS WITH PARENT COMPANY'S CUSTOMERS

Revenue from the parent and affiliated companies ("contract revenue") for the three months ended March 31, 2018 and 2017 was $216,277,789 (INR 14,094,823,509) and $218,265,428 (INR 14,224,357,943), representing 99% for both periods, respectively. Revenue from the parent and affiliated companies ("contract revenue") for the twelve months ended March 31, 2018 and 2017 was $898,999,719 (INR 58,587,811,687) and $865,837,550 (INR 56,426,633,134), representing 99% for both periods, respectively. 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:

	Three Months Ended March 31, 2018		
	Amount		**Concentration**
	USD	**INR**	
Customer - 1	**$ 15,240,486**	**993,222,473**	**48%**
Customer - 2	**$ 3,434,267**	**223,811,180**	**11%**
Customer - 3	**$ 333,690**	**21,746,577**	**11%**

	Three Months Ended March 31, 2017		
	Amount (Restated) USD	INR	Concentration
Customer - 1	$ 12,244,056	797,945,130	39%
Customer - 2	$ 2,952,173	192,393,114	9%
Customer - 3	$ 1,910,250	124,490,993	6%

	Twelve Months ended March 31, 2018		
	Amount USD	**INR**	**Concentration**
Customer - 1	**$ 52,138,172**	**3,397,844,669**	**40%**

	Twelve Months Ended March 31, 2017		
	Amount (Restated) USD	INR	Concentration
Customer - 1	$ 46,898,196	3,056,355,433	40%

17. 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.

On February 4, 2016 the Board of Directors approved the transfer of sponsorship of the Plan and the transfer all of its rights, title and interest in, under and to the related insurance, administrative and annuity contracts from TechM to the Company.

18. COMMITMENTS Leases:

TMA leases office space under operating leases. Rent expenses under these operating leases were $871,490 (INR 56,795,003) and $803,355 (INR 52,354,645) for the three months ended March 31, 2018 and 2017, respectively. Rent expenses under these operating leases were $3,392,065 (INR 221,060,876) and $3,266,705 (INR 212,891,165) for the twelve months ended March 31, 2018 and 2017, respectively. Future minimum lease payments under operating leases are as follows:

Years ending March 31,	USD	INR
2018	3,057,519	199,258,513
2019	2,542,959	165,724,638
2020	1,757,482	114,535,102
2021	847,573	55,236,332
2022	242,409	15,797,795
2023	8,429	549,318
Thereafter	$ 8,456,371	551,101,698

19. 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,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Cash	**135,777**	**8,848,587**	135,777	8,848,587
Net accounts receivable	**15,708,404**	**1,023,716,689**	15,708,404	1,023,716,689
Other current assets	**26,379,611**	**1,719,159,249**	26,379,611	1,719,159,249
Other assets	**210,330**	**13,707,206**	210,330	13,707,206
Accounts payable	**(1,916,745)**	**(124,914,272)**	(1,916,745)	(124,914,272)
Net asset and liabilities acquired	**$ 40,517,377**	**$ 2,640,517,459**	$ 40,517,377	$ 2,640,517,459

As part of the merger agreement, TML agreed in future it would compensate TMA the full net asset value of $40,517,228 (INR 2,640,507,749). 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,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Net asset acquired	**$ 40,517,228**	**$ 2,640,507,749**	$ 40,517,228	$ 2,627,339,650

20. FINANCIAL INSTRUMENTS

Call / Put Options

On May 4, 2017, TMA acquired 84.7% holding in Tech Mahindra Healthcare Systems Holdings, LLC (“Holdco”), a Delaware Limited Liability Company. An individual, resident of the State of Florida (“minority shareholder”), holds the 15.3 % minority interest in Holdco.

TMA has a call option to purchase the remaining 15.3% of shares from the minority shareholder over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and revenue achievement. The minority shareholder has a put option on the remaining 15.3% of shares over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and revenue achievement. The estimated fair value of the put and call options is $6.9 million (INR 450 million).

The potential cash payments related to put and call options issued as per the share purchase agreement over the equity of Holdco are accounted for as financial liabilities.

The below table summarizes the conditions for the call and put options:

Inputs	First Investment	Second Investment	Third Investment
No. of shares	425,621	425,621	744,837
Vesting Dates	January 1,2018	January 1,2019	January 1,2020
Exercise Dates	April 30, 2018	April 30, 2019	April 30, 2020

Liability	Fair value at March 31, 2018	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)
Financial Instrument total	$ 6,900,000	Black Scholes	Multiple	18.10%
Less: current portion	$ (2,000,000)	Model		
Long-term portion	$ 4,900,000			

Liability	Fair value at March 31, 2018 INR	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)
Financial Instrument total	449,673,000	Black Scholes	Multiple	18.10%
Less: current portion	(130,340,000)	Model		
Long-term portion	319,333,000			

Interest rate swap - designated as a hedge

Derivative financial instruments are used by the Company principally in the management of its interest rate exposures. The Company does not hold or issue derivative financial instruments for trading purposes. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the effective portion of the derivative is reported as a component of Accumulated Other Comprehensive Income (“AOCI”) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

Interest Rate Swaps. The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in AOCI and as a derivative asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the counter-parties included in accrued liabilities or receivables, respectively, and recognized in earnings as an adjustment to Interest Expense from the underlying debt to which the swap is designated. As of March 31, 2018, the Company had a series of U.S. dollar denominated interest rate swaps outstanding with effectively fixing the interest on variable rate debt, exclusive of lender spreads, at 3-month LIBOR on a floating leg for a notional principal amount of $12 million (INR 782 million) with a fixed rate of 2.12250 % and $20 million (INR 1,303 million) with a fixed rate of 2.63600 % through May 2020. The derivative net gain and losses estimated to be reclassified from AOCI into earnings over the next 24 months is $ 156,643 and ($10,580). The Company’s interest rate swap derivative financial

	March 31, 2018 USD		March 31, 2018 INR	
Interest rate swaps	**Notional Amount**	**Remaining Years**	Notional Amount	Remaining Years
	$ 12,000,000	**2**	782,040,000	2
Interest rate swaps	**$ 20,000,000**	**2**	1,303,400,000	2

	March 31, 2018		March 31, 2017	
Interest rate swaps	**Notional Amount**	**Remaining Years**	Notional Amount	Remaining Years
	$ -	**-**	$ -	-
Interest rate swaps	**$ -**	**-**	$ -	-

The fair values of derivative instruments as of March 31, 2018 and 2017 are as follows.

	March 31,			
	2018	2017	**2018**	2017
	Fair value	Fair value	**Fair value**	Fair value
Derivative Assets	**USD**	USD	**INR**	INR
	$ 156,643	$ -	**10,208,424**	-
Derivative Liabilities	**(10,580)**	-	**(689,499)**	-
	$ 146,063	$ -	**9,518,925**	-

The impact of the effective portions of designated hedges and the gain (loss) recognized in the Statement of Other Comprehensive Income for the years ended March 31, 2018 and 2017, was $146,063 (INR 9,518,925) and $0 (INR 0), respectively.

	Effective Portion USD		
For the year ended March 31, 2018	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	$ 146,063	Interest expense	$ -
Total	$ 146,063		$ -

	Effective Portion INR		
For the year ended March 31, 2018	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	9,518,925	Interest expense	-
Total	9,518,925		-

	Effective Portion USD		
For the year ended March 31, 2017	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	$ -	Interest expense	$ -
Total	$ -		$ -

	Effective Portion USD		
For the year ended March 31, 2018	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	-	Interest expense	-
Total	-		-

The unrealized gain on derivative contracts in Accumulated Other Comprehensive Income expected to be recognized during the year ended March 31, 2018 and 2017 is $146,063 (INR 9,518,925) and $0 (INR 0), respectively.

21. 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.

22. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 23, 2018, the date the financial statements were available to be issued.

On March 27, 2018 the shareholders of the Company and the Board of Directors approved the merger of Sofgen Americas Inc. with the Company.The merger has not been consummated as of April 23, 2018.

Except as discussed above, no significant events occurred subsequent to the balance sheet date but prior to April 23, 2018, that would have a material impact on the financial statements.

TECH MAHINDRA (AMERICAS) INC.

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

Supplemental Schedules of Revenue and Expenses (USD & INR)

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018 USD	INR	2017 USD (Restated)	INR	**2018 USD**	INR	2017 USD (Restated)	INR
Schedule I								
REVENUE								
Contract revenue	$ **35,519,039**	2,314,775,772	$ 31,308,498	2,040,374,815	**$ 131,939,020**	8,598,465,933	$ 117,513,011	7,658,322,927
Transfers to parent and affiliated companies	**(35,519,039)**	(2,314,775,772)	(31,308,498)	(2,040,374,815)	**(131,939,020)**	(8,598,465,933)	(117,513,011)	(7,658,322,927)
Revenue from parent and affiliated	**-**	-	-	-	**-**	-	-	-
companies	**216,277,789**	14,094,823,509	218,265,428	14,224,357,943	**898,999,719**	58,587,811,687	865,837,550	56,426,633,134
Revenue from third parties	**-**	-	-	-			-	-
	$ **216,277,789**	14,094,823,509	$ 218,265,428	14,224,357,943	**$ 898,999,719**	58,587,811,687	$ 865,837,550	56,426,633,134
Schedule II								
PERSONNEL EXPENSES								
Software engineers	$ **117,253,688**	7,641,422,847	$ 126,374,534	8,235,828,381	**$ 479,945,395**	31,278,041,392	$ 484,823,833	31,595,969,197
Employee benefits	**1,618,743**	105,493,481	5,781,958	376,810,203	**46,083,706**	3,003,275,120	34,676,211	2,259,848,671
Payroll Taxes	**10,822,513**	705,303,172	10,860,208	707,759,755	**38,444,349**	2,505,418,224	37,735,628	2,459,230,877
	$ **129,694,944**	8,452,219,500	$ 143,016,700	9,320,398,339	**$ 564,473,450**	36,786,734,737	$ 557,235,672	36,315,048,744
Schedule III								
GENERAL AND ADMINISTRATIVE								
Contracted services	$ **49,303,817**	3,213,129,754	$ 38,715,084	2,523,062,024	**$ 177,917,935**	11,594,911,824	$ 158,436,416	10,325,301,231
Travel	**7,251,325**	472,568,850	8,642,048	563,202,268	**36,360,562**	2,369,617,826	40,233,333	2,622,006,312
Project specific expenses	**6,430,162**	419,053,658	6,094,974	397,209,456	**25,654,840**	1,671,925,923	27,244,004	1,775,491,741
Professional fees	**2,771,366**	180,609,922	1,746,845	113,841,889	**9,905,572**	645,546,127	5,408,172	352,450,569
Bad debt expense	**1,754,380**	114,332,945	258,989	16,878,313	**6,049,034**	394,215,546	69,028	4,498,555
Communications	**1,313,634**	85,609,528	1,542,848	100,547,404	**5,807,225**	378,456,853	5,339,887	348,000,436
Rent	**871,490**	56,795,003	803,355	52,354,645	**3,392,065**	221,060,876	3,266,705	212,891,165
Office expenses	**700,154**	45,629,036	665,871	43,394,813	**2,753,000**	179,413,010	2,579,598	168,112,402
Employee cost	**709,877**	46,262,684	-	-	**2,577,160**	167,953,517	-	-
Sales and other indirect taxes	**521,993**	34,018,284	408,967	26,652,379	**2,200,986**	143,438,258	1,632,240	106,373,081
Sales and marketing	**83,731**	5,456,749	845,867	55,125,152	**2,119,309**	138,115,368	2,904,041	189,256,352
Entertainment	**366,955**	23,914,457	313,054	20,401,729	**1,012,940**	66,013,300	903,204	58,861,805
Miscellaneous	**352,025**	22,941,469	380,032	24,766,685	**737,861**	48,086,401	763,960	49,787,274
Insurance	**195,251**	12,724,508	100,872	6,573,828	**562,049**	36,628,733	412,813	26,903,023
	$ **72,626,160**	4,733,046,847	$ 60,518,806	3,944,010,587	**$ 277,050,538**	18,055,383,561	$ 249,193,401	16,239,933,943

INDEPENDENTAUDITOR'SREPORTONSUPPLEMENTALINFORMATION

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

Our report on our audits of the consolidated financial statements of Tech Mahindra (Americas) Inc., a wholly owned subsidiary of Tech Mahindra Limited, an India corporation, and its 100% owned subsidiaries, Tech Talenta, Inc. (collectively referred to as the "Company") as of March 31, 2018 and 2017, and the related statements of operations, 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 consolidated financial statements taken as a whole. The information on pages 25 - 50 is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated 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 65, 17 to 1.00 USD for both 2018 and 2017.

Catrakilis Kraitzick Hrabova, LLC.
Atlanta, Georgia
April 23, 2018

SUPPLEMENTAL CONSOLIDATED SCHEDULES OF REVENUES AND EXPENSES (USD)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2018	2017	**2018**	2017
Schedule I				
REVENUE				
Contract revenue	**$ 35,519,039**	$ 31,308,498	**$ 131,939,020**	$ 117,513,011
Transfers to parent and affiliated companies	**(35,519,039)**	(31,308,498)	**(131,939,020)**	(117,513,011)
	$ -	$ -	**$ -**	$ -
Revenue from parent and affiliated companies	**$ 216,173,108**	$ 218,287,637	**$ 898,564,628**	$ 866,494,808
Revenue from third parties	**2,854,979**	3,055,501	**12,098,074**	12,140,972
	$ 219,028,087	$ 221,343,138	**$ 910,662,702**	$ 878,635,780
Schedule II				
PERSONNEL EXPENSES				
Payroll expenses	**$ 118,534,330**	$ 127,986,050	**$ 486,133,664**	$ 490,422,651
Payroll taxes	**11,544,442**	11,537,705	**40,901,207**	39,784,052
Employee benefits	**1,618,743**	5,781,958	**46,083,706**	34,676,211
	$ 131,697,515	$ 145,305,713	**$ 573,118,577**	$ 564,882,914
Schedule III				
GENERAL AND ADMINISTRATIVE				
Contracted services	**$ 49,508,722**	$ 39,089,094	**$ 178,814,083**	$ 161,985,224
Travel	**7,332,845**	8,685,346	**36,604,336**	40,396,129
Project specific expenses	**6,430,162**	6,094,974	**25,654,840**	27,244,004
Professional fees	**2,788,111**	1,765,542	**9,985,451**	5,465,210
Bad debt expenses	**1,764,849**	258,989	**6,071,952**	75,929
Communications	**1,313,719**	1,542,848	**5,808,845**	5,341,320
Rent	**871,490**	803,355	**3,392,065**	3,266,705
Office expenses	**700,155**	665,872	**2,757,438**	2,579,675
Employee cost	**709,877**	-	**2,577,160**	-
Sales and other indirect taxes	**532,077**	435,753	**2,251,464**	1,697,585
Sales and marketing	**46,231**	878,592	**2,286,567**	3,017,116
Entertainment	**366,955**	313,054	**1,012,940**	906,467
Miscellaneous	**352,143**	380,803	**739,324**	767,232
Insurance	**195,251**	100,872	**562,049**	412,813
Provision for doubtful salary advances	**-**	-	**2,653**	-
	$ 72,912,587	$ 61,015,094	**$ 278,521,167**	$ 253,155,409

SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS

	Note	March 31,			
		2018		2017	
		USD	**INR**	USD (Restated)	INR
ASSETS:					
Current assets:					
Cash	3	**$ 3,917,426**	**255,298,652**	$ 7,346,417	478,765,996
Accounts receivable, net	4	**34,828,571**	**2,269,777,972**	29,072,062	1,894,626,281
Employee advances		**1,091,064**	**71,104,641**	1,614,950	105,246,292
Due from parent company	11	**113,335,397**	**7,386,067,822**	158,501,026	10,329,511,864
Due from affiliated companies	12	**9,861,591**	**642,679,885**	8,300,435	540,939,349
Prepaid expenses and other current assets		**8,755,601**	**570,602,517**	2,905,138	189,327,843
Notes receivable from affiliated companies	12	**15,448,629**	**1,006,787,152**	29,695,876	1,935,280,239
Prepaid income tax		**15,065,478**	**981,817,201**	1,190,719	77,599,157
Total current assets		**202,303,757**	**13,184,135,842**	238,626,623	15,551,297,021
Property and equipment, net	6	**21,066,877**	**1,372,928,374**	16,857,166	1,098,581,508
Non current assets:					
Notes due from affiliated company		**20,983,544**	**1,367,497,562**	4,577,351	298,305,965
Deferred tax assets	5	**25,289,559**	**1,648,120,560**	13,093,988	853,335,198
Total non current assets		**46,273,103**	**3,015,618,122**	17,671,339	1,151,641,163
Other assets:					
Security deposits		**360,642**	**23,503,039**	346,017	22,549,928
Other receivables		**10,133**	**660,368**	2,339	152,433
Investment in subsidiaries	8	**253,729,810**	**16,535,571,718**	160,522,806	10,461,271,267
Investment in financial asset	10	**15,000,000**	**977,550,000**	-	-
Investment in associated company	9	**3,033,676**	**197,704,665**	3,033,676	197,704,665
Intangible assets, net	7	**11,916,052**	**776,569,109**	13,240,058	862,854,580
Total other assets		**284,050,313**	**18,511,558,899**	177,144,896	11,544,532,873
Total Assets		**$ 553,694,050**	**36,084,241,237**	$ 450,300,024	29,346,052,565
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities:					
Accounts payable		**$ 5,086,258**	**331,471,434**	$ 3,537,733	230,554,060
Accrued expenses and other current liabilities		**62,933,889**	**4,101,401,544**	66,440,958	4,329,957,232
Unearned revenue		**1,455,348**	**94,845,029**	-	-
Due to parent company	11	**80,204,497**	**5,226,927,069**	75,269,665	4,905,324,068
Due to affiliated company	12	**48,078,947**	**3,133,304,976**	25,769,850	1,679,421,125
Long-term debt, current portion	14	**75,345,000**	**4,910,233,650**	380,063	24,768,706
Total current liabilities		**273,103,939**	**17,798,183,702**	171,398,269	11,170,025,191
Non current liabilities:					
Other non current liabilities	20	**4,900,000**	**319,333,000**	-	
Stockholder's equity		**275,690,111**	**17,966,724,535**	278,901,755	18,176,027,374
Total Liability and Stockholder's Equity		**$ 553,694,050**	**36,084,241,237**	$ 450,300,024	29,346,052,565

See Notes to Supplemental Financial Statements

SUPPLEMENTAL CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

		Three months ended March 31,				Twelve Months Ended March 31,			
		2018		2017		2018		2017	
		USD	**INR**	USD (Restated)	INR	**USD**	**INR**	USD (Restated)	INR
REVENUE	I	**$ 219,028,087**	**14,274,060,429**	$ 221,343,138	14,424,932,303	**$ 910,662,702**	**59,347,888,290**	$ 878,635,780	57,260,693,783
OPERATING EXPENSES:									
Personnel	II	**131,697,515**	**8,582,727,052**	145,305,713	9,469,573,317	**573,118,577**	**37,350,137,663**	564,882,914	36,813,419,505
General and administrative	III	**72,912,587**	**4,751,713,294**	61,015,094	3,976,353,676	**278,521,167**	**18,151,224,453**	253,155,409	16,498,138,005
Amortization		**331,001**	**21,571,335**	331,001	21,571,335	**1,324,006**	**86,285,471**	1,324,006	86,285,471
Depreciation		**3,419,381**	**222,841,060**	2,505,683	163,295,361	**11,786,333**	**768,115,322**	10,852,687	707,269,612
Total operating expenses		**208,360,484**	**13,578,852,741**	209,157,491	13,630,793,689	**864,750,083**	**56,355,762,909**	830,215,016	54,105,112,593
Operating income		**10,667,603**	**695,207,688**	12,185,647	794,138,614	**45,912,619**	**2,992,125,381**	48,420,764	3,155,581,190
OTHER INCOME (EXPENSES)									
Other income		**14,189**	**924,697**	15,554	1,013,654	**381,441**	**24,858,510**	119,116	7,762,790
Interest expense		**(194,264)**	**(12,660,185)**	64,392	4,196,427	**(771,956)**	**(50,308,373)**	333,281	21,719,923
Foreign currency gain (loss)		**403**	**26,264**	(7,148)	(465,835)	**(6,865)**	**(447,392)**	(7,696)	(501,548)
Total other income/ (expense)		**(179,672)**	**(11,709,224)**	72,798	4,744,246	**(397,380)**	**(25,897,255)**	444,701	28,981,165
Income before income tax expense		**10,487,931**	**683,498,464**	12,258,445	798,882,860	**45,515,239**	**2,966,228,126**	48,865,465	3,184,562,354
INCOME TAX EXPENSE	Note 5	**5,398,954**	**351,849,832**	5,198,481	338,785,007	**6,242,510**	**406,824,377**	20,822,631	1,357,010,862
NET INCOME		**5,088,977**	**331,648,632**	7,059,964	460,097,853	**39,272,729**	**2,559,403,749**	28,042,834	1,827,551,492
Other comprehensive income									
Gain on hedge activity		**146,063.00**	**9,518,925.71**	-	-	**146,063.00**	**9,518,925.71**	-	-
Comprehensive income		**$ 5,235,040**	**341,167,558**	$ 7,059,964	460,097,853	**$ 39,418,792**	**2,568,922,675**	$ 28,042,834	1,827,551,492

See Notes to Supplemental Financial Statements

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

		Common Stock	Accumulated Other Comprehensive Income / (Loss)	Accumulated Retained Earnings	Total Stockholder's Equity
			USD		
Balance at April 1, 2016, (restated)	Note 19	$ 170,521,745	$ -	$ 97,389,351	$ 267,911,096
Net income for the period		-	-	28,042,834.00	28,042,834
Cash dividends declared	Note 15	-	-	(17,052,175.00)	(17,052,175)
Other comprehensive income	Note 20	-	-	-	-
Balance at March 31, 2017, (restated)		**$ 170,521,745**	**$ -**	**$ 108,380,010**	**$ 278,901,755**
Net income for the period		-	-	39,272,729	39,272,729
Cash dividends declared	Note 15	-	-	(42,630,436)	(42,630,436)
Other comprehensive income	Note 20	-	146,063	-	146,063
Balance at March 31, 2018		$ 170,521,745	$ 146,063	$ 105,022,303	$ 275,690,111

		Common Stock	Accumulated Other Comprehensive Income / (Loss)	Accumulated Retained Earnings	Total Stockholder's Equity
			INR		
Balance at April 1, 2016, (restated)	Note 19	11,112,902,122	-	6,346,864,005	17,459,766,127
Net income for the period		-	-	1,827,551,492	1,827,551,492
Cash dividends declared	Note 15	-	-	(1,111,290,245)	(1,111,290,245)
Other comprehensive income	Note 20	-	-	-	-
Balance at March 31, 2017, (restated)		11,112,902,122	-	7,063,125,252	18,176,027,374
Net income for the period		-	-	2,559,403,749	2,559,403,749
Cash dividends declared	Note 15	-	-	(2,778,225,514)	(2,778,225,514)
Other comprehensive income	Note 20	-	9,518,926	-	9,518,926
Balance at March 31, 2018		11,112,902,122	9,518,926	6,844,303,487	17,966,724,535

See Notes to Financial Statements

SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		2018		2017	
	USD	INR	USD (Restated)	INR	USD	INR	USD (Restated)	INR
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	$ 5,088,977	331,648,632	$ 7,059,964	460,097,853	$ 39,272,729	2,559,403,749	$ 28,042,834	1,827,551,492
Adjustments to reconcile net income to								
net cash provided by (used in) operating activities:								
Amortization	331,001	21,571,335	331,001	21,571,335	1,324,006	86,285,471	1,324,006	86,285,471
Depreciation	3,419,381	222,841,060	2,505,683	163,295,361	11,786,333	768,115,322	10,852,687	707,269,612
Deferred income tax expense	(12,436,093)	(810,460,181)	(87,210)	(5,683,476)	(12,195,571)	(794,785,362)	(1,492,275)	(97,251,562)
Changes in operating assets and liabilities:								
Accounts receivable, net	(4,359,239)	(284,091,606)	5,460,103	355,834,913	(5,756,509)	(375,151,692)	8,067,399	525,752,393
Due from parent company	45,011,851	2,933,422,330	(28,490,209)	(1,856,706,921)	45,165,629	2,943,444,043	(6,026,135)	(392,723,218)
Due from affiliated companies	(920,936)	(60,017,399)	(3,821,026)	(249,016,264)	(1,561,156)	(101,740,537)	14,305,363	932,280,507
Employee advances	79,376	5,172,934	(101,778)	(6,632,872)	523,886	34,141,651	857,664	55,893,963
Prepaid expenses and other current assets	(1,274,160)	(83,037,007)	831,078	54,161,353	(5,857,940)	(381,761,950)	18,537,686	1,208,100,998
Prepaid income taxes	1,288,549	83,974,738	3,726,081	242,828,699	(13,874,759)	(904,218,044)	9,048,934	589,719,029
Security deposits and other assets	3,983	259,572	801,585	52,239,294	(14,942)	(973,770)	801,054	52,204,689
Accrued expenses	(23,796,140)	(1,550,794,444)	(13,178,564)	(858,847,014)	(5,507,069)	(358,895,686)	(19,755,214)	(1,287,447,297)
Accounts payable	(428,604)	(27,932,125)	(3,904,707)	(254,469,755)	1,548,525	100,917,373	(691,441)	(45,061,210)
Income tax payable	-	-	(55,800)	(3,636,486)	-	-	-	-
Unearned revenue	582,768	37,978,992	-	-	1,455,348	94,845,029	-	
Due to parent company	(8,509,191)	(554,543,977)	34,406,332	2,242,260,656	4,934,832	321,603,001	(5,652,422)	(368,368,342)
Due to affiliated companies	20,562,284	1,340,044,048	689,978	44,965,866	22,309,097	1,453,883,851	10,378,127	676,342,537
Customer advances	-	-	-	-	-	-	(160,695)	(10,472,493)
Net Cash Provided by Operating Activities	24,643,807	1,606,036,902	6,172,511	402,262,542	83,552,439	5,445,112,449	68,437,572	4,460,076,569
CASH FLOWS FROM INVESTING ACTIVITIES:								
Capital expenditures	(2,455,652)	(160,034,841)	(5,346,651)	(348,441,246)	(15,996,044)	(1,042,462,187)	(15,266,027)	(994,886,980)
Investment in subsidiaries, associates and financial asset	(19,307,000)	(1,258,237,190)	(10,071)	(656,327)	(101,307,004)	(6,602,177,451)	(31,089)	(2,026,070)
Refund of investment funds from escrow account	-	-	3,241,872	211,272,798	-	-	3,241,872	211,272,798
Notes receivable from affiliated companies	(3,219,739)	(209,830,391)	(1,733,437)	(112,968,089)	(2,158,946)	(140,698,511)	(34,273,227)	(2,233,586,204)
Net Cash Used in Investing Activities	(24,982,391)	(1,628,102,422)	(3,848,287)	(250,792,864)	(119,461,994)	(7,785,338,149)	(46,328,471)	(3,019,226,456)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Repayment of long-term debt	(44,391)	(2,892,961)	(95,016)	(6,192,193)	(35,063)	(2,285,056)	(900,063)	(58,657,106)
Proceeds from note payable	-	-	-	-	75,000,000	4,887,750,000	-	-
Payment of common stock dividend	-	-	-	-	(42,630,436)	(2,778,225,514)	(17,052,175)	(1,111,290,245)
Net Cash (Used in) / Provided by Financing Activities	(44,391)	(2,892,961)	(95,016)	(6,192,193)	32,334,501	2,107,239,430	(17,952,238)	(1,169,947,351)
Effect of gain on hedge activity	146,063	9,518,926	-	-	146,063	9,518,926	-	-
Net change in cash	(382,975)	(24,958,481)	2,229,208	145,277,485	(3,575,054)	(232,986,270)	4,156,863	270,902,762
Cash, beginning of period	4,154,338	270,738,207	5,117,209	333,488,511	7,346,417	478,765,996	3,189,554	207,863,234
Cash, end of period	$ 3,917,426	255,298,652	$ 7,346,417	478,765,996	$ 3,917,426	255,298,652	$ 7,346,417	478,765,996
Supplemental disclosure:								
Cash paid for interest	$ 467,824	30,488,090	$ 39,070	2,546,192	$ 1,333,669	86,915,209	$ 72,697	4,737,663
Cash paid for income taxes	$ 2,367,041	154,260,062	$ 1,627,334	106,053,357	$ 18,777,626	1,223,737,886	$ 16,374,514	1,067,127,077

See Notes to Supplemental Financial Statements

NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018 and 2017

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 since inception in the periods ended December 31, 2017 and 2016. During the period ended December 31, 2017 the shareholders of the Company and its Board of Directors decided to dissolve the Canadian Branch, with effective date March 20, 2018.

On June 24, 2013, TechM and Satyam Computer Technologies Ltd (MSAT) (incorporated in New Jersey), 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 years 2014 and 2015 all the employees of MSAT branch transferred to TMA. 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.

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 0.6517) 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 May 4, 2017, TMA acquired 84.7% holding in Tech Mahindra Healthcare Systems Holdings, LLC (“Holdco”), a Delaware Limited Liability Company. An individual, resident of the State of Florida (“minority shareholder”), holds the 15.3 % minority interest in Holdco.

Total amount paid was $89.5 million (INR 5,833 million) which includes $7.5 million (INR 489 million) considered as a prepaid compensation to the minority shareholder resulting in net investment value of $82 million (INR 5,343 million). If at any time on or before December 31, 2019, the employment agreement is terminated by either party, the minority shareholder is obligated to repay the $7.5 million (INR 489 million).

TMA has a call option to purchase the remaining 15.3% of shares from the minority shareholder over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and revenue achievement. The minority shareholder has a put option on the remaining 15.3% of shares over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and revenue achievement. The estimated fair value of the put and call options is $6.9 million (INR 450 million).

On January 17, 2018 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 invest an amount not exceeding $15 million (INR 978 million) in Altiostar Networks Inc.’s (“Altiostar”) series C1 Preferred shares entitling 17.5% of the fully diluted stake in the Altiostar. Altiostar is the mobile telecommunication industry’s first provider of Virtual RAN (vRAN) with a Flexible Ethernet fronthaul. Altiostar is headquartered in Tewksbury, Massachusetts. In accordance with FASB ASC 323, Investments, TMA owns less than 20% of the voting stock and there is no significant influence in the investee resulting in TMA accounting for the investment on the cost basis.

On March 9, 2018, TMA acquired 100% of Sofgen Americas Inc. (“Sofgen”), a New Jersey corporation at a cost of $4.3 million (INR 280 million) from Sofgen Holdings Limited , Cyprus. The purchase is part of the rationalization of subsidiaries within the Tech Mahindra Group. Sofgen offer end-to-end banking IT services, both in and around core systems, ranging from requirements analysis and system selection to implementation and beyond.

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.

Tech Mahindra Healthcare Systems Holdings, LLC

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its 84.7 % held subsidiary Holdco. 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.

Sofgen Americas Inc.

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary Sofgen. 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.

D. 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.

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, 2018 and 2017 the allowance for doubtful accounts was $7,156,628 (INR 466,397,447) and $1,497,101 (INR 97,566,072), 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.

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 32,585) 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 periods ended March 31, 2018 and 2017.

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. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

N. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized 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 asset 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 assets or financial liability.

O. FAIR VALUE- DEFINITION AND HIERARCHY

Fair value is defined 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.

In determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Company to determine fair value are consistent with the income approaches. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Valuations based on unadjusted quoted prices

Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly. Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when observable inputs are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In some cases, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In such cases, the fair value measurement is generally categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

P. RESTATEMENT

In the period ending March 31, 2017, 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 , 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, 2018 and 2017 cash is summarized as follows:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Cash at banks	**$ 3,917,426**	**255,298,652**	$ 7,346,417	478,765,996

4. ACCOUNTS RECEIVABLE

At March 31, 2018 and 2017, accounts receivable are summarized as follows:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due for services rendered and billed	**$ 26,970,126**	**1,757,643,112**	$ 23,514,685	1,532,452,022
Less: allowance for doubtful accounts	**(1,122,246)**	**(73,136,772)**	(1,497,101)	(97,566,072)
Amounts due for services rendered and billed, net	**25,847,880**	**1,684,506,340**	22,017,584	1,434,885,950
Amounts due for services rendered, not billed	**8,980,691**	**585,271,632**	7,054,478	459,740,331
Total accounts receivable, net	**$ 34,828,571**	**2,269,777,972**	$ 29,072,062	1,894,626,281

Billed accounts receivable concentrations:	March 31, 2018		
Avion Networks, Inc.	**USD**	**INR**	**Concentration**
	$ 8,045,843	**524,347,588**	**21%**
Customer - 1	**$ 7,724,190**	**503,385,462**	**20%**
Customer - 3	**$ 3,697,007**	**240,933,946**	**10%**

	March 31, 2017 (Restated)		
Customer - 1	USD	INR	Concentration
	$ 7,100,359	462,730,396	26%
Avion Networks, Inc.	$ 2,952,173	192,393,114	13%
Customer - 3	$ 1,802,042	117,439,077	6%

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, 2018 and 2017, the current income tax expense consists of the following:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Federal	**$ (953,714)**	**(62,153,541)**	$ 4,328,975	282,119,301
Federal - prior periods adjustment	**(707,127)**	**(46,083,467)**	-	-
State	**256,047**	**16,686,583**	1,130,288	73,660,869
State - prior periods adjustment	**3,113,296**	**202,893,500**	(173,572)	(11,311,687)
	$ 1,708,502	**111,343,075**	$ 5,285,691	344,468,483

For the three months ended March 31, 2018 and 2017, the deferred income tax expense (benefit) consists of the following:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Federal	**$ 2,892,666**	**188,515,043**	$ (56,037)	(3,651,931)
State	**797,786**	**51,991,714**	(31,173)	(2,031,544)
	$ 3,690,452	**240,506,757**	$ (87,210)	(5,683,475)
Total current and deferred income tax expense	**$ 5,398,954**	**351,849,832**	$ 5,198,481	338,785,008

For the years ended March 31, 2018 and 2017, the current income tax expense consists of the following:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Federal	**$ 10,634,066**	**693,022,081**	$ 18,579,962	1,210,856,124
Federal - prior periods adjustment	**(11,063,770)**	**(721,025,891)**	(6,650)	(433,381)
State	**3,328,246**	**216,901,792**	3,915,167	255,151,433
State - prior periods adjustment	**(587,007)**	**(38,255,246)**	(173,572)	(11,311,687)
	$ 2,311,535	**150,642,736**	$ 22,314,907	1,454,262,489

For the years ended March 31, 2018 and 2017, the deferred income tax expense (benefit) consists of the following:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Federal	**$ 4,067,119**	**265,054,145**	$ (1,450,643)	(94,538,404)
State	**(136,144)**	**(8,872,504)**	(41,633)	(2,713,223)
	$ 3,930,975	**256,181,641**	$ (1,492,276)	(97,251,627)
Total current and deferred income tax expense	**$ 6,242,510**	**406,824,377**	$ 20,822,631	1,357,010,862

Deferred tax asset consists of the following:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Federal	**$ 22,884,089**	**1,491,356,080**	$ 10,824,663	705,443,288
State	**2,405,470**	**156,764,480**	2,269,325	147,891,910
	$ 25,289,559	**1,648,120,560**	$ 13,093,988	853,335,198

As of March 31, 2018 and 2017, TMA had utilized all available federal net operating losses (NOLs) available to be carried forward from prior years. TMA had utilized all available state net operating losses (NOLs) available to be carried forward from prior years. 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, 2018 and 2017, of $42,372,089 (INR 2,761,389,040) and $24,373,603 (INR 1,155,427,708) 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, 2018 and 2017, property and equipment are summarized as follows:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Plant and machinery - cost	**$ 30,128,250**	**1,963,458,053**	$ 26,826,607	1,748,289,978
Computer and software - cost	**30,717,428**	**2,001,854,783**	22,319,349	1,454,551,974
Furniture and equipment - cost	**3,675,837**	**239,554,297**	3,523,015	229,594,888
Leasehold improvements - cost	**3,268,726**	**213,022,873**	2,930,047	190,951,164
Office equipment - cost	**2,024,040**	**131,906,687**	904,586	58,951,870
Less: accumulated depreciation	**(48,747,404)**	**(3,176,868,319)**	(39,646,438)	(2,583,758,366)
Property and equipment, net	**$ 21,066,877**	**1,372,928,374**	$ 16,857,166	1,098,581,508

Depreciation expense was $3,419,381 (INR 222,841,060) and $2,505,683 (INR 163,295,361) for the three months ended March 31, 2018 and 2017, respectively. Depreciation expense was $11,786,333 (INR 768,115,322) and $10,852,687 (INR 707,269,612) for the twelve months ended March 31, 2018 and 2017, respectively. The depreciation policies followed by TMA are described in Note 2H.

7. INTANGIBLE ASSETS, NET

At March 31, 2018 and 2017, intangible assets are summarized as follows:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Trademarks, customer lists and other	**$ 19,860,088**	**1,294,281,935**	$ 19,860,088	1,294,281,935
Less: accumulated amortization	**(7,944,036)**	**(517,712,826)**	(6,620,030)	(431,427,355)
Intangible assets, net	**$ 11,916,052**	**776,569,109**	$ 13,240,058	862,854,580

Amortization expense for the three months ended March 31, 2018 and 2017 was $331,001 (INR 21,571,335) for each period. For the years ended March 31, 2017 and 2015, amortization expense was $1,324,006 (INR 86,285,471) 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 11,079 million) and the transaction related acquisition costs were $2,772,263 (INR 180,668,380), 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 211,272,798) and $6,235,322 (INR 406,355,935), respectively, from the investment escrow account. The balance of the investment was reported at $160,522,806 (INR 10,461 million) and $163,764,678 (INR 10,673 million) at March 31, 2018 and 2017, respectively.

As stated in Note 1, the Company indirectly acquired CJS by investing in Tech Mahindra Healthcare Systems Holding LLC. The present value of CJS is $100 million (INR 6,517 million); with $84.7 million (INR 5,520 million) paid upfront in cash, for the acquisition of 84.7% membership units in CJS. There was an additional amount of $4.7 million (INR 306 million) paid to the minority shareholder as goodwill. Total amount paid including the goodwill is $89.5 million (INR 5,833 million) out of which $7.5 million (INR 489 million) is considered as a prepaid compensation to the minority shareholder resulting in net investment value of $82 million (INR 5,344 million). If at any time on or before March 31, 2019, the employment agreement is terminated by either party, the minority shareholder is obligated to repay the $7.5 million (INR 488 million). TMA also has a put option at fair value of $6.9 million (INR 450 million) resulting in a net investment of $88.9 million (INR 5,794 million). On October 13, 2018 the Board of Directors of Tech Mahindra (Americas) Inc. approved to extend a corporate guarantee, for the working capital facility of CJS.

The Company owns 100% investment in Sofgen Americas, Inc. (100% owned subsidiary), that is accounted for on the cost method. The cost of investment was reported at $4.3 million (INR 280 million) on March 31, 2018.

9. INVESTMENT IN ASSOCIATE

The Company owns 30% investment (600,000 Series A Preferred Stock shares of $0.001 (INR 0.07) 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 197,704,665) and $3,023,605 (INR 197,048,338) at March 31, 2018 and 2017, respectively. The Company recognized $0 (INR 0) and $11,152 (INR 726,776) of after-tax income from Avion during the three months period ended March 31, 2018 and 2017, respectively. The Company recognized $0 (INR 0) and $21,018 (INR 1,369,743) of after-tax income from Avion during the twelve months period ended March 31, 2018 and 2017, respectively.

Company's investment in Avion Networks, Inc. ("Avion"), an associated entity and accounted for by the equity method, is carried at $3 million (INR 196 million) on the consolidated balance sheet as at March 31, 2018, and the Company's share of Avion's profit or losses of $33,676 (INR 2,194,665) is included in the consolidated statement of comprehensive income for the period then ended. The Company reflects a confirmed receivable from Avion to the value of $2,011,462 (INR 131,086,979).

10. INVESTMENT IN FINANCIAL ASSET

The Company owns 17.5% investment (series C1 Preferred shares entitling 17.5% of the fully diluted stake amounting to $15 million (INR 978 million) in Altiostar Networks Inc.'s ("Altiostar") . TMA owns less than 20% of the voting stock and there is no significant influence in the investee resulting in TMA accounting for the investment on the cost basis.

11. TRANSACTIONS WITH PARENT COMPANY

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

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due from parent company	**$ 69,633,560**	**4,538,019,105**	$ 48,630,256	3,169,233,784
Contract revenue - parent company	**(35,519,039)**	**(2,314,775,772)**	(31,308,496)	(2,040,374,684)
Income from parent company	**209,661,917**	**13,663,667,131**	218,213,447	14,220,970,341
Payments to parent company	**45,994,700**	**2,997,474,599**	-	-
Collections from parent company	**(255,079,871)**	**(16,623,555,193)**	(191,150,881)	(12,457,302,915)
Expense reimbursement - debit/credit notes	**(1,560,367)**	**(101,689,117)**	38,847,035	2,531,661,270
Ending balance, due from parent company	**$ 33,130,900**	**2,159,140,753**	$ 83,231,361	5,424,187,796

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due from parent company	**$ 83,231,361**	**5,424,187,796**	$ 31,030,847	2,022,280,299
Contract revenue - parent company	**(131,939,019)**	**(8,598,465,868)**	(116,821,956)	(7,613,286,873)
Income from parent company	**898,882,562**	**58,580,176,566**	864,015,002	56,307,857,680
Payments to parent company	**135,902,693**	**8,856,778,503**	142,469,487	9,284,736,468
Collections from parent company	**(957,499,870)**	**(62,400,266,528)**	(861,155,687)	(56,121,516,122)
Expense reimbursement - debit/credit notes	**4,553,173**	**296,730,284**	22,693,668	1,478,946,344
Ending balance, due from parent company	**$ 33,130,900**	**2,159,140,753**	$ 82,231,361	5,359,017,796

	March 31,			
	2018		2017	(Restated)
	USD	**INR**	USD	INR
Amounts due to parent company	**$ (80,204,497)**	**(5,226,927,069)**	$ (75,269,665)	(4,905,324,068)
Amounts due from parent company	**113,335,397**	**7,386,067,822**	158,501,026	10,329,511,864
	$ 33,130,900	**2,159,140,753**	$ 83,231,361	5,424,187,796

12. TRANSACTIONS WITH AFFILIATED COMPANIES

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Mahindra Technologies, Inc. ("TechM Tech"), an affiliated company. Transaction with TechM Tech are summarized below:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TechM Tech	**$ 74,237**	**4,838,025**	$ 39,725	2,588,878
Expense reimbursement - debit/credit notes	**373,593**	**24,347,056**	249,877	16,284,484
Collections from TechM Tech	**(332,561)**	**(21,673,000)**	(49,051)	(3,196,653)
Ending balance, due (to) from TechM Tech	**$ 115,269**	**7,512,081**	$ 240,551	15,676,709

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TechM Tech	**$ 240,551**	**15,676,709**	$ 22,816	1,486,919
Expense reimbursement - debit/credit notes	**1,056,384**	**68,844,545**	582,735	37,976,840
Collections from TechM Tech	**(1,187,608)**	**(77,396,413)**	(365,000)	(23,787,050)
Amount paid to TechM Tech	**5,942**	**387,240**	-	-
Ending balance, due (to) from TechM Tech	**$ 115,269**	**$ 7,512,081**	$ 240,551	$ 15,676,709

Due (to) from TechM Tech consists of:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due to TechM Tech	**$ -**	**-**	$ -	-
Amounts due from TechM Tech	**115,269**	**7,512,081**	240,551	15,676,709
	$ 115,269	**7,512,081**	$ 240,551	15,676,709

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Mahindra IPR, Inc. ("TM IPR"), an affiliated company. Transaction with TM IPR are summarized below:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TM IPR	**$ 1,768,031**	**115,222,580**	$ 1,163,675	75,836,700
Income from TM IPR	**118,931**	**7,750,734**	196,305	12,793,197
Collections received from TM IPR	**-**	**-**	(72,782)	(4,743,203)
Ending balance, due (to) from TM IPR	**$ 1,886,962**	**122,973,314**	$ 1,287,198	83,886,694

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TM IPR	**$ 1,287,198**	**83,886,694**	$ 978,749	63,785,072
Income from TM IPR	**599,764**	**39,086,620**	822,548	53,605,454
Collections received from TM IPR	**-**	**-**	(514,099)	(33,503,832)
Ending balance, due (to) from TM IPR	**$ 1,886,962**	**122,973,314**	$ 1,287,198	83,886,694

Due (to) from TM IPR consists of:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due to TM IPR	**$ -**	**-**	$ -	-
Amounts due from TM IPR	**1,886,962**	**122,973,314**	1,287,198	83,886,694
	$ 1,886,962	**122,973,314**	$ 1,287,198	83,886,694

In the period ending March 31, 2018, TMA had inter-company transactions with Leadcom Integrated Solutions, Ltd ("L.I.S"), an affiliated company. Transactions with L.I.S are summarized below:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from L.I.S	**$ 1,397,790**	**91,093,974**	$ -	-
Ending balance, due (to) from L.I.S	**$ 1,397,790**	**91,093,974**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from L.I.S	**$ -**	**-**	$ -	-
Subcontractor cost L.I.S	**(7,630)**	**(497,247)**	-	-
Expense reimbursement - debit/ credit notes	**1,397,790**	**91,093,974**	-	-
Amounts paid to L.I.S	**7,630**	**497,247**	-	-
Ending balance, due (to) from L.I.S	**$ 1,397,790**	**91,093,974**	$ -	-

Due (to) from L.I.S consists of:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due to L.I.S	**$ -**	**-**	$ -	-
Amounts due from L.I.S	**1,397,790**	**91,093,974**	-	-
	$ 1,397,790	**91,093,974**	$ -	-

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

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TM Mexico	**$ -**	**-**	$ (318)	(20,724)
Expense reimbursement - debit/ credit notes	**-**	**-**	-	-
Amounts paid to TM Mexico	**-**	**-**	-	-
Collections received from TM Mexico	**-**	**-**	-	-
Ending balance, due (to) from TM Mexico	**$ -**	**-**	$ (318)	(20,724)

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TM Mexico	**$ (318)**	**(20,724)**	$ 53,848	3,509,274
Expense reimbursement - debit/ credit notes	**710**	**46,271**	(318)	(20,724)
Amounts paid to TM Mexico	**318**	**20,724**	(53,848)	(3,509,274)
Collections received from TM Mexico	**(710)**	**(46,271)**	-	-
Ending balance, due (to) from TM Mexico	**$ -**	**-**	$ (318)	(20,724)

Due (to) from TM Mexico consists of:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due to TM Mexico	**$ -**	**-**	$ (318)	(20,724)
Amounts due from TM Mexico	**-**	**-**	-	-
	$ -	**-**	$ (318)	(20,724)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Lightbridge Communications Corporation (“LCC”), an affiliated company. Transactions with LCC are summarized below:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from LCC	**$ (24,334,717)**	**(1,585,893,507)**	$ (23,741,411)	(1,547,227,755)
Income from affiliate	**(18,966,131)**	**(1,236,022,757)**	(632,192)	(41,199,953)
Ending balance, due (to) from LCC	**$ (43,300,848)**	**(2,821,916,264)**	$ (24,373,603)	(1,588,427,708)

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
Beginning balance, due (to) from LCC	**USD**	**INR**	USD	INR
	$ (24,373,603)	**(1,588,427,708)**	$ (15,346,422)	(1,000,126,322)
Income from affiliate	**(18,927,245)**	**(1,233,488,556)**	(9,027,181)	(588,301,386)
Ending balance, due (to) from LCC	**$ (43,300,848)**	**(2,821,916,264)**	$ (24,373,603)	(1,588,427,708)

Due (to) from LCC consists of:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due to LCC	**$ (43,372,089)**	**(2,826,559,040)**	$ (24,373,603)	(1,588,427,708)
Amounts due from LCC	**71,241**	**4,642,776**	-	-
	$ (43,300,848)	**(2,821,916,264)**	$ (24,373,603)	(1,588,427,708)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Tech Mahindra Network Service International, Inc. ("TMNSI"), an affiliated company. Transactions with TMNSI are summarized below:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from LCCINTL	**$ 2,438,741**	**158,932,751**	$ 1,505,287	98,099,554
Income from TMNSI	**44,513**	**2,900,912**	26,513	1,727,852
Payments from TMNSI	**64,519**	**4,204,703**	-	-
Expense reimbursement - debit/ credit notes	**7,594**	**494,901**	243,041	15,838,982
Ending balance, due (to) from LCCINTL	**$ 2,555,367**	**166,533,267**	$ 1,774,841	115,666,388

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from LCCINTL	**$ 1,774,841**	**115,666,388**	$ 703,012	45,815,292
Income from TMNSI	**197,564**	**12,875,246**	314,369	20,487,428
Payments from TMNSI	**286,593**	**18,677,266**	-	-
Expense reimbursement - debit/ credit notes	**296,369**	**19,314,367**	757,460	49,363,668
Ending balance, due (to) from LCCINTL	**$ 2,555,367**	**166,533,267**	$ 1,774,841	115,666,388

Due (to) from LCCINTL consists of:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due to LCCINTL	**$ (201,459)**	**(13,129,083)**	$ (16,415)	(1,069,766)
Amounts due from LCCINTL	**2,756,826**	**179,662,350**	1,791,256	116,736,154
	$ 2,555,367	**166,533,267**	$ 1,774,841	115,666,388

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with Avion Networks, Inc. ("Avion"), an affiliated company. Transactions with Avion are summarized below:

	Three Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from Avion	**$ 2,142,230**	**139,609,129**	$ 3,077,469	200,558,655
Revenue from Avion	**3,434,268**	**223,811,246**	2,952,173	192,393,114
Amounts paid by Avion	**(2,133,110)**	**(139,014,779)**	(1,623,592)	(105,809,491)
Less: Allowance for doubtful accounts on Avion	**(1,431,926)**	**(93,318,617)**	-	-
Ending balance, due (to) from Avion	**$ 2,011,462**	**131,086,979**	$ 4,406,050	287,142,278

	Twelve Months Ended March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Beginning balance, due (to) from Avion	**$ 4,406,051**	**287,142,344**	$ 653,335	42,577,842
Expense reimbursement - debit/ credit notes	**8,343,892**	**543,771,442**	5,902,307	384,653,347
Amounts paid by Avion	**(4,704,098)**	**(306,566,067)**	(2,149,592)	(140,088,911)
Less: Allowance for doubtful accounts on Avion	**(6,034,383)**	**(393,260,740)**	-	-
Ending balance, due (to) from Avion	**$ 2,011,462**	**131,086,979**	$ 4,406,050	287,142,278

Due (to) from Avion consists of:

	March 31,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Amounts due to Avion	**$ -**	**-**	$ -	-
Amounts due from Avion	**2,011,462**	**131,086,979**	4,406,050	287,142,278
	$ 2,011,462	**131,086,979**	$ 4,406,050	287,142,278

During the period ending March 31, 2018, TMA had inter-company transactions with Tech Mahindra Network Design Services, Inc. ("TMNDES"), an affiliated company. Transactions with TMNDES are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMNDES	**$ (2,043,765)**	**(133,192,165)**	$ (797,193)	(51,953,068)
Cost of services	**(3,062,163)**	**(199,561,162)**	(1,042,400)	(67,933,208)
Expense reimbursement - debit/ credit notes	**-**	**-**	1,267,443	82,599,260
Amount paid to TMDES	**2,160,837**	**140,821,747**	-	-
Ending balance, due to TMNDES	**$ (2,945,091)**	**(191,931,580)**	$ (572,150)	(37,287,016)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMNDES	**$ (572,151)**	**(37,287,081)**	$ -	-
Cost of services	**(8,249,996)**	**(537,652,239)**	(1,839,593)	(119,886,276)
Expense reimbursement - debit/ credit notes	**-**	**-**	1,267,443	82,599,260
Amount paid to TMDES	**5,877,056**	**383,007,740**	-	-
Ending balance, due to TMNDES	**$ (2,945,091)**	**(191,931,580)**	$ (572,150)	(37,287,016)

Due to TMNDES consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to TMNDES	**$ (2,945,091)**	**(191,931,580)**	$ (632,719)	(41,234,297)
Amounts due from TMNDES	**-**	**-**	60,569	3,947,281
	$ (2,945,091)	**(191,931,580)**	$ (572,150)	(37,287,016)

During the period ending March 31, 2018, TMA had inter-company transactions with Pininfarina Extra SRL ("PinExtra"), an affiliated company.

Transactions with PinExtra are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to PinExtra	**$ (23,360)**	**(1,522,371)**	$ (2,433)	(158,559)
Cost of services	**(7,113)**	**(463,554)**	(919)	(59,891)
Expense reimbursement - debit/ credit notes	**(915)**	**(59,631)**	(32)	(2,085)
Amounts paid to PinExtra	**25,376**	**1,653,754**	2,279	148,522
Ending balance, due to PinExtra	**$ (6,012)**	**(391,802)**	$ (1,105)	(72,013)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to PinExtra	**$ (1,105)**	**(72,013)**	$ -	-
Cost of services	**(51,255)**	**(3,340,288)**	(22,022)	(1,435,174)
Expense reimbursement - debit/ credit notes	**(1,653)**	**(107,726)**	(348)	(22,679)
Amounts paid to PinExtra	**48,001**	**3,128,225**	21,265	1,385,840
Ending balance, due to PinExtra	**$ (6,012)**	**(391,802)**	$ (1,105)	(72,013)

Due to PinExtra consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to PinExtra	**$ (6,012)**	**(391,802)**	$ (1,105)	(72,013)
Amounts due from PinExtra	**-**	**-**	-	-
	$ (6,012)	**(391,802)**	$ (1,105)	(72,013)

During the period ending March 31, 2018, TMA had inter-company transactions with Fixstream Networks Inc. ("FIXNET"), an affiliated company. Transactions with FIXNET are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to FIXNET	**$ 20,958**	**1,365,833**	$ (4,292)	(279,710)
Cost of services	**(146,417)**	**(9,541,996)**	(156,750)	(10,215,397)
Amounts paid to FIXNET	**229,500**	**14,956,515**	385,000	25,090,450
Amount due (to) from FIXNET	**$ 104,041**	**6,780,352**	$ 223,958	14,595,343

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to FIXNET	**$ 223,958**	**14,595,343**	$ -	-
Cost of services	**(563,417)**	**(36,717,886)**	(334,542)	(21,802,102)
Amounts paid to FIXNET	**443,500**	**28,902,895**	558,500	36,397,445
Amount due (to) from FIXNET	**$ 104,041**	**6,780,352**	$ 223,958	14,595,343

Due (to) from FIXNET consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to FIXNET	**$ (913,000)**	**(59,500,210)**	(179,000)	(11,665,430)
Amount due from FIXNET	**1,017,041**	**66,280,562**	$ 402,958	26,260,773
	$ 104,041	**6,780,352**	$ 223,958	14,595,343

During the period ending March 31, 2018, TMA had inter-company transactions with CJS Solutions Group LLC. ("CJS"), an affiliated company.

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to CJS	**$ 405,000**	**26,393,850**	$ -	-
Expenses reimbursement - debit/credit notes	**-**	**-**	-	-
Amount due (to) from CJS	**$ 405,000**	**26,393,850**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to CJS	$ -	-	$ -	-
Expenses reimbursement - debit/credit notes	405,000	26,393,850	-	-
Amount due (to) from CJS	$ 405,000	26,393,850	$ -	-

Due (to) from CJS consists of:

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to CJS	$ -	-	$ -	-
Amount due from CJS	405,000	26,393,850	-	-
	$ 405,000	26,393,850	$ -	-

During the period ending March 31, 2018, TMA had inter-company transactions with Citisoft In. ("CITI"), an affiliated company. Transactions with CITI are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to CITI	$ -	-	$ -	-
Expense reimbursement - debit/ credit notes	-	-	(31,123)	(2,028,286)
Amount due (to) from CITI	$ -	-	$ (31,123)	(2,028,286)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to CITI	$ (31,123)	(2,028,286)	$ -	-
Expense reimbursement - debit/ credit notes	-	-	(31,123)	(2,028,286)
Payment received from CITI	31,123	2,028,286	-	-
Amount due (to) from CITI	$ -	-	$ (31,123)	(2,028,286)

Due (to) from CITI consists of:

	March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Amounts due to CITI	$ -	-	$ (31,123)	(2,028,286)
Amount due from CITI	-	-	-	-
	$ -	-	$ (31,123)	(2,028,286)

During the periods ending March 31, 2018 and 2017, TMA had inter-company transactions with LCC Mexio ("LCCM"), an affiliated company.

Transactions with LCCM are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD (Restated)	INR
Beginning balance, due to LCCM	$ (1,123)	(73,186)	$ -	-
Cost of services	-	-	(380)	(24,765)
Amount due (to) from LCCM	$ (1,123)	(73,186)	$ (380)	(24,765)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCCM	**$ (380)**	**(24,765)**	$ -	-
Cost of services	**(743)**	**(48,421)**	(380)	(24,765)
Amount due (to) from LCCM	**$ (1,123)**	**(73,186)**	$ (380)	(24,765)

Due (to) from LCCM consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to LCCM	**$ (1,123)**	**(73,186)**	$ (380)	(24,765)
Amount due from LCCM	**-**	**-**	-	-
	$ (1,123)	**(73,186)**	$ (380)	(24,765)

During the period ending March 31, 2018, TMA had inter-company transactions with Tech Mahindra Healthcare Systems Holdings LLC ("Holdco"), an affiliated company. Transactions with Holdco are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-
Payable to Holdco	**-**	**-**	-	-
Amount due (to) from Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to Holdco	**$ -**	**-**	$ -	-
Payable to Holdco	**(72,550)**	**(4,728,084)**	-	-
Amount due (to) from Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-

Due (to) from Holdco consists of:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to Holdco	**$ (72,550)**	**(4,728,084)**	$ -	-
Amount due from Holdco	**-**	**-**	-	-
	$ (72,550)	**(4,728,084)**	$ -	-

During the period ending March 31, 2018, TMA had inter-company transactions with Tech Mahindra ICT Services (Malaysia) ("TMM"), an affiliated company. Transactions with TMM are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMM	**$ (1,566)**	**(102,056)**	$ -	-
Expense reimbursement - debit/ credit notes	**-**	**-**	-	-
Amount due (to) from TMM	**$ (1,566)**	**(102,056)**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to TMM	**$ -**	**-**	$ -	-
Expense reimbursement - debit/ credit notes	**(1,566)**	**(102,056)**	-	-
Amount due (to) from TMM	**$ (1,566)**	**(102,056)**	$ -	-

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to TMM	**$ (1,566)**	**(102,056)**	$ -	-
Amount due from TMM	**-**	**-**	-	-
	$ (1,566)	**(102,056)**	$ -	-

During the period ending March 31, 2018, TMA had inter-company transactions with LCC Middle East FZ LLC ("LCC ME"), an affiliated company. Transactions with LCC ME are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCC ME	**$ 200,000**	**13,034,000**	$ -	-
Expense reimbursement - debit/ credit notes	**-**	**-**	-	-
Amount due (to) from LCC ME	**$ 200,000**	**13,034,000**	$ -	-

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due to LCC ME	**$ -**	**-**	$ -	-
Expense reimbursement - debit/ credit notes	**200,000**	**13,034,000**	-	-
Amount due (to) from LCC ME	**$ 200,000**	**13,034,000**	$ -	-

Due (to) from LCC ME consists of:

	March 31,			
	2018 USD		2017 USD (Restated)	
Amounts due to LCC ME	**$ -**	**-**	-	-
Amount due from LCC ME	**200,000**	**13,034,000**	-	-
	$ 200,000	**13,034,000**	$ -	-

In the periods ended March 31, 2018 and 2017, TechT had inter-company transactions with Mahindra Technologies Services, Inc. ("MTSI"), an affiliated company. Transactions with MTSI are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due (to) from MTSI	**$ (545,916)**	**(35,577,346)**	$ (517,810)	(33,745,678)
Cost of services from MTSI	**(20,141)**	**(1,312,589)**	(7,093)	(462,251)
Expense reimbursement - debit/ credit notes	**-**	**-**	101,569	6,619,252
Payments to affiliated company	**-**	**-**	-	-
Ending balance, due to MTSI	**$ (566,057)**	**(36,889,935)**	$ (423,334)	(27,588,677)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Beginning balance, due (to) from MTSI	**$ (423,334)**	**(27,588,677)**	$ -	-
Cost of services from MTSI	**(30,869)**	**(2,011,733)**	(1,165,050)	(75,926,309)
Expense reimbursement - debit/ credit notes	**134,953**	**8,794,887**	(817,664)	(53,287,163)
Payments to affiliated company	**(246,807)**	**(16,084,412)**	1,559,380	101,624,795
Ending balance, due to MTSI	**$ (566,057)**	**(36,889,935)**	$ (423,334)	(27,588,677)

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Amounts due to MTSI	**$ (566,057)**	**(36,889,935)**	$ (535,187)	(34,878,137)
Amounts due from MTSI	**-**	**-**	111,853	7,289,460
	$ (566,057)	**(36,889,935)**	$ (423,334)	(27,588,677)
Amounts due to affiliated companies	**$ (48,078,947)**	**(3,133,304,976)**	$ (25,769,850)	(1,679,421,125)
Amounts due from affiliated companies	**9,861,591**	**642,679,885**	8,300,435	540,939,349
	$ (38,217,356)	**(2,490,625,091)**	$ (17,469,415)	(1,138,481,776)

During the periods ending March 31, 2018 and 2017, notes due from affiliated companies consist of the following:

Light Bridge Communication Corporation ("LCC")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**$ 368,861**	**24,038,671**	$ 10,354,650	674,812,541

Note receivable from LCC. The note is unsecured. The outstanding principal loan balances of $10,000,000 (INR 651,700,000) was repaid in April 2017, the principal loan balance accrued interest of LIBOR plus 1.15% per annum and is payable quarterly. All accrued interest is still due at period ending March 31, 2018. Acc umulated interest income on the loan was $0 (INR 0) for the period ending March 31, 2018 and $354,650 (INR 23,112,541) for the period ending March 31, 2017.

Light Bridge Communication Corporation ("LCC")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from LCC	**$ 10,514,931**	**685,258,053**	$ 10,237,931	667,205,963

Note receivable from LCC. The note is unsecured. The outstanding balance includes principal loan balances of $10,000,000 (INR 651,700,000), the principal loan balance accrues interest of LIBOR plus 1.75% per annum and is payable quarterly. This note matures on November 19, 2018. Accumulated interest income on the loan was $514,931 (INR 35,317,643) for the period ending March 31, 2018 and $237,931 (INR 15,505,963) for the period ending March 31, 2017.

Leadcom Integrated Solutions (L.I.S) Limited ("Leadcom")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from Leadcom	**$ -**	**-**	$ 3,053,788	199,015,364

Note receivable from Leadcom Integrated Solutions (L.I.S.) Limited. The note is unsecured. The outstanding principal loan balances of $3,000,000 (INR 195,510,000) was repaid in April 2017, the principal loan balance accrued interest of LIBOR plus 1.50% per annum and is payable quarterly. Accumulated Interest income on the loan was $0 (INR 0) and $53,788 (INR 3,505,364) for the period ending March 31, 2018 and 2017, respectively.

Tech Mahindra Servicos de Informatica Ltda. ("TechSI")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**$ 1,561,474**	**101,761,261**	$ 1,524,110	99,326,249

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 97,755,000), the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. This note matures on March 15, 2018. Accumulated interest income on the loan was $61,474 (INR 4,006,261) and $24,110 (INR 1,571,249) for the periods ending March 31, 2018 and 2017, respectively.

Tech Mahindra Servicos de Informatica Ltda. ("TechSI")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**$ -**	**-**	$ 4,525,397	294,920,122

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding principal loan balances of $4,500,000 (INR 293,265,000), was repaid on September 8, 2017, the principal loan balance accrues interest of LIBOR plus 1% per annum and is payable quarterly. Accumulated interest income on the loan was $25,397 (INR 1,655,122) for the period ending March 31, 2017.

Tech Mahindra Servicos de Informatica Ltda. ("TechSI")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from TechSI	**$ 3,003,363**	**195,729,167**	$ -	-

Note receivable from Tech Mahindra Servicos de Informatica Ltda. The note is unsecured. The outstanding balance includes principal loan balances of $3,000,000 (INR 195,510,000), the principal loan balance accrues interest of 3.41% per annum and is payable quarterly. This note matures on September 19, 2018. Accumulated interest income on the loan was $3,363 (INR 219,167) for the periods ending March 31, 2018.

Fixstream Networks Inc.("FIXN")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,609,037**	**104,860,941**	$ 1,541,237	100,442,415

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $109,037 (INR 7,105,941) and $51,237 (INR 3,339,115) for the periods ending March 31, 2018 and 2017.

Fixstream Networks Inc.("FIXN")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,580,618**	**103,008,875**	$ 1,522,118	99,196,430

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $80,618 (INR 5,253,875) and $22,118 (INR 1,441,430) for the period ending March 31, 2018 and 2017.

Fixstream Networks Inc.("FIXN")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,584,946**	**103,290,931**	$ 1,513,996	98,667,119

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $84,946 (INR 5,535,931) and $13,996 (INR 912,119)for the periods ending March 31, 2018 and 2017.

Fixstream Networks Inc.("FIXN")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,566,453**	**102,085,742**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $66,453 (INR 4,330,742) for the period ending March 31, 2018.

Fixstream Networks Inc.("FIXN")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,548,503**	**100,915,941**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $48,503 (INR 3,160,941) for the period ending March 31, 2018.

Fixstream Networks Inc.("FIXN")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,532,073**	**99,845,197**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $32,073 (INR 2,090,197) for the period ending March 31, 2018.

Fixstream Networks Inc.("FIXN")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from FIXN	**$ 1,521,371**	**99,147,748**	$ -	-

Note receivable from FixStream Networks, Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Accumulated interest income on the loan was $21,371 (INR 1,392,748) for the period ending March 31, 2018.

CJS Solution Group LLC ("CJS")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from CJS	**$ 5,025,240**	**327,494,891**	$ -	-

Note receivable from CJS Solutions Group LLC. The note is unsecured. The outstanding balance includes principal loan balances of $5,000,000 (INR 325,850,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on April 23, 2018. Accumulated interest income on the loan was $25,240 (INR 1,644,891) for the period ending March 31, 2018.

CJS Solution Group LLC ("CJS")	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note receivable from CJS	**$ 5,015,303**	**326,847,297**	$ -	-

Note receivable from CJS Solutions Group LLC. The note is unsecured. The outstanding balance includes principal loan balances of $5,000,000 (INR 325,850,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on May 21, 2018. Accumulated interest income on the loan was $15,303 (INR 997,297) for the period ending March 31, 2018.

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Subtotal:	**$ 36,432,173**	**2,374,284,715**	$ 34,273,227	2,233,586,203
Less: current portion	**(15,448,629)**	**(1,006,787,152)**	(29,695,876)	(1,935,280,239)
Long-term portion	**$ 20,983,544**	**1,367,497,563**	$ 4,577,351	298,305,964

13. LINES OF CREDIT

In January 2015, the Company entered into a credit facility agreement with a financial institution. The credit facility consists of 1) $12 million (INR 782 million) Documentary Letters of Credit; 2) $10 million (INR 652 million) Overdraft; 3) $10 million (INR 652 million) Revolving Credit Facility; 4) $1.5 million (INR 98 million) Business Card. The maximum borrowing of the credit facility is $33.5 million (INR 2,183 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 balance outstanding at March 31, 2018 and 2017 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 2,607 million) with variable interest rate at LIBOR plus 1.1%. The balance outstanding at March 31, 2018 and 2017 was zero.

14. NOTES PAYABLE

At March 31, 2018 and 2017 long-term debt consists of the following:

	March 31,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Note payable to a financial institution dated April 20, 2017. The note is unsecured. The outstanding balance includes loan balance of $75,000,000 (INR 4,887,750,000), the principal balance accrues interest of LIBOR plus 0.65% per annum. This note matures on April 18, 2019. Interest on the note was $1,678,668 (INR 109,398,794) for the period ending March 31, 2018.	**$ 75,345,000**	**4,910,233,650**	$ -	-
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 $95,016 (INR 6,192,193) beginning April 2014 through January 2018. This note was settled in full in january 2018.	**-**	**-**	380,063	24,768,706
Subtotal:	**75,345,000**	**4,910,233,650**	380,063	24,768,706
Less: current portion	**(75,345,000)**	**(4,910,233,650)**	(380,063)	(24,768,706)
Long-term portion	**$ -**	**-**	$ -	-

15. 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, 2018 and 2017, respectively.

On July 27, 2017, 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 $0.25 (INR 16) per share, the outstanding number of shares was 170,521,745 and the total amount of dividend paid pursuant to this resolution is $42,630,436.25 (INR 2,778,225,530).

16. CONCENTRATIONS WITH PARENT COMPANY’S CUSTOMERS

Revenue from the parent and affiliated companies (“contract revenue”) for the three months ended March 31, 2018 and 2017 was $216,173,108 (INR 14,088,001,448) and $218,287,637 (INR 114,225,805,303), representing 100% for pboth periods. For the twelve months ended March 31, 2018 and 2017 contract revenue was $898,564,628 (INR 558,559,456,807) and $866,494,808 (INR 56,469,466,637), 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:	Three Months Ended March 31, 2018		
	Amount		Concentration
	USD	INR	
Customer - 1	$ 15,240,486	993,222,473	44%

	Three Months Ended March 31, 2017		
	Amount (Restated)		Concentration
Customer - 1	USD	INR	39%
	12,244,056	797,945,130	

Contract revenue concentrations:	Twelve Months Ended March 31, 2018		
	Amount USD	INR	
Customer - 1	52,138,172	3,397,844,669	36%

	Twelve Months Ended March 31, 2017		
	Amount (Restated)		
	USD	INR	
Customer - 1	46,898,196	3,056,355,433	40%

17. 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.

On February 4, 2016 the Board of Directors approved the transfer of sponsorship of the Plan and the transfer all of its rights, title and interest in, under and to the related insurance, administrative and annuity contracts.

18. COMMITMENTS LEASES:

TMA leases office space under operating leases. Rent expenses under these operating leases were $871,490 (INR 56,795,003) and $803,355 (INR 52,354,645) for the three months ended March 31, 2018 and 2017, respectively. Rent expenses under these operating leases were $3,392,065 (INR 221,060,876) and $3,266,705 (INR 212,891,165) for the twelve months ended March 31, 2018 and 2017, respectively. Future minimum lease payments under operating leases are as follows:

Years ending March 31,	USD	INR
2019	3,057,519	199,258,513
2020	2,542,959	165,724,638
2021	1,757,482	114,535,102
2022	847,573	55,236,332
2023	242,409	15,797,795
Thereafter	8,429	549,318
	$ 8,456,371	**551,101,698**

19. 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,			
	2018		2017 (Restated)	
	USD	**INR**	USD	INR
Cash	**$ 135,777**	**8,848,587**	$ 135,777	8,848,587
Net accounts receivable	**15,708,404**	**1,023,716,689**	15,708,404	1,023,716,689
Other current assets	**26,379,611**	**1,719,159,249**	26,379,611	1,719,159,249
Other assets	**210,330**	**13,707,206**	210,330	13,707,206
Accounts payable	**(1,916,745)**	**(124,914,272)**	(1,916,745)	(124,914,272)
Net asset and liabilities acquired	**$ 40,517,377**	**2,640,517,459**	$ 40,517,228	2,640,517,459

As part of the merger agreement, TML agreed in future it would compensate TMA the full net asset value of $40,517,228 (INR 2,640,507,749).

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,			
	2018		2017	
	USD	**INR**	USD (Restated)	INR
Net asset acquired	**$ 40,517,228**	**2,640,507,749**	$ 40,517,228	2,640,507,749

20. FINANCIAL INSTRUMENTS

Call / Put Options

On May 4, 2017, TMA acquired 84.7% holding in Tech Mahindra Healthcare Systems Holdings, LLC (“Holdco”), a Delaware Limited Liability Company. An individual, resident of the State of Florida (“minority shareholder”), holds the 15.3 % minority interest in Holdco.

TMA has a call option to purchase the remaining 15.3% of shares from the minority shareholder over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and revenue achievement. The minority shareholder has a put option on the remaining 15.3% of shares over a period of 3 years – December 2017, 2018 and 2019 at values which will be derived based on EBITDA and

The potential cash payments related to put and call options issued as per the share purchase agreement over the equity of Holdco are accounted for as financial liabilities.

The below table summarizes the conditions for the call and put options:

Inputs	First Investment	Second Investment	Third Investment
No. of shares	425,621	425,621	744,837
Vesting Dates	January 1,2018	January 1,2019	January 1,2020
Exercise Dates	April 30, 2018	April 30, 2019	April 30, 2020

Liability	Fair value at March 31, 2018	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)
Financial Instrument total	$ 6,900,000	Black Scholes	Multiple	18.10%
Less: current portion	$ (2,000,000)	Model		
Long-term portion	$ 4,900,000			

Liability	Fair value at March 31, 2018 INR	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)
Financial Instrument total	449,673,000	Black Scholes	Multiple	18.10%
Less: current portion	(130,340,000)	Model		
Long-term portion	319,333,000			

Interest rate swap - designated as a hedge

Derivative financial instruments are used by the Company principally in the management of its interest rate exposures. The Company does not hold or issue derivative financial instruments for trading purposes. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the effective portion of the derivative is reported as a component of Accumulated Other Comprehensive Income (“AOCI”) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

Interest Rate Swaps. The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in AOCI and as a derivative asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the counter-parties included in accrued liabilities or receivables, respectively, and recognized in earnings as an adjustment to Interest Expense from the underlying debt to which the swap is designated. As of March 31, 2018, the Company had a series of U.S. dollar denominated interest rate swaps outstanding with effectively fixing the interest on variable rate debt, exclusive of lender spreads, at 3-month LIBOR on a floating leg for a notional principal amount of $12 million (INR 782 million) with a fixed rate of 2.12250 % and $20 million (INR 1,303 million) with a fixed rate of 2.63600 % through May 2020. The derivative net gain and losses estimated to be reclassified from AOCI into earnings over the next 24 months is $ 156,643 and ($10,580). The Company’s interest rate swap derivative financial instruments at March 31, 2018 and 2017 are as follows:

	March,			
	2018 USD		2018 INR	
Interest rate swaps	**Notional Amount**	**Remaining Years**	Notional Amount	Remaining Years
	$ 12,000,000	**2**	782,040,000	2
Interest rate swaps	**$ 20,000,000**	**2**	1,303,400,000	2
	2017 USD		2017 INR	
Interest rate swaps	**Notional Amount**	**Remaining Years**	Notional Amount	Remaining Years
	$ -	**-**	$ -	-
Interest rate swaps	**$ -**	**-**	$ -	-

The fair values of derivative instruments as of March 31, 2018 and 2017 are as follows.

	March 31,			
	2018	2017	**2018**	2017
	Fair value	Fair value	**Fair value**	Fair value
Derivative Assets	**USD**	USD	**INR**	INR
	$ 156,643	$ -	**10,208,424**	-
Derivative Liabilities	**(10,580)**	-	**(689,499)**	-
	$ 146,063	$ -	**9,518,925**	-

The impact of the effective portions of designated hedges and the gain (loss) recognized in the Statement of Other Comprehensive Income for the years ended March 31, 2018 and 2017, was $146,063 (INR 9,518,925) and $0 (INR 0), respectively.

	Effective Portion USD		
For the year ended March 31, 2018	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	$ (10,580)	Interest expense	$ -
Total	$ (10,580)		$ -

	Effective Portion INR		
For the year ended March 31, 2018	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	(689,499)	Interest expense	-
Total	(689,499)		-

	Effective Portion USD		
For the year ended March 31, 2017	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	$ -	Interest expense	$ -
Total	$ -		$ -

	Effective Portion USD		
For the year ended March 31, 2017	Gain (Loss) in OCI	Reclassified to Earnings	
		Line Item	Gain (Loss)
Interest rate swaps	-	Interest expense	-
Total	-		-

The unrealized gain on derivative contracts in Accumulated Other Comprehensive Income expected to be recognized during the year ended March 31, 2018 and 2017 is $146,063 (INR 9,518,925) and $0 (INR 0), respectively.

21. 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.

22. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 23, 2018, the date the financial statements were available to be issued.

On March 27, 2018 the shareholders of the Company and the Board of Directors approved the merger of Sofgen Americas Inc. with the Company.The merger has not been consummated as of April 23, 2018.

Except as discussed above, no significant events occurred subsequent to the balance sheet date but prior to April 23, 2018, that would have a material impact on the financial statements.

Supplemental Consolidated Schedules of Revenue and Expenses (USD & INR)

	Three months ended March 31,				Twelve Months Ended March 31,			
	2018		2017		**2018**		2017	
	USD	**INR**	USD (Restated)	INR	**USD**	**INR**	USD (Restated)	INR
Schedule I								
REVENUE								
Contract revenue	**$ 35,519,039**	**2,314,775,772**	$ 31,308,498	2,040,374,815	**$ 131,939,020**	**8,598,465,933**	$ 117,513,011	7,658,322,927
Transfers to parent and affiliated companies	**(35,519,039)**	**(2,314,775,772)**	(31,308,498)	(2,040,374,815)	**(131,939,020)**	**(8,598,465,933)**	(117,513,011)	(7,658,322,927)
Revenue from parent and	**$ -**	**-**	$ -	-	**$ -**	**-**	$ -	-
	216,173,108	**14,088,001,448**	218,287,637	14,225,805,303	**898,564,628**	**58,559,456,807**	866,494,808	56,469,466,637
affiliated companies								
Revenue from third parties	**2,854,979**	**186,058,981**	3,055,501	199,127,000	**12,098,074**	**788,431,483**	12,140,972	791,227,145
	$ 219,028,087	**14,274,060,429**	$ 221,343,138	14,424,932,303	**$ 910,662,702**	**59,347,888,290**	$ 878,635,780	57,260,693,782
Schedule II								
PERSONNEL EXPENSES								
Salaries - software engineers	**$ 118,534,330**	**7,724,882,286**	$ 127,986,050	8,340,850,879	**$ 486,133,664**	**31,681,330,883**	$ 490,422,651	31,960,844,166
Payroll taxes	**11,544,442**	**752,351,285**	11,537,705	751,912,235	**40,901,207**	**2,665,531,660**	39,784,052	2,592,726,669
Employee benefits	**1,618,743**	**105,493,481**	5,781,958	376,810,203	**46,083,706**	**3,003,275,120**	34,676,211	2,259,848,671
	$ 131,697,515	**8,582,727,052**	$ 145,305,713	9,469,573,317	**$ 573,118,577**	**37,350,137,663**	$ 564,882,914	36,813,419,506
Schedule III								
GENERAL AND ADMINISTRATIVE					**$**	**11,653,313,789**	$ 161,985,224	10,556,577,048
Contracted services	**$ 49,508,722**	**3,226,483,413**	$ 39,089,094	2,547,436,256	**178,814,083**			
Travel	**7,332,845**	**477,881,509**	8,685,346	566,023,999	**36,604,336**	**2,385,504,577**	40,396,129	2,632,615,727
Project specific expenses	**6,430,162**	**419,053,658**	6,094,974	397,209,456	**25,654,840**	**1,671,925,923**	27,244,004	1,775,491,741
Professional fees	**2,788,111**	**181,701,194**	1,765,542	115,060,372	**9,985,451**	**650,751,842**	5,465,210	356,167,736
Bad debt expense	**1,764,849**	**115,015,209**	258,989	16,878,313	**6,071,952**	**395,709,112**	75,929	4,948,293
Communications	**1,313,719**	**85,615,067**	1,542,848	100,547,404	**5,808,845**	**378,562,429**	5,341,320	348,093,824
Rent	**871,490**	**56,795,003**	803,355	52,354,645	**3,392,065**	**221,060,876**	3,266,705	212,891,165
Office expenses	**700,155**	**45,629,101**	665,872	43,394,878	**2,757,438**	**179,702,234**	2,579,675	168,117,420
Employee cost	**709,877**	**46,262,684**	-	-	**2,577,160**	**167,953,517**	-	-
Sales and other indirect taxes	**532,077**	**34,675,458**	435,753	28,398,023	**2,251,464**	**146,727,909**	1,697,585	110,631,614
Sales and marketing	**46,231**	**3,012,874**	878,592	57,257,841	**2,286,567**	**149,015,571**	3,017,116	196,625,450
Entertainment	**366,955**	**23,914,457**	313,054	20,401,729	**1,012,940**	**66,013,300**	906,467	59,074,454
Miscellaneous	**352,143**	**22,949,159**	380,803	24,816,932	**739,324**	**48,181,745**	767,232	50,000,509
Insurance	**195,251**	**12,724,508**	100,872	6,573,828	**562,049**	**36,628,733**	412,813	26,903,023
Provision for doubtful salary advanc	**-**	**-**	-	-	**2,653.00**	**172,896**	-	-
	$ 72,912,587	**4,751,713,294**	$ 61,015,094	3,976,353,676	**$ 278,521,167**	**18,151,224,453**	253,155,409	16,498,138,004

TECH TALENTA INC

Board of Directors
Mr. Manish Vyas
Mr. Vivek Karla

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

Bankers
HSBC Bank

Auditors
Catrakilis Kraitzick Hrabova, LLC
CPAs and Advisors

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2018.

Financial Results:

For the year ended March 31	**2018**	**2018**	2017	2017
	USD	**INR**	USD	INR
Income	**37,181,758**	**2,423,135,169**	32,336,016	2,096,828,958
Profit/(Loss) before tax	**1,546,119**	**100,760,575**	1,175,899	76,251,171
Profit/(Loss)after tax	**988,343**	**64,410,313**	730,306	47,356,693

Review of operations:

During the fiscal year under review the Company achieved an income of US$ 37 Million (equivalent to INR 242 Crores). 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 : Texas
Date : May 10, 2018

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tech Talenta Inc.
a Delaware Corporation,
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 Delaware Corporation, a wholly owned subsidiary of Tech Mahindra (Americas), Inc. which comprise the balance sheets as of March 31, 2018 and 2017, and the related statements of income 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, 2018 and 2017, 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 herein 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 16, 2018

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, 2018 and 2017, and the related statements of operations and retained earnings, and cash flows for the years then ended, appears on pages herein. 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 herein 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 65.17 to 1.00 USD for both 2018 and 2017.

Catrakilis Kraitzick Hrabova, LLC

Atlanta, Georgia

April 16, 2018

BALANCE SHEETS

	Note	March 31, 2018 USD	2018 INR	2017 USD	2017 INR
ASSETS:					
Current assets:					
Cash		**633,667**	**41,296,078**	628,411	40,953,545
Accounts receivable, net	3	**2,393,058**	**155,955,590**	2,659,883	173,344,575
Employee advances		**3,481**	**226,857**	2,109	137,444
Prepaid income tax		**59,037**	**3,847,441**	73,317	4,778,069
Due from parent company	6	**1,868,215**	**121,751,572**	468,686	30,544,267
Due from affiliated company	7	**22,954**	**1,495,912**	164,832	10,742,101
Total current assets		**4,980,412**	**324,573,450**	3,997,238	260,500,000
Property and equipment, net	4	**2,247**	**146,437**	3,596	234,351
Other assets:					
Deferred tax asset	5	**29,173**	**1,901,204**	42,097	2,743,461
Security deposits		**-**	**-**	3,752	244,518
		29,173	**1,901,204**	45,849	2,987,979
Total Assets		**5,011,832**	**326,621,091**	4,046,683	263,722,331
LIABILITIES AND STOCKHOLDER'S EQUITY:					
Current liabilities:					
Accrued expenses		**1,032,646**	**67,297,539**	1,390,419	90,613,606
Accounts payable		**5,765**	**375,705**	8,732	569,064
Due to parent company	6	**712,623**	**46,441,641**	390,368	25,440,283
Due to affiliate company	7	**566,057**	**36,889,935**	550,766	35,893,420
Total current liabilities		**2,317,091**	**151,004,820**	2,340,285	152,516,373
Stockholder's equity:					
Common stock - $1 par value, 500,000 shares authorized, issued and outstanding		**500,000**	**32,585,000**	500,000	32,585,000
Retained earnings		**2,194,741**	**143,031,271**	1,206,398	78,620,958
Total stockholder's equity		**2,694,741**	**175,616,271**	1,706,398	111,205,958
Total Liabilities and Stockholder's Equity		**5,011,832**	**326,621,091**	4,046,683	263,722,331

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

		Three Months Ended March 31,				Twelve Months Ended March 31,			
		2018		2017		**2018**		2017	
	Schedule	**USD**	**INR**	USD	INR	**USD**	**INR**	USD	INR
REVENUE	I	**8,629,216**	**562,366,007**	9,025,760	588,208,779	**37,181,758**	**2,423,135,169**	32,336,016	2,107,338,163
OPERATING EXPENSES:									
Depreciation		**337**	**21,962**	337	21,962	**1,349**	**87,914**	12,916	841,736
Personnel	II	**7,701,621**	**501,914,641**	8,114,948	528,851,161	**33,246,203**	**2,166,655,050**	27,185,028	1,771,648,275
General and administrative	III	**466,297**	**30,388,575**	618,402	40,301,258	**2,388,332**	**155,647,596**	3,962,008	258,204,061
Total operating expenses		**8,168,255**	**532,325,178**	8,733,687	569,174,381	**35,635,884**	**2,322,390,560**	31,159,952	2,030,694,072
Operating income		**460,961**	**30,040,829**	292,073	19,034,398	**1,545,874**	**100,744,609**	1,176,064	76,644,091
OTHER INCOME (EXPENSE)									
Foreign currency exchange gain (loss)		**(189)**	**(12,317)**	331	21,571	**245**	**15,967**	(165)	(10,753)
Total other income (expense)		**(189)**	**(12,317)**	331	21,571	**245**	**15,967**	(165)	(10,753)
Income before income tax expense		**460,772**	**30,028,511**	292,404	19,055,969	**1,546,119**	**100,760,575**	1,175,899	76,633,338
INCOME TAX EXPENSE	Note 5	**134,925**	**8,793,062**	118,242	7,705,831	**557,776**	**36,350,262**	445,593	29,039,296
NET INCOME		**325,847**	**21,235,449**	174,162	11,350,138	**988,343**	**64,410,313**	730,306	47,594,042
Retained earnings, beginning of period		**1,868,894**	**121,795,822**	1,032,236	67,270,820	**1,206,398**	**78,620,958**	476,092	31,026,916
Retained earnings, end of period		**2,194,741**	**143,031,271**	1,206,398	78,620,958	**2,194,741**	**143,031,271**	1,206,398	78,620,958

STATEMENT OF CASH FLOWS

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		2018		2017	
	USD	INR	USD	INR	USD	INR	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	**325,847**	**21,235,449**	174,162	11,350,138	**988,343**	**64,410,313**	730,306	47,594,042
Adjustments to reconcile net income to cash used in operating activities:								
Depreciation	**337**	**21,962**	337	21,962	**1,349**	**87,914**	12,916	841,736
Deferred income tax expense (benefit)	**(14,412)**	**(939,230)**	(9,180)	(598,261)	**12,924**	**842,257**	(42,097)	(2,743,461)
Changes in operating assets and liabilities:								
Accounts receivable, net	**(182,258)**	**(11,877,754)**	278,982	18,181,257	**266,825**	**17,388,985**	(1,506,713)	(98,192,486)
Employee advances	**(2,148)**	**(139,985)**	3,380	220,275	**(1,372)**	**(89,413)**	8,636	562,808
Prepaid expenses	**-**	**-**	-	-	**-**	**-**	460,945	30,039,786
Prepaid income tax	**(4,474)**	**(291,571)**	20,687	1,348,172	**14,280**	**930,628**	1,858	121,086
Due from parent company	**(18,397)**	**(1,198,932)**	1,620,051	105,578,724	**(1,399,529)**	**(91,207,305)**	833,893	54,344,807
Due from affiliate company	**17,447**	**1,137,021**	(105,296)	(6,862,140)	**141,878**	**9,246,189**	(60,296)	(3,929,490)
Security deposits	**3,983**	**259,572**	(295)	(19,225)	**3,752**	**244,518**	87	5,670
Accounts payable	**1,794**	**116,915**	(2,401)	(156,473)	**(2,967)**	**(193,359)**	8,732	569,064
Accrued expenses	**(723,526)**	**(47,152,189)**	(914,678)	(59,609,565)	**(357,773)**	**(23,316,066)**	(226,891)	(14,786,486)
Due to parent company	**(173,723)**	**(11,321,528)**	(704,720)	(45,926,602)	**(390,368)**	**(25,440,283)**	(597,812)	(38,959,408)
Due to affiliated company	**151,129**	**9,849,077**	(127,442)	(8,305,395)	**15,291**	**996,514**	548,089	35,718,960
Customer advances	**-**	**-**	-	-	**-**	**-**	(160,695)	(10,472,493)
Income tax payable	**-**	**-**	-	-	**712,623**	**46,441,641**	-	-
Net Cash Provided by (Used in) Operating Activities	**(618,401)**	**(40,301,193)**	233,587	15,222,865	**5,256**	**342,533**	10,958	714,135
Capital expenditures	**-**	**-**	-	-	**-**	**-**	(16,512)	(1,076,087)
Net Cash Used in Investing Activities	**-**	**-**	-	-	**-**	**-**	(16,512)	(1,076,087)
Net change in cash	**(618,401)**	**(40,301,193)**	233,587	15,222,865	**5,256**	**342,533**	(5,554)	(361,952)
Cash, beginning of period	**1,252,068**	**81,597,272**	394,824	25,730,680	**628,411**	**40,953,545**	633,965	41,315,499
Cash, end of period	**633,667**	**41,296,078**	628,411	40,953,545	**633,667**	**41,296,078**	628,411	40,953,545
Supplemental cash flow disclosure:								
Cash paid for income taxes	**152,690**	**9,950,807**	106,735	6,955,920	**529,450**	**34,504,257**	485,832	31,661,671

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

1. NATURE OF OPERATIONS

Tech Talenta Inc. (the “Company” or “TechT”) is a wholly owned subsidiary of Tech Mahindra (Americas), Inc. (“TMA”). 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 since inception and for the periods ended March 31, 2018 and 2017. During the period ended December 31, 2017 the shareholders of the Company and its Board of Directors come to a resolution to dissolve the Canadian Branch, with effective date March 20, 2018.

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, 2018 and 2017, accounts receivable are summarized as follows:

	March 31,			
	2018		2017	
	USD	INR	USD	INR
Amounts due for services rendered, billed	**1,947,652**	**126,928,481**	1,755,628	114,414,277
Less: allowance for doubtful accounts	**(22,918)**	**(1,493,566)**	-	-
Amounts due for services rendered and billed, net	**1,924,734**	**125,434,915**	1,755,628	114,414,277
Amounts due for services rendered, not billed	**468,324**	**30,520,675**	904,255	58,930,298
Accounts receivable, net	**2,393,058**	**155,955,590**	2,659,883	173,344,575

Billed accounts receivable concentrations:	March 31, 2018			
	USD	Concentration	INR	Concentration
Customer - 1	**474,993**	**24%**	**30,955,294**	**24%**
Customer - 2	**292,605**	**15%**	**19,069,068**	**15%**
Customer - 3	**222,263**	**11%**	**14,484,880**	**11%**
Billed accounts receivable concentrations:	March 31, 2017			
	USD	Concentration	INR	Concentration
Customer - 1	572,419	33%	37,304,546	33%
Customer - 2	202,194	12%	13,176,983	12%
Customer - 3	87,211	5%	5,683,541	5%

Subsequent to year end, as of April 16, 2018, $319,658 (INR 20,832,116) (16%) of billed accounts receivable balance outstanding at March 31, 2018 has been collected.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows at March 31, 2018 and 2017:

	March 31, 2018		March 31, 2017	
	USD	INR	USD	INR
Furniture and fittings	**88,701**	**5,780,644**	88,701	5,780,644
Office equipment	**9,849**	**641,859**	9,849	641,859
Computers	**25,817**	**1,682,494**	25,817	1,682,494
Software	**6,692**	**436,118**	6,692	436,118
Less: Accumulated depreciation	**(128,812)**	**(8,394,678)**	(127,463)	(8,306,764)
Property and equipment, net	**2,247**	**146,437**	3,596	234,351

Depreciation expense was $337 (INR 21,962) for the three months ended March 31, 2018 and 2017, respectively. Depreciation expense was $1,349 (INR 87,914) and $12,916 (INR 841,736) for the twelve months ended March 31, 2018 and 2017, 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.

	Three Months Ended March 31,			
	2018		2017	
Current income tax expense consist of the following:	**USD**	**INR**	USD	INR
Federal	**123,287**	**8,034,614**	109,066	7,107,831
State	**26,050**	**1,697,679**	18,356	1,196,261
Total current income tax expense	**149,337**	**9,732,293**	127,422	8,304,092

	Three Months Ended March 31,			
	2018		2017	
Deferred income tax (benefit) / expense consist of	**USD**	**INR**	USD	INR
Federal	**(10,700)**	**(697,319)**	(7,724)	(503,373)
State	**(3,712)**	**(241,911)**	(1,456)	(94,888)
Total deferred income tax (benefit) / expense	**(14,412)**	**(939,230)**	(9,180)	(598,261)
Total current and deferred income tax expense	**134,925**	**8,793,062**	118,242	7,705,831

	Twelve Months Ended March 31,			
	2018		2017	
Current income tax expense consist of the following:	**USD**	**INR**	USD	INR
Federal	**459,546**	**29,948,613**	413,744	26,963,696
State	**85,306**	**5,559,392**	73,946	4,819,061
Total current income tax expense	**544,852**	**35,508,005**	487,690	31,782,757

	Twelve Months Ended March 31,			
	2018		2017	
Current income tax expense consist of the following:	**USD**	**INR**	USD	INR
Federal	**12,387**	**807,261**	(35,213)	(2,294,831)
State	**537**	**34,996**	(6,884)	(448,630)
Total deferred income tax expense	**12,924**	**842,257**	(42,097)	(2,743,461)
Total current and deferred income tax expense	**557,776**	**36,350,262**	445,593	29,039,296

	March 31,			
	2018		2017	
Deferred tax asset consists of the following:	**USD**	**INR**	USD	INR
Federal	**22,826**	**1,487,570**	35,213	2,294,831
State	**6,347**	**413,634**	6,884	448,630
Total deferred tax asset	**29,173**	**1,901,204**	42,097	2,743,461

As of March 31, 2018 and 2017, 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, 2018 and 2017, TechT had inter-company transactions with Tech Mahindra (Americas), Inc. the parent company. Transactions with parent company are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due to parent company	**1,110,038**	**72,341,176**	833,251	54,302,968
Revenue from parent company	**5,699,050**	**371,407,089**	5,825,935	379,676,184
Expense reimbursement - debit/ credit notes	**(179,868)**	**(11,721,998)**	(122,115)	(7,958,235)
Payments to parent company	**222,418**	**14,494,982**	988,180	64,399,691
Collections from parent company	**(5,696,046)**	**(371,211,318)**	(7,446,933)	(485,316,624)
Ending balance, due (to) from parent company	**1,155,592**	**75,309,931**	78,318	5,103,984

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due to parent company	**78,318**	**5,103,984**	314,399	20,489,383
Revenue from parent company	**24,601,076**	**1,603,252,123**	19,537,786	1,273,277,514
Expense reimbursement - debit/ credit notes	**(917,698)**	**(59,806,379)**	(389,421)	(25,378,567)
Payments made to parent company	**612,786**	**39,935,264**	988,180	64,399,691
Collections from parent company	**(23,218,890)**	**(1,513,175,061)**	(20,372,626)	(1,327,684,036)
Ending balance, due (to) from parent company	**1,155,592**	**75,309,931**	78,318	5,103,984

	March 31,			
Due (to) from parent consists of:	**2018**		2017	
	USD	**INR**	USD	INR
Amounts due to parent company	**(712,623)**	**(46,441,641)**	(390,368)	(25,440,283)
Amounts due from parent company	**1,868,215**	**121,751,572**	468,686	30,544,267
	1,155,592	**75,309,931**	78,318	5,103,984

7. TRANSACTIONS WITH AFFILIATED COMPANY

In the periods ended March 31, 2018 and 2017, TechT had inter-company transactions with Tech Mahindra Limited ("TechM"), an affiliated company. Transactions with TechM are summarized below:

	Three Months Ended March 31,			
	2018		**2017**	
	USD	**INR**	**USD**	**INR**
Beginning balance, due (to) from TechM	**24,823**	**1,617,715**	59,536	3,879,961
Revenue from TechM	**75,187**	**4,899,937**	144,324	9,405,595
Expense reimbursement - debit/ credit notes	**(14,822)**	**(965,950)**	(15,578)	(1,015,218)
Payments to affiliated company	**24,371**	**1,588,258**	-	-
Collections from affiliated company	**(86,605)**	**(5,644,048)**	(150,881)	(9,832,915)
Ending balance, due (to) from TechM	**22,954**	**1,495,912**	37,401	2,437,423

	Twelve Months Ended March 31,			
	2018		**2017**	
	USD	**INR**	**USD**	**INR**
Beginning balance, due (to) from TechM	**37,401**	**2,437,423**	101,860	6,638,216
Revenue from TechM	**482,608**	**31,451,563**	657,258	42,833,504
Expense reimbursement - debit/ credit notes	**(148,610)**	**(9,684,913)**	(15,578)	(1,015,218)
Payments to affiliated company	**158,159**	**10,307,222**	2,677	174,460
Collections from affiliated company	**(506,604)**	**(33,015,383)**	(708,816)	(46,193,539)
Ending balance, due (to) from TechM	**22,954**	**1,495,912**	37,401	2,437,423

In the periods ended March 31, 2018 and 2017, TechT had inter-company transactions with Mahindra Technologies Services, Inc.

	Three Months Ended March 31,			
	2018		2017	
	USD	INR	USD	INR
Beginning balance, due (to) from MTSI	**(545,916)**	**(35,577,346)**	(517,810)	(33,745,678)
Cost of services from MTSI	**(20,141)**	**(1,312,589)**	(7,093)	(462,251)
Expense reimbursement - debit/ credit notes	**-**	**-**	101,569	6,619,252
Payments to affiliated company	**-**	**-**	-	-
Ending balance, due (to) from MTSI	**(566,057)**	**(36,889,935)**	(423,334)	(27,588,677)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	INR	USD	INR
Beginning balance, due (to) from MTSI	**(423,334)**	**(27,588,677)**	-	-
Cost of services from MTSI	**(30,869)**	**(2,011,733)**	(1,165,050)	(75,926,309)
Expense reimbursement - debit/ credit notes	**134,953**	**8,794,887**	(817,664)	(53,287,163)
Payments to affiliated company	**(246,807)**	**(16,084,412)**	1,559,380	101,624,795
Ending balance, due (to) from MTSI	**(566,057)**	**(36,889,935)**	(423,334)	(27,588,677)

	March 31,			
Due (to) from affiliated companies consists of:	2018		2017	
	USD	INR	USD	INR
Amounts due to affiliated companies	**(566,057)**	**(36,889,935)**	(550,766)	(35,893,420)
Amounts due from affiliated companies	**22,954**	**1,495,912**	164,832	10,742,101
	(543,103)	**(35,394,023)**	(385,934)	(25,151,319)

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

Revenue from parent and affiliated companies for the three months ended March 31, 2018 and 2017 was $5,774,237 (INR 376,307,025) and $5,970,259 (INR 389,081,779), representing 67% and 66%, respectively. Revenue from parent and affiliated companies for the twelve months ended March 31, 2018 and 2017 was $25,083,685 (INR 1,634,703,751) and $20,195,044 (INR 1,316,111,017), representing 67% and 62%, respectively.

Concentration with third party customers are summarized as follows at March 31, 2018 and 2017:

	Three Months Ended March 31, 2018			
	USD		INR	
	Amount	Concentration	Amount	Concentration
Customer - 4	**681,317**	**24%**	44,401,429	24%
Customer - 5	**386,976**	**14%**	25,219,226	14%
Customer - 6	**360,458**	**13%**	23,491,048	13%

	Three Months Ended March 31, 2017			
	USD		INR	
	Amount	Concentration	Amount	Concentration
Customer - 4	**1,352,752**	**15%**	88,158,848	15%
Customer - 5	**259,495**	**3%**	16,911,289	3%
Customer - 6	**39,719**	**0%**	2,588,487	0%

	Twelve Months Ended March 31, 2018			
	USD		INR	
	Amount	Concentration	Amount	Concentration
Customer - 4	**3,555,061**	**29%**	231,683,325	29%
Customer - 5	**1,499,245**	**12%**	97,705,797	12%

	Twelve Months Ended March 31, 2017			
	USD		INR	
	Amount	Concentration	Amount	Concentration
Customer - 4	**4,891,893**	**39%**	318,804,667	
Customer - 5	**1,219,376**	**10%**	79,466,734	10%

9. COMMON STOCK

The Company is authorized to issue 500,000 shares of common stock at a par value of $1 per share, of which 500,000 shares were issued and outstanding at March 31, 2018 and 2017.

10. 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 (FDIC) covers $250,000 for substantially all depository accounts. As of March 31, 2018 and 2017, the Company had $383,667 (INR 25,003,578) and $378,411 (INR 24,661,045), respectively, with the financial institution that exceeded the Federally insured limit.

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 16, 2018, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 16, 2018, that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		2018		2017	
Schedule I	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
REVENUE								
Revenue from parent company	**5,699,050**	**371,407,089**	5,825,935	379,676,184	**24,601,076**	**1,603,252,123**	19,537,786	1,273,277,514
Revenue from affiliated company	**75,187**	**4,899,937**	144,324	9,405,595	**482,608**	**31,451,563**	657,258	42,833,504
Revenue from third parties	**2,854,979**	**186,058,981**	3,055,501	199,127,000	**12,098,074**	**788,431,483**	12,140,972	791,227,145
	8,629,216	**562,366,007**	9,025,760	588,208,779	**37,181,758**	**2,423,135,169**	32,336,016	2,107,338,163
Schedule II								
PERSONNEL EXPENSES								
Personnel cost								
Software engineers	**6,979,692**	**454,866,528**	7,437,451	484,698,682	**30,789,345**	**2,006,541,614**	25,136,604	1,638,152,483
Payroll tax	**721,929**	**47,048,113**	677,497	44,152,479	**2,456,858**	**160,113,436**	2,048,424	133,495,792
	7,701,621	**501,914,641**	8,114,948	528,851,161	**33,246,203**	**2,166,655,050**	27,185,028	1,771,648,275
Schedule III								
GENERAL AND ADMINISTRATIVE								
Contracted services	**384,773**	**25,075,656**	496,125	32,332,466	**1,813,846**	**118,208,344**	3,548,808	231,275,817
Travel	**81,520**	**5,312,658**	43,298	2,821,731	**243,774**	**15,886,752**	162,796	10,609,415
Sales and marketing	**(37,500)**	**(2,443,875)**	32,725	2,132,688	**167,258**	**10,900,204**	113,075	7,369,098
Professional fees	**16,745**	**1,091,272**	18,697	1,218,483	**79,879**	**5,205,714**	57,038	3,717,166
Other taxes	**10,084**	**657,174**	26,786	1,745,644	**50,478**	**3,289,651**	65,345	4,258,534
Bad debt (recovery)/expense	**10,469**	**682,265**	-	-	**22,918**	**1,493,566**	6,901	449,738
Office expense	**-**	**-**	-	-	**4,438**	**289,224**	77	5,018
Provision for doubtful salary advance	**-**	**-**	-	-	**2,653**	**172,896**	-	-
Communication	**85**	**5,539**	-	-	**1,620**	**105,575**	1,433	93,389
Miscellaneous expense	**121**	**8,016**	771	50,246	**1,468**	**95,670**	3,272	213,236
Entertainment	**-**	**-**	-	-	**-**	**-**	3,263	212,650
	466,297	**30,388,705**	618,402	40,301,258	**2,388,332**	**155,647,596**	3,962,008	258,204,061

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

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2018.

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	**2018**	**2018**	2017	2017
	USD	**INR**	USD	INR
Income	**1,525,000**	**99,384,250**	1,525,000	98,888,625
Profit/(Loss) before tax	**(1,563,644)**	**(101,902,679)**	(1,480,195)	(95,983,244)
Profit/(Loss)after tax	**(1,603,617)**	**(104,507,719)**	(977,169)	(63,364,523)

Review of operations:

During the fiscal year under review the Company achieved an income of US$ 1.52 Million (equivalent to INR 9.9 Crores). 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: Texas
Date: May 10, 2018

INDEPENDENT AUDITOR'S REPORT

Board of Directors Tech Mahindra IPR, Inc.

a Delaware Corporation,

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 Delaware Corporation, 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, 2018 and 2017, and the related statements of income 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.

Auditors' 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.

Emphasis of matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 9 to the financial statements, the Company has over several years suffered recurring losses from operations and has a net capital deficiency that raised substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, except for the matter discussed in the emphasis of matter paragraph, 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, 2018 and 2017, 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 herein 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 16, 2018

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, 2018 and 2017, appears on pages herein. 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 herein 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 65.17 to 1.00 USD for both 2018 and 2017.

Catrakilis Kraitzick Hrabova, LLC.

Atlanta, Georgia

April 16, 2018

SUPPLEMENTAL BALANCE SHEETS

		March 31,			
ASSETS:	Note	**2018**		2017	
Current assets:		**USD**	**INR**	**USD**	INR
Cash		**105,046**	**6,845,848**	122,526	7,985,019
Property and equipment, net	4	**-**	**-**	196,372	12,797,563
Non Current assets:					
Deferred tax asset, net	5	**1,473,493**	**96,027,539**	1,513,467	98,632,644
Total Assets		**1,578,539**	**102,873,387**	1,832,365	119,415,226
LIABILITIES AND STOCKHOLDER'S DEFICIT:					
Liabilities:					
Current liabilities:					
Accrued expenses		**2,750**	**179,217**	2,750	179,216
Due to parent Company	6	**4,130,340**	**269,174,258**	3,380,313	220,294,998
Due to affiliated Company	6	**1,886,962**	**122,973,314**	1,287,198	83,886,694
Total current liabilities		**6,020,052**	**392,326,789**	4,670,261	304,360,908
Stockholder's deficit					
Common stock - no par value, 10,000 shares authorized;					
100 shares issued and outstanding	7	**100,000**	**6,517,000**	100,000	6,517,000
Accumulated deficit		**(4,541,513)**	**(295,970,402)**	(2,937,896)	(191,462,682)
Total stockholder's deficit		**(4,441,513)**	**(289,453,402)**	(2,837,896)	(184,945,682)
Total Liabilities and Stockholder's Deficit		**1,578,539**	**102,873,387**	1,832,365	119,415,226

See notes to supplemental financial statements

SUPPLEMENTAL STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Schedule	**Three Months Ended March 31,**				Twelve Months Ended March 31,			
		2018		2017		2018		2017	
		USD	**INR**	USD	INR	USD	INR	USD	INR
REVENUE	**I**	**400,000**	**26,068,000**	400,000	26,068,000	1,525,000	99,384,250	1,525,000	99,384,250
OPERATING EXPENSES:									
General and administrative	**II**	**558,584**	**36,402,919**	564,511	36,789,182	2,892,272	188,489,366	2,645,475	172,405,606
Depreciation	**Note 4**	**4,128**	**269,022**	89,930	5,860,738	196,372	12,797,563	359,720	23,442,952
Total operating expenses		**562,712**	**36,671,941**	654,441	42,649,920	3,088,644	201,286,929	3,005,195	195,848,558
Loss before income tax expense		**(162,712)**	**(10,603,941)**	(254,441)	(16,581,920)	(1,563,644)	(101,902,679)	(1,480,195)	(96,464,308)
INCOME TAX BENEFIT / (EXPENSE)	**Note 5**	**1,473,493**	**96,027,539**	86,301	5,624,236	(39,973)	(2,605,040)	503,026	32,782,204
NET INCOME / (LOSS)		**1,310,781**	**85,423,598**	(168,140)	(10,957,684)	(1,603,617)	(104,507,719)	(977,169)	(63,682,104)
Accumulated deficit, beginning of period		**(5,852,294)**	**(381,394,000)**	(2,769,756)	(180,504,999)	(2,937,896)	(191,462,682)	(1,960,727)	(127,780,579)
Accumulated deficit, end of period		**(4,541,513)**	**(295,970,402)**	(2,937,896)	(191,462,682)	(4,541,513)	(295,970,402)	(2,937,896)	(191,462,682)

See Notes to Financial See notes to supplemental financial statements

SUPPLEMENTAL STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		**2018**		2017	
	USD	**INR**	USD	INR	**USD**	**INR**	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income / (loss)	**1,310,781**	**85,423,598**	(168,140)	(10,957,684)	**(1,603,617)**	**(104,507,720)**	(977,169)	(63,682,104)
Adjustments to reconcile net income/ (loss) to net cash used in operating activities:								
Depreciation	**4,128**	**269,022**	89,930	5,860,738	**196,372**	**12,797,563**	359,720	23,442,952
Deferred income tax (benefit) / expense	**(1,473,493)**	**(96,027,539)**	(86,601)	(5,643,787)	**39,974**	**2,605,106**	(503,326)	(32,801,755)
Changes in operating assets and liabilities:								
Accounts receivable	**-**	**-**	375,000	24,438,750	**-**	**-**	400,000	26,068,000
Accrued expenses	**-**	**-**	-	-	**-**	**-**	(651)	(42,426)
Due to / (from) parent company	**31,740**	**2,068,496**	(359,120)	(23,403,850)	**750,027**	**48,879,260**	(19,286)	(1,256,869)
Due to affiliated Company	**118,930**	**7,750,668**	123,524	8,050,059	**599,764**	**39,086,620**	308,449	20,101,621
Net cash used in operating activities	**(7,914)**	**(515,755)**	(25,407)	(1,655,774)	**(17,480)**	**(1,139,171)**	(432,263)	(28,170,580)
Net decrease in cash	**(7,914)**	**(515,755)**	(25,407)	(1,655,774)	**(17,480)**	**(1,139,171)**	(432,263)	(28,170,580)
Cash, beginning of period	**112,960**	**7,361,603**	147,933	9,640,794	**122,526**	**7,985,019**	554,789	36,155,599
Cash, end of period	**105,046**	**6,845,848**	122,526	7,985,019	**105,046**	**6,845,848**	122,526	7,985,019

See notes to supplemental financial statements

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

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

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

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. As of March 31, 2018 and 2017 the allowance for doubtful accounts was $1,525,000 (INR 99,384,250) and $0, respectively. Management’s estimate 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 are recorded 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 (INR 99,384,250) starting on January 31, 2014 until January 31, 2019. In addition, the customer was to pay the Company five equal annual payments of $530,000 (INR 34,540,100) with the first payment due within 30 days of the customer’s acceptance of the final OCNS System. In return, the customer was to 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. As of March 31, 2018 the OCNS System has not been completed. During the quarter ended December 31, 2017 all development services were ceased and only maintenance services were provided to the customer. Software product has not yet established technological feasibility and is not expected to reach technological feasibility in the near future. As per Agreement in the event of a dispute between the Company and the customer with respect to any payments to be made under the Agreement, either party shall have the right to deposit the payments into an escrow account. For the period ended December 31, 2017 as a result of a dispute, the customer exercised the right and full amount due to the Company of $1,525,000 (INR 99,384,250) was paid into an escrow account. The Company raised an allowance for doubtful account for the full amount of the receivable from the customer.

Accounts receivable are as follows at March 31, 2018 and 2017:	**March 31,**			
	2018		2017	
	USD	**INR**	USD	INR
Amounts due for services rendered and billed	**1,525,000**	**99,384,250**	-	-
Less: allowance for doubtful accounts	**(1,525,000)**	**(99,384,250)**	-	
Accounts receivable, net	**-**	**-**	-	-

4. PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows at March 31, 2018 and 2017:	**March 31,**			
	2018		2017	
	USD	**INR**	USD	INR
Computers and software	**1,079,161**	**70,328,922**	1,079,161	70,328,922
Less: accumulated depreciation	**(1,079,161)**	**(70,328,922)**	(882,789)	(57,531,359)
Property and equipment, net	**-**	**-**	196,372	12,797,563

Depreciation expense for the three months ended March 31, 2018 and 2017 was $4,128 (INR 269,022) and $89,930 (INR 5,860,738). Depreciation expense for the twelve months ended March 31, 2018 and 2017 was $196,372 (INR 12,797,563) and $359,720 (INR 23,442,952).

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.

	Three Months Ended March 31,			
	2018		2017	
Current income tax expense consist of the following:	**USD**	**INR**	USD	INR
Federal	**-**	**-**	-	-
State	**-**	**-**	300	19,551
Total current income tax benefit	**-**	**-**	300	19,551

	Twelve Months Ended March 31,			
	2018		2017	
Current income tax expense consist of the following:	**USD**	**INR**	USD	INR
Federal	**-**	**-**	-	-
State	**-**	**-**	300	19,551
Total current income tax benefit	**-**	**-**	300	19,551

	Twelve Months Ended March 31,			
	2018		2017	
Deferred income tax expense / (benefit) consist of the following:	**USD**	**INR**	USD	INR
Federal	**136,371**	**8,887,298**	(86,601)	(5,643,787)
State	**(41,453)**	**(2,701,492)**	**-**	**-**
Expected income tax expense / (benefit) at statutory rate	**94,918**	**6,185,806**	**(86,601)**	**(5,643,787)**
Valuation allowance for deferred tax assets				
Federal	**(1,371,940)**	**(89,409,330)**	**-**	**-**
State	**(196,471)**	**(12,804,015)**	-	-
Net deferred income tax benefit	**(1,473,493)**	**(96,027,539)**	(86,301)	(5,624,236)

	Twelve Months Ended March 31,			
	2018		2017	
Deferred income tax expense / (benefit) consist of the following:	**USD**	**INR**	USD	INR
Federal	**277,898**	**18,110,613**	(503,326)	(32,801,755)
State	**(237,925)**	**(15,505,572)**	**-**	**-**
Total deferred income tax expense / (benefit)	**39,973**	**2,605,041**	**(503,326)**	**(32,801,755)**
Expected income tax expense / (benefit) at statutory rate	**39,973**	**2,605,040**	(503,026)	(32,782,204)

	March 31,			
Deferred tax asset consists of the following:	**2018**		2017	
	USD	**INR**	USD	INR
Federal	**1,235,569**	**80,522,032**	1,513,467	98,632,644
State	**237,924**	**15,505,507**	**-**	**-**
Total deferred tax asset	**1,473,493**	**96,027,539**	**1,513,467**	**98,632,644**

As of March 31, 2018 and 2017, the Company had approximately $4,352,320 (INR 283,640,694) and $4,371,200 (INR 284,871,104), respectively, of estimated federal and $1,349,001 (INR 87,914,395) state net operating losses (NOLs) available to be carried forward, respectively, through September 30, 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.

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, 2018 and 2017 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.

Transactions with parent Company:	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due to parent Company	**(4,098,600)**	**(267,105,762)**	(3,739,433)	(243,698,849)
Cost of services received	**(31,740)**	**(2,068,496)**	(364,728)	(23,769,324)
Amounts paid to parent Company	**-**	**-**	723,848	47,173,174
Ending balance, due to parent Company	**(4,130,340)**	**(269,174,258)**	(3,380,313)	(220,294,998)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due to parent Company	**(3,380,313)**	**(220,294,998)**	(3,399,599)	(221,551,867)
Cost of services received	**(750,027)**	**(48,879,260)**	(1,806,986)	(117,761,278)
Amounts paid to parent Company	**-**	**-**	1,826,272	119,018,146
Ending balance, due to parent Company	**(4,130,340)**	**(269,174,258)**	(3,380,313)	(220,294,998)

	March 31,			
Due to parent Company consists of:	**2018**		2017	
Amounts due to parent Company	**(4,130,340)**	**(269,174,258)**	(3,380,313)	(220,294,998)
Amounts due from parent Company	**-**	**-**	-	-
	(4,130,340)	**(269,174,258)**	(3,380,313)	(220,294,998)

Transactions with affiliated Company:	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due to TMA	**(1,768,032)**	**(115,222,645)**	(1,163,674)	(75,836,635)
Cost of services received	**(118,930)**	**(7,750,669)**	(196,306)	(12,793,262)
Amounts paid to TMA	**-**	**-**	72,782	4,743,203
Ending balance, due to TMA	**(1,886,962)**	**(122,973,314)**	(1,287,198)	(83,886,694)

Transactions with affiliated Company:	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due to TMA	**(1,287,198)**	**(83,886,694)**	(978,749)	(63,785,072)
Cost of services received	**(599,764)**	**(39,086,620)**	(822,548)	(53,605,453)
Amounts paid to TMA	**-**	**-**	514,099	33,503,831
Ending balance, due to TMA	**(1,886,962)**	**(122,973,314)**	(1,287,198)	(83,886,694)

Due to affiliated Company consists of:	March 31,			
	2018		2017	
Amounts due to TMA	**(1,886,962)**	**(122,973,314)**	(1,287,198)	(83,886,694)
Amounts due from TMA	**-**	**-**	-	-
	(1,886,962)	**(122,973,314)**	(1,287,198)	(83,886,694)

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 on deposit with financial institution in the United States of America. The Federal Deposit Insurance Corporation covers $250,000 (INR 16,292,500) for substantially all depository accounts. As of March 31, 2018 and 2017, the Company had $0 (INR 0) with the financial institution that exceed the Federally insured limit.

For the periods ended March 31, 2018 and 2017, 100% of revenue was derived from one customer.

9. GOING CONCERN

The accompanying financial statements have been prepared on the basis that the Company will continue as a going concern. If the Company was to measure the assets or liabilities on the liquidation basis of accounting, no material adjustments would be accounted for as the remaining significant assets and liabilities are either due to related parties or cash.

The Company recognized a net loss before income tax of $1,563,644 (INR 101,902,679) and $1,480,195 (INR 96,464,308) for the periods ended March 31, 2018 and 2017. At March 31, 2018 and 2017, current liabilities exceed current assets by $5,915,006 (INR 385,480,941) and $4,547,735 (INR 296,375,890), respectively.

Management acknowledges that uncertainty exists over the ability of the Company to continue as a going concern. Management's plans to mitigate the conditions or events that raise substantial doubt about the Company's ability to continue as a going concern are as follows:

During the quarter ended December 31, 2017 the shareholders of the Company and its Board of Directors come to a resolution to transfer the entire issued and outstanding capital of TM IPR to TMA. The extent of the transaction is subject to approval from the Reserve Bank of India.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 16, 2018, the date the financial statements were available to be issued.

On April 05, 2018 the Reserve Bank of India approved the disinvestment of shareholdings of Tech Mahindra Limited. The transfer of the issued and outstanding capital of TM IPR to TMA per confirmation of management will occur during the period ending June 30, 2018.

Except as discussed above, no significant events occurred subsequent to the balance sheet date but prior to April 16, 2018, that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		**2018**		2017	
	USD	**INR**	USD	INR	**USD**	**INR**	USD	INR
Schedule I								
REVENUE								
Revenue from third parties	**400,000**	**26,068,000**	400,000	26,068,000	**1,525,000**	**99,384,250**	1,525,000	99,384,250
	400,000	**26,068,000**	400,000	26,068,000	**1,525,000**	**99,384,250**	1,525,000	99,384,250
Schedule II								
GENERAL AND ADMINISTRATIVE								
Bad debt expense	**400,000**	**26,068,000**	-	-	**1,525,000**	**99,384,250**	-	-
Contracted services	**150,671**	**9,819,229**	561,033	36,562,521	**1,349,792**	**87,965,945**	2,629,534	171,366,731
Professional services	**7,323**	**477,240**	3,288	214,279	**16,307**	**1,062,727**	15,204	990,845
Miscellaneous expenses	**290**	**18,899**	190	12,382	**873**	**56,893**	737	48,030
Other taxes	**300**	**19,551**	-	-	**300**	19,551	-	-
	558,584	**36,402,919**	564,511	**36,789,182**	2,892,272	188,489,366	2,645,475	172,405,606

See Notes to Supplemental Financial Statements

TECH MAHINDRA GmbH

Supervisory Board
Mr. Rajesh Chandiramani
Mr. Manish M Vyas

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 YEAR FROM 1 APRIL 2017 TO 31 MARCH 2018

Business activities

TECH MAHINDRA GmbH is a wholly-owned German subsidiary of TECH MAHINDRA Limited, Pune/India (“TM Ltd.”). It was established in 2001. The entity’s business activities are focused on the provision of consultancy technology and rendering outsourcing services in 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.

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.

Development of the overall economy and the industry

The upswing of the German economy continues. The German Council of Economic Experts (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Lage) expects annual average growth in real gross domestic product (GDP) of 2.3% and 1.8% for 2018 and 2019, respectively. After years of robust growth in the past few years, the German economy has thus embarked upon a period of economic boom. In this economic climate, the ECB’s sustained expansionary monetary policy is partly responsible for a further increase in capacity overutilisation in the economy as a whole.

The sector in which our entity has operated benefits considerably from increasingly strong digitisation and the continuously high need for investment in IT. Entities know that in order to create sustainable competitiveness, they need to develop digitally within the company or face irrelevance. These challenges also provide opportunities for the global technology industry.

Significant events in the financial year 2017/2018

In the financial year 2017/2018, the former subsidiary, TECH MAHINDRA Business Services GmbH, Hamburg/Germany, which has so far been affiliated by a service agreement, was merged into the entity. TECH MAHINDRA Business Services GmbH primarily operates in the market of SAP consulting. A loss in the amount of kEUR 1,405 incurred as a result of the merger.

As of 1 September 2017, the entity moreover acquired a part of the business of LCC Telecom GmbH (affiliated company of TECH MAHINDRA Group) by means of an asset deal. The acquisition cost, determined on the basis of the interim financial statements as at 31 August 2017, is kEUR 426. The operation of the branch taken over will be continued in the newly established branch office in Ratingen/Germany. The services provided primarily comprise network services, which are settled under the concluded service agreement with Tech Mahindra Ltd. In the financial year 2017/2018, the branch office realised income from reimbursements of costs amounting to kEUR 1,510.

Development of revenue

As remuneration 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 our entity.

Revenue from the service agreement increased from kEUR 63,346 to kEUR 82,992.

Employees

The average number of employees increased from 475 to 551. As of 31 March 2018, the entity had 480 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 development centres in India. We also employ qualified staff and subcontractors on site. Our employees are working at client companies throughout

Germany, including in Bonn, Munich, Koblenz, Wolfsburg and Hamburg. Most of our employees have a university degree and a number of them have even postgraduate qualifications.

Business development

- **Results of 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 for the financial year 2017/2018, the entity reported a net profit for the period of kEUR 490, compared to kEUR 2,459 in the prior year. This corresponds to 0.6% (prior year: 3.9%) of the revenue. The decline in the net profit for the period is mainly attributable to the merger loss incurred due to the merger of TECH MAHINDRA Business Services GmbH.

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

  The cost of materials, which related exclusively to purchased services, totalled kEUR 35,526 (prior year: kEUR 21,683). The materials usage ratio (ratio of cost of materials to revenue) increased from 34.2% to 42.8% due to the higher use of subcontractors.

  The increase in employee benefits expense from kEUR 29,698 to kEUR 35,951 is mainly due to the significant rise in the number of employees. The employee benefits expense ratio (ratio of employee benefits expense to revenue) amounts to 43.3% and decreased as a result of the disproportionate increase in services provided by subcontractors (prior year: 46.9%).

  Other operating expenses increased from kEUR 8,228 to kEUR 10,092. The increase is notably attributable to the disclosed merger loss.

- **Net assets**

  The equity ratio declined by kEUR 19,269 to kEUR 66,965 due to the increase in the balance sheet total and from 47.2% to 34.4% as a result of the realised net profit for the period.

  The entity's assets are dominated by trade receivables as well as receivables from affiliated companies.

  The increase in trade receivables from kEUR 17,488 to kEUR 26,938 is notably due to the expansion of direct business with end customers following the takeover of the German branch of TM Ltd.

  The increase in receivables from affiliated companies from kEUR 27,406 to kEUR 33,315 is primarily due to the granting of a short-term loan (kEUR 5,268) to an affiliated company.

  Cash and cash equivalents and bank balances increased from kEUR 768 (1 April 2017) by kEUR 2,603. Explanations regarding this increase are given in the chapter "Financial position".

  The corresponding increase of the equity and liabilities side mainly results from the increase in the other provisions of kEUR 3,948 and the fact that the provisions for taxes were adjusted by kEUR 978 to kEUR 4,195.

  The higher other provisions were primarily set up on account of higher provisions for subcontractors as well as from provisions for outstanding invoices of affiliated companies.

  The increase in liabilities to banks relates to the taking out of a short-term loan, which accounts for kEUR 7,500.

  The expansion of business activity is attributable to the increase in liabilities to affiliated companies of kEUR 5,978.

- **Financial situation**

  As of 31 March 2018, the entity's cash funds (cash-in-hand, bank balances and current liabilities to banks) amounted to kEUR -4,902 (1 April 2017: kEUR 376). The kEUR 5,278 decrease was the result of cash outflows from investing activities of kEUR 7,564 and of cash inflows from operating activities of kEUR 2,286. Of the outflows from investing activities, kEUR 5,267 relate to the granting of a loan, while kEUR 2,297 account for capital expenditure on fixed assets.

  The service agreement ensures continuous cash inflow for the financing of current business activities.

Financial performance indicators

In terms of corporate management, the entity is not a separate unit within the TM Ltd. group of companies as it only performs subcontracted services for TM Ltd. 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 our 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 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 group reporting structures. This 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. Owing to the agreements that are in place, the entity is not subject to significant business risk.

Outlook, risks and opportunities for future development

Taking into account the current order backlog and business situation, we expect revenue and profit to increase in the financial year 2018/20198 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 financial year 2018/2019 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 service to increase. The introduction of new technologies is often accompanied by a lack of technical skills, which TECH MAHINDRA 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, we expect for the financial year 2018/2019 a revenue and a net profit for the period that are slightly higher than in the reporting period.

The predicted increase in revenue and profit is based on an increased volume of business, which will result in higher operating costs.

Düsseldorf/Germany, 13 July 2018

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 year from 1 April 2017 to 31 March 2018. The maintenance of the books and records and the preparation of the [annual] financial statements and 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 the 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 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, complies with the legal requirements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of the future development.

Düsseldorf/Germany, 16 July 2018

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

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

TECH MAHINDRA GmbH

BALANCE SHEET AS AT 31 MARCH 2018

Assets		31 Mar. 2018 EUR	1 Apr. 2017 kEUR	31 Mar. 2017 kEUR
A.	**Fixed assets**			
I.	**Intangible assets**			
1.	Software acquired for a consideration	**1,101,303.50**	2	0
2.	Customer base	**242,815.00**	425	425
		1,344,118.50	427	425
II.	**Property, plant and equipment**			
	Other equipment, operating and office equipment	**1,272,276.54**	359	329
III.	**Investments and financial assets**			
	Shares in affiliated companies	**8,356.86**	9	6,929
		2,624,751.90	795	7,683
B.	**Current assets**			
I.	**Receivables and other assets**			
1.	Trade receivables	**26,938,152.67**	17,488	17,488
2.	Receivables from affiliated companies	**33,314,897.82**	27,406	21,512
3.	Other assets	**968,188.97**	815	557
		61,221,239.46	45,709	39,557
II.	**Cash-in-hand and bank balances**	**2,613,570.35**	768	11
		63,834,809.81	46,477	39,568
C.	Prepaid expenses	**108,515.40**	36	13
D.	Deferred tax assets	**397,000.00**	432	432
		66,965,077.11	47,740	47,696

Equity and liabilities		31 Mar. 2018 EUR	1 Apr. 2017 kEUR	31 Mar. 2017 kEUR
A.	**Equity**			
I.	**Issued capital**	**601,000.00**	601	601
II.	**Capital reserves**	**16,995,554.04**	16,996	16,996
III.	**Retained profits brought forward**	**4,935,020.76**	4,935	2,476
IV.	**Profit/loss for the period**	**489,777.05**	-1,405	2,459
		23,021,351.85	21,127	22,532
B.	**Provisions**			
1.	Provisions for retirement benefit obligations and similar commitments	**127,379.46**	320	0
2.	Provisions for taxes	**4,195,437.53**	3,217	2,646
	Other provisions	**17,664,036.84**	13,716	13,354
		21,986,853.83	17,253	16,000
C.	Liabilities			
1.	Liabilities to banks	**7,516,484.00**	392	392
2.	Trade payables	**451,591.70**	990	921
3.	Liabilities to affiliated companies	**12,617,212.10**	6,639	6,584
4.	Other liabilities	**1,371,583.63**	1,339	1,267
	thereof taxes: EUR 855,534.00 (prior year: kEUR 1,071)			
		21,956,871.43	9,360	9,164
		66,965,077.11	47,740	47,696

INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018

		2017/2018 EUR	Prior year kEUR
1.	Revenue	**82,991,874.64**	63,346
2.	Other operating income thereof from currency translation: EUR 108,766.007 (prior year: kEUR 49)	**362,680.29**	141
3.	Cost of materials Cost of purchased services	**35,526,018.12**	21,683
4.	Employee benefits expense		
	a) Salaries	**31,639,495.52**	26,596
	b) Social security and post-employment costs	**4,311,377.91**	3,102
5.	Amortisation of and write-downs on intangible assets and depreciation of and write-downs on property, plant and equipment	**465,820.65**	265
6.	Other operating expenses thereof from currency translation: EUR 896,695.00 (prior year: kEUR 48)	**10,091,909.11**	8,228
7.	Other interest and similar income thereof from affiliated companies: EUR 291,214.91 (prior year: kEUR 0)	**291,214.91**	5
8.	Interest and similar expenses thereof related to discounting of provisions: EUR 5,139.00 (prior year: kEUR 0)	**217,452.18**	0
9.	Taxes on income	**895,850.00**	1,159
10.	Earnings after taxes	**497,846.35**	2,459
11.	Other taxes	**8,069.30**	0
12.	Profit for the period	**489,777.05**	2,459

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 APRIL 2017 TO 31 MARCH 2018

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).

Registration court: Düsseldorf/Germany

Registration number: Department B; no. 47738

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)).

With merger agreement dated 5 May 2017 and effect from 1 January 2017, the entity was merged with TECH MAHINDRA Business Services GmbH after the prior year's balance sheet date (merger by absorption). The merger was entered in the commercial register on 6 June 2017. TECH MAHINDRA Business Services GmbH has so far been affiliated with the entity and mostly operated in the field of SAP consultancy. A loss in the amount of kEUR 1,405 resulted from the merger. In addition, the income statement of the entity includes the results of TECH MAHINDRA Business Services GmbH for the period from 1 January to 31 March 2017 (kEUR 83).

For the purpose of comparability of the balance sheet as at 31 March 2018 with the prior year, the balance sheet was supplemented by a third column, which presents the effects of the merger on the assets and liabilities of TECH MAHINDRA GmbH as at 1 April 2017.

Accounting and valuation principles

Software acquired for a consideration is measured at acquisition cost and amortised on a straight-line basis over a useful life of four years.

The customer base is valued at cost and amortised on a straight-line basis over a useful life of five years.

Property, plant and equipment are measured at acquisition cost and depreciated according to the straight-line method over their useful life. Operating and office equipment is depreciated over a useful life of three to ten years.

Low-value items with acquisition cost of up to EUR 410.00 are expensed as incurred. Assets with acquisition cost of more than EUR 410.00 are amortised over their individual useful lives.

Investments and financial assets are recognised at acquisition cost.

Where necessary, the lower fair value as at balance sheet date is recognised.

Receivables and other assets are recognised at nominal value. Specific allowances cover all risks identifiable as at the balance sheet date.

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 have been set up for uncertain liabilities from retirement benefit obligations. The provisions have been set up in accordance with Sec. 253 (1) Sentence 2 German Commercial Code (HGB) at settlement amount determined according to sound business judgement.

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

Liabilities have been 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.

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 valued at the average rate for the date of initial recognition. On the reporting date, assets and liabilities denominated in foreign currencies with a remaining 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 AS AT 31ST MARCH 2018

Fixed assets

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

		Acquisition/ cost 1 Apr. 2017	Additions	Addition from merger	Disposals	Acquisition/ production Cost 31 Mar. 2018	Accum. amortisation/ depreciation/ write-downs 1 Apr. 2017	amortisation/ depreciation/ write-downs reporting period	Additions	Disposals	Reclassifica-tions	Accum. amortisation/ depreciation/ write-downs 31 Mar. 2018	Write-ups reporting period 31 Mar. 2018	Book value
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
A. I.	Fixed assets Intangible assets													
1.	Software acquired for a consideration	10,842.25	1,202,271.31	1,628.40	0.00	1,214,741.96	10,841.01	102,597.45	0.00	0.00	0.00	113,438.46	0.00	1,101,303.50
2.	Goodwill	910,519.50	0.00	0.00	0.00	910,519.50	485,604.50	182,100.00	0.00	0.00	0.00	667,704.50	0.00	242,815.00
	Total intangible													
	assets	921,361.75	1,202,271.31	1,628.40	0.00	2,125,261.46	496,445.51	284,697.45	0.00	0.00	0.00	781,142.96	0.00	1,344,118.50
II.	Property, plant and equipment													
	Other equipment, operating and office equipment	502,879.93	1,094,094.42	29,871.17	0.00	1,626,845.52	173,445.78	181,123.20	0.00	0.00	0.00	354,568.98	0.00	1,272,276.54
	Total plant, property and equipment	502,879.93	1,094,094.42	29,871.17	0.00	1,626,845.52	173,445.78	181,123.20	0.00	0.00	0.00	354,568.98	0.00	1,272,276.54
III.	Investments and financial assets Shares in affiliated													
	companies	6,928,616.81	0.00	0.00	6,920,259.95	8,356.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,356.86
	Total investments and financial assets	6,928,616.81	0.00	0.00	6,920,250.95	8,356.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,356.86
	Total fixed assets	8,352,858.49	2,296,365.73	31,499.57	6,920,250.95	3,760,463.84	669,891.29	465,820.65	0.00	0.00	0.00	1,135,711.94	0.00	2,624,751.90

The entity furthermore holds all shares in TechM IT-Services GmbH, Vienna/Austria. As at 31 March 2018, this entity's equity amounts to kEUR 5. In the financial year 2017/2018, the entity realised a net profit for the period of kEUR 22.

Moreover, the entity holds all shares in TECH MAHINDRA Norway AS. As at 31 March 2018, this entity's equity amounts to TNOK 30 (kEUR 3). In the financial year 2017/2018, the entity realised a net profit for the period of TNOK 83 (kEUR 9).

Receivables and other assets

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

The receivables from affiliated companies include receivables from the shareholder in the amount of kEUR 26,575 (prior year: kEUR 17,475).

With the exception of a loan receivable in the amount of kEUR 5,267 (prior year: kEUR 0), the receivables from affiliated companies relate to trade.

Deferred taxes

Deferred tax assets result from the different values recognised for trade receivables in the commercial balance sheet and in the tax base as well as from provisions for retirement benefit obligations.

The determination of the deferred tax assets as of 31 March 2018 led to a tax income of kEUR 35 that is netted under the tax expenses.

Deferred tax assets of kEUR 397 are blocked for distribution in accordance with Sec. 268 (8) Sentence 2 German Commercial Code (HGB).

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

Provisions for retirement benefit obligations

The projected unit credit method was applied to determine the provisions for retirement benefit obligations.

The following assumptions underlie the calculations:

Interest rate	3.57	%
assumed increases in salaries	2.00	%
Underlying life table	Prof Dr Klaus Heubeck's 2005 G Standard Tables	

With regard to post-employment benefit obligations, the difference between the average market interest rate of the past ten financial years and the average market interest rate of the past seven financial years in the current reporting period amounts to kEUR 24.

In accordance with Sec. 246 (2) Sentence 2 German Commercial Code (HGB), claims under a pension liability insurance, which is exempt from all other creditors' attachment and serves the purpose of fulfilling the debt from post-employment benefit obligations, were netted with these commitments. The acquisition costs of the assets eliminated amount to kEUR 289, the fair value of the assets totals kEUR 289 and the settlement value of the netted post-employment benefit obligations eliminated amounts to kEUR 410.

Other provisions

Like in the prior year, the other provisions notably include provisions for outstanding invoices for subcontractor services drawn (kEUR 5,699; prior year: kEUR 4,729) as well as for staff commitments (kEUR 2,089; prior year: kEUR 1,422).

Liabilities

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

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

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

Revenue

As in the prior year, revenue exclusively 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 notably include travel and distribution costs (kEUR 1,324; prior year: kEUR 1,339), legal and consultancy costs (kEUR 1,291; prior year: 2,050), recruitment costs (kEUR 130; prior year: kEUR 66) as well as occupancy costs (kEUR 1,513; prior year: kEUR 1,047). Expenses from currency translation amount to kEUR 100 (prior year: kEUR 149).

Taxes on income

Income taxes of kEUR 931 (prior year: kEUR 1,591) relate to trade and corporation tax as well as deferred tax assets of kEUR 35.

Other disclosures

Major post-balance-sheet-date events

No other major events were on hand after the balance sheet date that would be worth mentioning.

Members of Management

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

Ulhas Yargop, Mumbai/India, Member of the Board of Directors of TECH MAHINDRA Ltd., Pune/India

Vineet Nayyar, New Delhi/India, Chairman, Vice Chairman and Managing Director of TECH MAHINDRA Ltd., Pune/India

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 amounted to 551 (prior year: 475). They are exclusively salaried employees.

Other financial commitments

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

Auditors' fee

The fees charged by the auditors amount to kEUR 11 and exclusively relate to audit services.

Group affiliation

TECH MAHINDRA Ltd., 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. This 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 net profit for the period of EUR 489,777.05.

Düsseldorf/Germany, 13 July 2018	Vikram Nair, managing director
	Abhijeet Anant Awekar, managing director

TECHM IT-SERVICES GmbH

Directors
Marcel Buchner

Registered Office
Albertgasse 35, 1080 Vienna,
Austria

Bankers
Erste Bank der Oesterreichischen Sparkassen AG

Auditors
Deloitte Audit Wirtschaftsprüfungs GmbH

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AS OF 31 MARCH, 2018

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

We have completed our audit of the financial statements for the year ended March 31, 2018 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 as defined by section 221 of the Austrian Company Code ("UGB"). There is no statutory requirement for the Company to engage a supervisory board. Hence there is no statutory requirement to subject the statutory financial statements of the Company to an audit. Nevertheless, the Company, represented by its director, ordered us – based on the terms of the engagement agreed upon in the audit contract – to audit the financial statements for the year ended March 31, 2018 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).

An 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. These standards require the application of International Standards on Auditing. An audit shall provide reasonable assurance as to 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 misstatement of financial statements remains 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 2018. It was essentially completed 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" as attached) form an integral 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 line items of 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 prepared in accordance with sections 236 et seqq. UGB. 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 control 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, revenues, 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 become aware of any matters that may endanger the ability of the Company to continue as a going concern or adversely affect its viability or may indicate serious non-compliance of the director or employees of the Company with 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.

4. Auditor's Report

Opinion

We have audited the financial statements of TechM IT-Services GmbH, Vienna, which comprise the balance sheet as of March 31, 2018, 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, 2018 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 30, 2018

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Leopold Fischl 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.

BALANCE SHEET AS OF 31 MARCH, 2018 *

Assets

	March 31, 2018 EUR	March 31, 2017 EUR
A. Current Assets		
I. Debtors		
1. Amounts owed by affiliated undertakings	**32,422.00**	66,983.90
2. Other debtors	**17,203.00**	14,101.47
thereof amounts falling due after more than one year	**9,407.00**	9,406.80
	49,625.00	81,085.37
II. Cash at bank	**81,323.00**	83,487.16
	130,948.00	164,572.53
B. Deferred Tax Asset	**899.00**	0.00
	131,847.00	164,572.53

Liabilities and Capital and Reserves

	March 31, 2018 EUR	March 31, 2017 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	**72,051.00**	62,650.24
thereof brought forward	**62,650.24**	41,743.86
	77,051.00	67,650.24
B. Provisions for liabilities and charges		
1. Provision for severance benefits	**0.00**	7,594.00
2. Provisions for taxation	**4,028.00**	17,109.48
3. Provisions for other liabilities and charges	**48,356.00**	62,629.86
	52,384.00	87,333.34
C. Creditors		
1. Trade creditors falling due within one year	**1.00**	910.78
2. Other creditors falling due within one year	**2,411.00**	8,678.17
thereof from taxation	**254.00**	4,608.30
thereof from social security	**2,157.00**	4,069.87
	2,412.00	9,588.95
thereof falling due within one year	**2,412.00**	9,588.95
	131,847.00	164,572.53

*) 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 31 MARCH, 2018 *

		FY 2018 EUR	FY 2017 EUR
1.	Revenue from services	**218,828.00**	488,611.06
2.	Other operating income	**7,740.76**	320.00
3.	Expenses for services provided by subcontractors	**0.00**	-88,360.00
4.	Expenses for employee benefits		
	a) Salaries	**-123,214.00**	-218,721.77
	b) Expenses for other employee benefits and for statutory social security contributions and other salary related taxes and contributions	**-27,666.00**	-57,720.26
		-150,880.00	-276,442.03
5.	Other operating charges	**-63,155.00**	-96,253.67
6.	Subtotal of the lines 1 through 5 = Profit before tax	**12,533.76**	27,875.36
7.	Corporate income tax expense		
	a) current income tax expense	**-6,102.00**	-7,909.00
	b) deferred tax benefit	**2,969.00**	940.02
		-3,133.00	-6,968.98
8.	Profit for the year	**9,400.76**	20,906.38
9.	Accumulated profit brought forward from previous year	**62,650.24**	41,743.86
10.	Accumulated profit available for distribution to shareholders	**72,051.00**	62,650.24

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

FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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 are 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.

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.

The provisions for taxation comprise the following:

	31 March 2018	31 March 2017
	EUR	EUR
Provision for current corporate income taxes	**4,028.00**	15,039.00
Provision for deferred taxes	**0.00**	2,070.48
Total	**4,028.00**	17,109.48

Provisions for other liabilities and charges were recognized in respect of the following accrued liabilities:

	31 March 2018	31 March 2017
	EUR	EUR
Employee vacation earned but not yet taken	**22,599.00**	34,259.18
Outstanding invoices for services obtained	**20,750.00**	20,079.00
salaries (vacation subsidy and Christmas remuneration)	**5,007.00**	8,291.68
Total	**48,356.00**	62,629.86

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, of which the Company forms part. These consolidated financial statements may be obtained from Tech Mahindra Limited at its registered office.

Number of employees

The Company employed 1.33 salaried employees on average in the financial year under report (FY 2017: 2.23 employees).

TECH MAHINDRA (SINGAPORE) PTE. LIMITED

Board of Directors
Mr. Lim Tiong Beng
Mr. Suresh Bhat Hosdrug
Mr. Hrishikesh Mahesh Pandit
Mr. Manish Goenka

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, 2018.

In the opinion of the directors, the financial statements of the company as set out herein are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2018 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:

Mr. Lim Tiong Beng
Mr. Suresh Bhat
Mr. Hrishikesh Mahesh Pandit (Appointed on June 21, 2017)
Mr. 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		
- Suresh Bhat	9,097	1,000
- Hrishikesh Mahesh Pandit	923	1,223

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 BOARD

Suresh Bhat **Hrishikesh Mahesh Pandit**

Date: May 23, 2018

Place: Singapore

INDEPENDENT AUDITOR'S 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, 2018, 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, 2018 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 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.

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 23, 2018

TECH MAHINDRA (SINGAPORE) PTE. LIMITED

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

	Note	2018	2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	7	**1,830,988**	1,638,304
Trade receivables	8	**5,045,525**	6,311,917
Other receivables	9	**1,568,754**	59,067
Total current assets		**8,445,267**	8,009,288
Non-current assets			
Plant and equipment	10	**46,392**	64,157
Intangible assets	11	**-**	134,990
Deferred tax assets	12	**159,200**	109,142
Total non-current assets		**205,592**	308,289
Total assets		**8,650,859**	8,317,577
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	13	**2,534,721**	2,451,616
Other payables	14	**766,341**	981,714
Total current liabilities		**3,301,062**	3,433,330
Capital and reserves			
Share capital	15	**50,000**	50,000
Accumulated profits		**5,299,797**	4,834,247
Total equity		**5,349,797**	4,884,247
Total liabilities and equity		**8,650,859**	8,317,577

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MARCH 31, 2018

	Note	**2018**	2017
		$	$
Revenue	16	**7,083,307**	8,528,368
Other operating income	17	**49,555**	87,292
Employee benefits expense		**(4,958,089)**	(5,216,053)
Depreciation and amortisation expense		**(158,575)**	(139,976)
Other operating expenses	18	**(1,588,806)**	(2,673,598)
Profit before income tax	19	**427,392**	586,033
Income tax credit	20	**38,158**	7,477
Profit for the year, representing total comprehensive income for the year		**465,550**	593,510

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED MARCH 31, 2018

	Share Capital $	Accumulated Profits $	Total $
Balance at April 1, 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
Profit for the year, representing total comprehensive income for the year	**-**	**465,550**	465,550
Balance at March 31, 2018	**50,000**	**5,299,797**	5,349,797

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2018

	Notes	**2018**	2017
		$	$
Operating activities			
Profit before income tax		**427,392**	586,033
Adjustments for:			
Allowance for (Reversal of) doubtful debts and advances	18	**68,435**	(308,580)
Depreciation expense	10	**23,585**	4,986
Amortisation expense	11	**134,990**	134,990
Interest income	17	**(31,753)**	-
Operating cash flows before movements in working capital		**622,649**	417,429
Trade receivables		**1,197,957**	2,103,865
Other receivables and prepayments		**22,066**	27,242
Trade payables		**83,105**	(6,565,403)
Other payables		**(215,373)**	171,260
Cash generated from (used in) operations		**1,710,404**	(3,845,607)
Income tax (paid) received		**(11,900)**	29,447
Net cash from (used in) operating activities		**1,698,504**	(3,816,160)
Investing activities			
Purchase of plant and equipment	10	**(5,820)**	(67,125)
Loan to related party		**(1,500,000)**	-
Net cash used in investing activities		**(1,505,820)**	(67,125)
Net increase (decrease) in cash and cash equivalents		**192,684**	(3,883,285)
Cash and cash equivalents at the beginning of the year		**1,638,304**	5,521,589
Cash and cash equivalents at end of the year		**1,830,988**	1,638,304

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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, 2018 were authorised for issue by the Board of Directors on May 23, 2018.

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, 2017, 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 that are relevant to the company were issued but not effective:

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases*[2]

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

[2] 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. Further clarifications to FRS 115 were also issued in June 2016.

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:

	2018	2017
	$	$
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**8,423,674**	7,987,935
Financial liabilities		
At Amortised Cost	**3,301,062**	3,280,030

(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% (2017: 18%) 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 and Loan to related party. Fixed deposits and Loan to related party 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 2018 and 2017 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:

	2018 $	2017 $
Rendering of services	**(7,083,307)**	(8,528,368)
Services rendered on behalf of immediate holding company	**3,976,195**	10,856,581
Other reimbursement	**335,025**	101,576
Payment on behalf of ultimate holding company	**(7,091,588)**	(17,287,679)
Amount received from immediate holding company	**3,841,864**	9,724,213

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

	2018 $	2017 $
Short-term benefits	**298,100**	260,850

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

	2018 $	2017 $
Cash at bank	**530,988**	638,304
Fixed deposits	**1,300,000**	1,000,000
Total	**1,830,988**	1,638,304

Fixed deposits bear interest at 0.90% (2017: 0.45%) per annum and for a tenure of approximately 10 days (2017: 7 days). The fixed deposits can be converted into cash balances within a short notice and with minimum charges.

8 TRADE RECEIVABLES

	2018 $	2017 $
Outside parties	**4,257,165**	5,211,724
Less: Allowance for doubtful debts	**(117,119)**	(48,684)
	4,140,046	5,163,040
Holding company (Note 5)	**905,479**	1,148,877
	5,045,525	6,311,917

Movements in the allowance for doubtful debts:

At beginning of the year	**48,684**	603,921
Written off during the year	**-**	(238,923)
Increase (Decrease) in allowance (Note 18)	**68,435**	(316,314)
At end of the year	**117,119**	48,684

The credit period on services rendered ranges from 30 to 60 days (2017: 30 to 60 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 $117,119 (2017 : $48,684) 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:

	2018	2017
	$	$
Not past due and not impaired	**1,842,487**	1,864,791
Past due but not impaired (i)	**2,297,559**	3,298,249
	4,140,046	5,163,040
Impaired receivables - individually assessed (ii)		
- Past due and no response to repayment demands	**117,119**	48,684
Less: Allowance for impairment	**(117,119)**	(48,684)
Total trade receivables, net	**4,140,046**	5,163,040

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

	2018	2017
	$	$
< 3 Months	**467,623**	1,635,730
> 3 Months	**1,829,936**	1,662,519
Total	**2,297,559**	3,298,249

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 $2,297,559 (2017 : $3,298,249) 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

	2018	2017
	$	$
Advance to employees	**52,429**	91,266
Less: Allowance for doubtful debts on advance to employees	**(37,342)**	(53,577)
Prepayments	**21,593**	21,353
Loan to a related party	**1,531,753**	-
Other receivables	**321**	25
	1,568,754	59,067

Movement in the allowance for doubtful debts:

Balance at beginning of the year	**53,577**	45,843
Charge to profit or loss (Note 18)	**-**	7,734
Written off during the year	**(16,235)**	-
Balance at end of the year	**37,342**	53,577

An allowance has been made for estimated irrecoverable amounts for other receivables of $37,342 (2017: $53,577). This allowance has been made by reference to past default experience.

10 PLANT AND EQUIPMENT

	Equipment	Renovation	Total
	$	$	$
Cost:			
At April 1, 2016 and March 31, 2017	488,990	236,032	725,022
Additions	5,820	-	5,820
At March 31, 2018	**494,810**	**236,032**	**730,842**
Accumulated depreciation:			
At April 1, 2016	419,847	236,032	655,879
Depreciation	4,986	-	4,986
At March 31, 2017	424,833	236,032	660,865
Depreciation	23,585	-	23,585
At March 31, 2018	**448,418**	**236,032**	**684,450**
Carrying amount:			
At March 31, 2018	**46,392**	**-**	**46,392**
At March 31, 2017	64,157	-	64,157

11 INTANGIBLE ASSETS

Software

	$
Cost:	
At April 1, 2016 and March 31, 2017 and At March 31, 2018	**1,605,978**
Accumulated amortisation:	
At April 1, 2016	1,335,998
Amortisation	134,990
At March 31, 2017	1,470,988
Amortisation	134,990
At March 31, 2018	**1,605,978**
Carrying amount:	
At March 31, 2018	-
At March 31, 2017	**134,990**

12 DEFERRED TAX

	2018	2017
	$	$
Deferred tax assets	**159,200**	109,142

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

	Excess of book over tax Depreciation
	$
At April 1, 2016	126,330
Charge to profit and loss (Note 20)	(17,188)
At March 31, 2017	109,142
Charge to profit and loss (Note 20)	50,058
At March 31, 2018	159,200

13 TRADE PAYABLES

	2018	2017
	$	$
Outside parties	**296,327**	452,084
Holding company (Note 5)	**2,238,484**	1,999,532
	2,534,721	2,451,616

The average credit period on trade payables is 30 days (2017: 30 days). No interest is charged on the outstanding balance.

14 OTHER PAYABLES

	2018	2017
	$	$
Accruals	**679,068**	703,881
Deferred revenue	**-**	153,300
Other payables	**87,273**	124,533
	766,341	981,714

15 SHARE CAPITAL

	2018	2017	**2018**	2017
	Number of ordinary shares		**$**	$
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

	2018	2017
	$	$
Service income - immediate holding company	**7,083,307**	8,528,368

17 OTHER OPERATING INCOME

	2018	2017
	$	$
PIC incentives	**17,047**	87,292
Interest income	**31,753**	-
Others	**755**	-
Total	**49,555**	87,292

18 OTHER OPERATING EXPENSES

	2018	2017
	$	$
Allowance for (Reversal of) doubtful debts	**68,435**	(316,314)
Allowance for doubtful advances	**-**	7,734
Conveyance expenses	**70,895**	78,810
Rates & taxes	**1,595**	64,646
Entertainment expense	**96,432**	159,960
Insurance	**85,698**	72,750
Promotion and advertisement	**-**	327,113
Professional fees	**48,797**	59,602
Subcontractor	**133,578**	925,818
Travelling	**845,194**	849,517
Telecommunication	**82,053**	225,486
Others	**156,129**	218,476
Total	**1,588,806**	2,673,598

19 PROFIT BEFORE INCOME TAX

This has been arrived at after charging (crediting):

	2018	2017
	$	$
Allowance for (Reversal of) doubtful debts (Notes 8 and 18)	**68,435**	(316,314)
Allowance for doubtful advances (Note 9 and 18)	**-**	7,734
Employee benefits expense	**4,716,783**	5,036,539
Cost of defined contribution plans	**241,306**	179,514

20 INCOME TAX CREDIT

	2018	2017
	$	$
Income tax		
Current	**11,900**	-
Overprovision in prior years	**-**	(24,665)
	11,900	(24,665)
Deferred tax		
Current	**(50,058)**	17,188
Total	**(38,158)**	(7,477)

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	2018	2017
	$	$
Profit before income tax	**427,392**	586,033
Tax at the domestic income tax rate at 17%	**72,657**	99,626
Overprovision in prior years	**-**	(24,665)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**(109,591)**	-
Tax effect of non-deductible items/non-(taxable) income	**(1,224)**	(82,438)
	(38,158)	(7,477)

TECH MAHINDRA (THAILAND) LIMITED

Directors
Mr. Pranab Choudhury
Mr. Amitava Ghosh
Mr. Sanjeev Pinto
Mr. Hrishikesh Pandit
Mr. Anil Khatri – Resigned on 31st July, 2017

Registered Office
BB Building, 13th Floor, Unit No. 1304, Sukhumvit
21 Road (Asok), North Klongteoy Sub-district,
Wattana District, Bangkok

Bankers
HSBC Limited

Auditors
Deloitte Touche Tohmatsu Jaiyos Co., Ltd.

DIRECTORS ' REPORT

Your directors present their report together with the audited accounts of your Company for the year ended March 31, 2018.

Financial Results:

For the years ended March 31	**2018**	2017
	THB	THB
Income	**700,215,935**	320,326,484
Profit/(Loss) before tax	**29,177,203**	(1,419,566)
Profit/(Loss) after tax	**15,814,088**	(1,308,623)

Review of Operations:

The income for the year reported as THB 700,215,935. The Profit Before Tax for the year recorded as THB 29,177,203.

Directors:

The following are the directors of the Company

Mr. Pranab Choudhury

Mr. Amitava Ghosh

Mr. Sanjeev Pinto

Mr. Hrishikesh Pandit

Mr. Anil Khatri – Resigned on 31st July, 2017

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 2018-2019.

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

Pranab Roy Choudhury

Chairman

Place: Bangkok

Date : May 23, 2018

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, 2018, 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, 2018, 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’ Code of Ethics for Professional Accountants together with the ethical requirements 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)

BANGKOK

Registration No. 5033

May 23, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

UNIT : BAHT

	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**-**	590,383
Trade and other receivables	5	**32,558,288**	32,990,914
Other current assets	6	**18,609,750**	13,127,744
Total Current Assets		**51,168,038**	46,709,041
NON-CURRENT ASSETS			
Leasehold improvement and equipment	7	**87,509**	280,122
Deferred tax assets	8	**343,696**	213,851
Non-current assets - deposits		**327,240**	327,240
Total Non-current Assets		**758,445**	821,213
TOTAL ASSETS		**51,926,483**	47,530,254
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank Overdraft	14.1.1	**5,752,801**	-
Trade and other payables	9	**16,083,626**	34,033,536
Other current liabilities	10	**2,372,631**	2,291,300
Total Current Liabilities		**24,209,058**	36,324,836
NON-CURRENT LIABILITIES			
Employee benefit obligations	11	**1,860,920**	1,163,001
Total Non-current Liabilities		**1,860,920**	1,163,001
TOTAL LIABILITIES		**26,069,978**	37,487,837
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		**19,856,505**	4,042,417
TOTAL SHAREHOLDERS' EQUITY		**25,856,505**	10,042,417
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**51,926,483**	47,530,254

Notes to the financial statements form an integral part of these statements

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2018

UNIT : BAHT

	Notes	2018	2017
REVENUES			
Revenue from rendering services	13	**689,825,604**	320,110,520
Gain on exchange rate - net		**10,388,781**	-
Other income		**1,550**	215,964
Total Revenues		**700,215,935**	320,326,484
EXPENSES			
Cost of rendering services		**650,991,038**	311,403,809
Administrative expenses		**19,986,737**	10,333,869
Total Expenses		**670,977,775**	321,737,678
PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES (INCOME)		**29,238,160**	(1,411,194)
FINANCE COSTS		**60,957**	8,372
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES (INCOME)		**29,177,203**	(1,419,566)
INCOME TAX EXPENSES (INCOME)	8	**13,363,115**	(110,943)
NET PROFIT (LOSS)		**15,814,088**	(1,308,623)

Notes to the financial statements form an integral part of these statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2018

UNIT : BAHT

	Paid-up Share Capital BAHT	Retained Earnings Unappropriated BAHT	Total Shareholders' Equity BAHT
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
Beginning balance as at April 1, 2017	6,000,000	4,042,417	10,042,417
Net profit	-	15,814,088	15,814,088
Ending balance as at March 31, 2018	**6,000,000**	**19,856,505**	**25,856,505**

Notes to the financial statements form an integral part of these statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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's major shareholder is 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 to adopt Thai Accounting Standard No. 12 (Revised 2016) "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 2017) "Income Taxes" which is effective for the accounting periods beginning on or after January 1, 2018. 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 an accrual basis under the measurement basis of historical cost except as disclosed in the significant accounting policies (see Note 3).

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

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 diminution in value (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 by 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's judgments

The preparation of financial statements in accordance with TFRS for NPAEs and generally accepted accounting principles also requires the Company's management to exercise judgments in order to determine the accounting policies, 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 during the reporting period. 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:

	2018 Baht	2017 Baht
Current account	**-**	590,383

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at March 31, consist of the following:

	2018 Baht	2017 Baht
Trade receivables - other parties	**16,536,590**	13,015,590
Less Allowance for doubtful accounts	**(2,942,500)**	-
	13,594,090	13,015,590
Trade receivables - a related party	**13,578,814**	-
Other receivables - other parties	**2,172,473**	2,473,879
Less Allowance for doubtful accounts	**-**	(67,989)
	2,172,473	2,405,890
Other receivables - a related party	**-**	3,864,416
Unbilled revenues - a related party	**-**	9,340,003
Unbilled revenues - other parties	**3,212,911**	3,370,000
Advance payments - a related party	**-**	995,015
	32,558,288	32,990,914

6. OTHER CURRENT ASSETS

Other current assets as at March 31, consist of the following:

	2018 Baht	2017 Baht
Withholding tax deducted at source	**18,607,167**	13,125,161
Others	**2,583**	2,583
	18,609,750	13,127,744

7. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at March 31, consist of the following:

As at March 31, 2018

	Balance as at April 1, 2017 Baht	Additions Baht	**Balance as at March 31, 2018 Baht**
Cost			
Leasehold improvement	1,098,525	-	**1,098,525**
Office equipment	16,262	-	**16,262**
Computer	667,947	-	**667,947**
Total cost	1,782,734	-	**1,782,734**
Accumulated depreciation			
Leasehold improvement	(1,098,524)	-	**(1,098,524)**
Office equipment	(8,053)	(5,793)	**(13,846)**
Computer	(396,035)	(186,820)	**(582,855)**
Total accumulated depreciation	(1,502,612)	(192,613)	**(1,695,225)**
Leasehold improvement and equipment	280,122		**87,509**

As at March 31, 2017

	Balance as at April 1, 2016 Baht	Additions 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**
Depreciation for the years ended March 31,			
2018		**Baht**	**192,613**
2017		**Baht**	**238,724**

8. DEFERRED TAX ASSETS AND INCOME TAX EXPENSES (INCOME)

The deferred tax assets as at March 31, consist of the following temporary differences:

As at March 31, 2018

	Balance as at April 1, 2017	Transactions recognized in statement of income		**Balance as at March 31, 2018**
		Addition	Utilized	
	Baht	Baht	Baht	**Baht**
Deferred tax assets				
Depreciation	(18,749)	-	(9,739)	**(28,488)**
Employee benefit obligations	232,600	139,584	-	**372,184**
Total	213,851	139,584	(9,739)	**343,696**

As at March 31, 2017

	Balance as at April 1, 2016	Transactions recognized in statement of income		**Balance As At March 31, 2017**
		Addition	Utilized	
	Baht	Baht	Baht	**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**

Income tax for the years ended March 31, consist of the following:

	2018	2017
	Baht	Baht
Income tax expense for the year	**-**	
Adjustment of current income tax	**367,799**	
Adjustment of prior year income tax	**13,125,161**	
Deferred tax income	**(129,845)**	(110,943)
Income tax expenses (income) in the statements of income	**13,363,115**	(110,943)

Reconciliations of income tax expense (income) for the years ended March 31, were as follows:

	2018	2017
	Baht	Baht
Accounting profit (loss) before income tax	**29,177,203**	(1,419,566)
Permanent differences	**(5,690,766)**	8,451,385
Temporary differences	**(649,225)**	(554,715)
Income that is exempt from taxable - Promoted business	**(22,837,212)**	(6,477,104)
Taxable profit	**-**	-
Tax currently payable		
- Income tax rate (20%)	**-**	-
Tax effects of :		
Temporary differences		
Depreciation	**9,739**	99,043
Allowance for doubtful accounts	**-**	37,114
Employee benefit obligations	**(139,584)**	(247,100)
	(129,845)	(110,943)
Adjustment of current income tax	**367,799**	-
Adjustment of prior year income tax(1)	**13,125,161**	-
Income tax expense (income)	**13,363,115**	(110,943)
Effective tax rate	**46%**	(8%)

(1) Adjustment of prior year income tax was resulted from reversal of refundable withholding tax of prior year because the Company's management considered that refundable period will take long time and potential expenses from this refund are not worth for such refundable withholding tax amounts.

9. TRADE AND OTHER PAYABLES

Trade and other payables as at March 31, consist of the following:

	2018	2017
	Baht	Baht
Trade payables - a related party	**3,186**	32,268,080
Trade payables - other parties	**660,159**	249,755
Accrued expenses - a related party	**5,019,735**	-
Accrued expenses - other parties	**10,400,546**	1,515,701
	16,083,626	34,033,536

10. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, consist of the following:

	2018	2017
	Baht	Baht
Value-added-tax payable	**2,014,108**	1,702,873
Withholding tax payable	**358,523**	588,427
	2,372,631	2,291,300

11. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations as at March 31, consist of the following:

	2018	2017
	Baht	Baht
Beginning balances as at April 1,	**1,163,001**	433,920
Increase during the years		
- recognized as expense for the years	**697,919**	729,081
Ending balances as at March 31,	**1,860,920**	1,163,001

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 the 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 certificate.

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:

	2018	2017
	Baht	Baht
Domestic		
Non-promoted business	**603,000,000**	303,640,821
Promoted business	**86,825,604**	16,469,699
Total	**689,825,604**	320,110,520

14. SIGNIFICANT AGREEMENTS

14.1 Banking Facility Agreements

14.1.1 On April 7, 2017, the Company entered into banking facility agreements without collateral 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 and guarantees of Baht 10 million. As at March 31, 2018, the Company has drawn down overdraft of Baht 5.75 million. (As at March 31, 2017 : Nil)

14.1.2 On December 18, 2015, the Company entered into banking facility agreements without collateral 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, 2018 and 2017, the Company has not drawn down for this facility.

14.2 Service Agreements

14.2.1 On October 26, 2016, the Company had service agreement with a Company to provide accounting services with monthly fee and the agreement 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.

14.2.3 On March 21, 2007, the Company had service agreement with a Company to provide legal consultant services with service fees at the agreed rates and conditions specified in the agreement.

15. COMMITMENTS

As at March 31, the Company has non-cancellable lease commitments for building rental to be paid in the future as follows:

Remaining period	**2018**	2017
	Baht	Baht
Less than 1 year	**1,343,116**	1,250,265
Over 1 year but not over 5 years	**1,263,758**	126,129
Total	**2,606,874**	1,376,394

For the years ended March 31, 2018 and 2017, rentals applicable to long-term lease agreements have been recorded as expenses in the statements of income of Baht 1.30 million and Baht 1.16 million, respectively.

16. LETTERS OF GUARANTEE

As at March 31, 2018, the Company has letter of guarantees without collateral issued by a bank on behalf of the Company in respect of the contractual compliance with a Company amounting to Baht 1.09 million. This letter of guarantee is effective until January 31, 2019 and it is effective until date of the Company returns letter of guarantees to bank.

As at March 31, 2017, the Company has letter of guarantee without collateral issued by a bank on behalf of the Company in respect of the contractual compliance with a Company amounting to Baht 1.80 million. This letter of guarantee is effective until January 31, 2018 and it is effective until date of the Company returns letter of guarantees to bank.

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the authorized director of the Company on May 23, 2018.

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
Bank Negara Indonesia

Auditors
Satrio Bing Eny & Rekan

DIRECTORS ' REPORT

Your directors present their report together with the audited accounts of your company for the year ended March 31, 2018.

Financial Results

For the years ended March 31	**2018**	**2018**	2017	2017
	US $	**INR***	US $	INR
Income	**17,821,976**	**1,148,446,913**	15,495,227	1,004,787,995
Profit/(Loss) before tax	**1,228,753**	**79,180,759**	(79,504)	(5,155,437)
Profit/(Loss) after tax	**(461,973)**	**(29,769,508)**	(189,863)	(12,311,667)

*Average conversion rate considered is INR 64.44 per USD.

Review of Operations:

During the year under review, your company recorded an income of US$ 17,821,976 (equivalent to INR 1,148,446,913) increase of about 14 % over the previous year. Profit before tax was US$ 1,228,753 (equivalent to INR 79,180,759) an increase of 1646 % 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.

Acknowledgments:

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

Director **Director**

Date : May 23, 2018

INDEPENDENT AUDITOR'S 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, 2018, 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 these financial statements in accordance with Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Tech Mahindra Indonesia as of March 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

SATRIO BING ENY & REKAN

Juli Sinaga
Public Accountant License No. AP. 0962

May 24, 2018

STATEMENT OF FINANCIAL POSITION MARCH 31, 2018

	Notes	**March 31, 2018 US$**	March 31, 2017 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	5	**2,492,214**	4,323,725
Trade and other receivables	6		
Third parties - net of allowance for impairment losses of US$ 2,514,895 as of March 31, 2018 and US$ 1,059,759 as of March 31, 2017		**9,150,000**	8,118,313
Related parties		**-**	57,454
Prepaid taxes	7	**1,039,618**	1,060,408
Prepaid expenses and advances	8	**202,764**	857,147
Total Current Assets		**12,884,596**	14,417,047
NON-CURRENT ASSETS			
Deferred tax assets	21	**756,581**	414,929
Estimate claims for tax refund		**1,143,027**	1,904,613
Property and equipment - net of accumulated depreciation US$ 277,566 as of March 31, 2018 and US$ 262,644 as of March 31, 2017	9	**37,294**	19,423
Other assets	10	**45,802**	45,256
Total Non-current Assets		**1,982,704**	2,384,220
TOTAL ASSETS		**14,867,300**	16,801,267
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables	11		
Third parties		**318,136**	1,590,353
Related parties		**179,175**	42,169
Accrued expenses	12	**1,101,797**	1,002,215
Taxes payable	13	**712,873**	101,345
Other payables	14	**118,515**	128,004
Unearned Revenue	17	**-**	101,142
Total Current Liabilities		**2,430,496**	2,965,228
NON-CURRENT LIABILITIES			
Employment benefits	22	**356,009**	256,080
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		**72,657**	109,848
Retained earnings		**11,508,138**	12,970,111
Total Equity		**12,080,795**	13,579,959
TOTAL LIABILITIES AND EQUITY		**14,867,300**	16,801,267

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, 2018

	Notes	2018 US$	2017 US$
REVENUE	18	**17,821,976**	15,495,227
COST OF REVENUE	19	**(8,495,062)**	(7,954,905)
GROSS PROFIT		**9,326,914**	7,540,322
OPERATING EXPENSES	20	**(7,666,705)**	(6,942,223)
Loss on foreign exchange - net		**(336,157)**	(33,905)
Interest income		**5,180**	22,060
Others - net		**(100,479)**	(665,758)
PROFIT (LOSS) BEFORE TAX		**1,228,753**	(79,504)
INCOME TAX EXPENSE	21	**(1,690,726)**	(110,359)
NET LOSS FOR THE YEAR		**(461,973)**	(189,863)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement on net benefit liability	22	**(49,588)**	53,938
Income tax expense related	21	**12,397**	(13,485)
Total other comprehensive (loss) income for the year, net of income tax		**(37,191)**	40,453
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(499,164)**	(149,410)

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, 2018

	Notes	Paid-up capital stock US$	Retained Earnings US$	Other Comprehensive Income	Total equity US$
Balance as of April 1, 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
Net loss for the year		-	(461,973)	-	(461,973)
Other comprehensive income (loss)		-	-	(37,191)	(37,191)
Dividend	16	-	(1,000,000)	-	(1,000,000)
Balance as of March 31, 2018		**500,000**	**11,508,138**	**72,657**	**12,080,795**

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, 2018

	2018	2017
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (Loss) before tax	**1,228,753**	(79,504)
Adjustments for:		
Provision for (reversal of) impairment losses on trade account receivables	**1,455,136**	(22,758)
Tax Expenses	**107,567**	-
Employee benefits	**50,341**	79,906
Depreciation	**14,922**	21,116
Interest income	**(5,180)**	(22,060)
Operating Cash flows before changes in working capital:		
Trade account receivables	**(2,486,823)**	2,240,577
Other account receivables from a related party	**57,454**	2,905,042
Prepaid taxes	**(178,033)**	3,395,872
Prepaid expenses and advances	**654,383**	(114,046)
Other assets	**(548)**	8,018
Trade account payables	**(1,135,210)**	77,625
Other account payables	**(9,489)**	19,305
Accrued expenses	**99,581**	(3,193,537)
Taxes payable	**74,622**	(3,031,735)
Unearned revenue	**(101,142)**	(86,693)
Cash generated from operations	**(173,666)**	2,197,128
Interest received	**5,180**	22,060
Income tax paid	**(907,380)**	(1,550,809)
Tax refund	**277,148**	-
Net Cash (Used in) Provided by Operating Activities	**(798,718)**	668,379
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisitions of Property and Equipment	**(32,793)**	-
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	**(1,000,000)**	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT	**(1,831,511)**	668,379
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	**4,323,725**	3,655,347
CASH AND CASH EQUIVALENT AT END OF YEAR	**2,492,214**	4,323,725

See accompanying notes to financial statements which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 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.

The Company belongs to group of Companies own by Tech Mahindra Limited.

As at March 31, 2018 and March 31, 2017, 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, 2018 and March 31, 2017, the Company had 175 and 179 permanent employees, respectively.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. Amendments/improvements and Interpretations to standards effective in the current period

In the current year, the Company has applied, a number of amendments, and an interpretation to PSAK issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are effective beginning on January 1, 2017.

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:

- PSAK 1 (amendment): Presentation of Financial Statements about Disclosure Initiative;
- PSAK 60 (Improvement), Financial Instruments: Disclosures;
- ISAK 32, Definition and Hierarchy of Financial Accounting Standards

b. Standards and amendments to standards issued not yet adopted

New standards and amendments to standards effective for periods beginning on or after January 1, 2018, with early application permitted are:

- PSAK 2 (amendment), Statement of Cash Flows about Disclosure Initiative;
- PSAK 13 (amendment), Transfers of Investment Property;
- PSAK 15 (improvement), Investments in Associates and Joint Ventures;
- PSAK 16 (amendment), Property, Plant and Equipment – Agriculture: Bearer Plants;
- PSAK 46 (amendment), Income Tax: Recognition on Deferred Tax Assets for Unrealized Losses;
- PSAK 53 (amendment), Classification and Measurement of Share-based Payment Transactions;

- PSAK 67 (improvement), Disclosures of Interest in Other Entities;
- PSAK 69, Agriculture; and
- PSAK 111, Wa'd Accounting

Interpretation to standard effective for periods beginning on or after January 1, 2019, with early application permitted are as follows:

- ISAK 33, Foreign Currency Transactions and Advance Consideration.

Standard and amendments to standards effective for periods beginning on or after January 1, 2020, with early application permitted are:

- PSAK 15 (amendment), Investments in Associates and Joint Ventures: Long Term Interest in Associate and Joint Ventures;
- PSAK 62 (amendment), Insurance Contract: Applying PSAK 71: Financial Instruments with PSAK 62: Insurance Contracts;
- PSAK 71, Financial Instruments;
- PSAK 71 (amendment), Financial Instruments: Prepayment Features with Negative Compensation;
- PSAK 72, Revenue from Contracts with Customers; and
- PSAK 73, Leases.

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. These financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

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 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 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 debt 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 period. Loans and receivables 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 loans and receivables, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming 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.

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.

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 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 amortized cost would have been had the impairment not been recognized.

<u>Derecognition of financial assets</u>

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 recognize the financial asset and also recognizes 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

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Classification as debt or equity</u>

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 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.

Financial liabilities

Financial liabilities are classified as either financial liabilities “at FVTPL” or “at amortized cost”.

Financial liabilities at amortized cost

Financial liabilities, which include trade payables, accrued expenses and other payables, are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are 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.

g. Netting of Financial Asset and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize 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 exercizable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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. Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write-off the cost of assets less residual values 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.

The cost of maintenance and repairs is charged to profit or loss as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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 in profit or loss.

Accounting policy for impairment of financial assets is discussed in Note 3e.

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. 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").

<u>Rendering of Services</u>

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.

<u>Interest Income</u>

Interest income is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

<u>Expenses</u>

Expenses are recognized when incurred on an accrual basis.

n. 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 recognized in other comprehensive income in the period in which they occur. Remeasurement recognized 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 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
- 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 recognized 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.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

o. 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 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 arise 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.

Deferred tax assets and liabilities are offset when there is 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 on either the same taxable entity or different taxable entities when there is an intention to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 Property and Equipment

  The useful life of each item of the Company's property and equipment 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 property and equipment would affect the recorded amortization and depreciation expense and decrease in the carrying values of Property and equipment. The carrying amounts of Property and equipment are disclosed in Notes 10.

- 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, 2018 US$	March 31, 2017 US$
Cash in banks		
U.S. Dollar		
The Hongkong and Shanghai Banking Corporation	**24,769**	434,077
Rupiah		
The Hongkong and Shanghai Banking Corporation	**35,548**	456,550
PT Bank Mandiri (Persero) Tbk.	**79,027**	80,467
PT Bank Negara Indonesia (Persero) Tbk.	**54**	444
Sub-total	**139,398**	971,538
Cash equivalent		
Time deposit		
U.S. Dollar		
The Hongkong and Shanghai Banking Corporation	**900,000**	2,000,000
Rupiah		
The Hongkong and Shanghai Banking Corporation	**1,452,816**	1,352,187
Sub-total	**2,352,816**	3,352,187
Total	**2,492,214**	4,323,725

Time deposit earned interest at 3.3% and 3.6% per annum in 2018 and 2017, respectively.

6. TRADE AND OTHER RECEIVABLES

a. By Debtor

Third parties:	March 31, 2018 US$	March 31, 2017 US$
Total sundry debtors	**11,664,895**	9,178,072
Allowance for impairment losses	**(2,514,895)**	(1,059,759)
Net	**9,150,000**	8,118,313
Movements in allowance for impairment losses:		
Beginning of year	**1,059,759**	1,082,517
Additional provision made during the year	**1,455,136**	777,474
Write-off made during the year	**-**	(800,232)
End of year	**2,514,895**	1,059,759

b. Aging of trade receivables:

	March 31, 2018 US$	March 31, 2017 US$
Not Due	**1,302,494**	1,992,613
Overdue:		
1 - 30 days	**2,462,441**	2,484,240
31 - 60 days	**677,451**	2,083,861
61 - 90 days	**881,199**	854,482
Over 90 days	**6,341,310**	1,762,876
Total	**11,664,895**	9,178,072
Allowance for impairment losses	**(2,514,895)**	(1,059,759)
Net	**9,150,000**	8,118,313

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

	March 31, 2018 US$	March 31, 2017 US$
Corporate income tax (Note 22)		
March 31st, 2017	**350,116**	548,939
VAT receivable	**689,502**	511,469
Total	**1,039,618**	1,060,408

8. PREPAID EXPENSES AND ADVANCES

	March 31, 2018 US$	March 31, 2017 US$
Advances to employees (Note 26)	**202,764**	76,226
Rental software	**-**	780,412
Others	**-**	509
Total	**202,764**	857,147

9. ESTIMATED CLAIMS FOR TAX REFUND

	March 31, 2018	March 31, 2017
	US$	US$
Corporate income tax		
March 31, 2016	**1,143,027**	1,420,173
March 31, 2013	**-**	104,674
March 31, 2012	**-**	379,766
Total	**1,143,027**	1,904,613

On September 19, 2013, Directorate General of Taxation (DGT) issued underpayment tax assessment letter (SKPKB) on the Company's Corporate Income Tax (CIT) pertaining to fiscal year 2011 amounting to US$ 1,651,754 compared to overpayment US$ 379,766 recorded and being claimed by the Company. Based on the appeal assessment letter No. PUT- 88627/PP/M.XB/15/2017 dated November 15, 2017, the Company has an underpayment of CIT for fiscal year 2011 amounting to US$ 653,345 (equivalent to IDR 8,846,948,9780) net of overpayment of WHT article 23 amounting to US$ 379,766. The underpayment was paid on January 2018.

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. As of the issuance date the tax office rejected the appeal and it was charged in profit and loss.

On July 17, 2017, the Directorate General of Taxation (DGT) issued overpayment tax assessment letter (SKPLB) No. 00067/406/15/058/17 on the Company's Corporate Income Tax (CIT) pertaining to fiscal year 2015 amounting to US$ 469,856 compared to overpayment US$ 1,311,938 claimed by the Company. The Company received tax overpayment refund order (SPMKP) No. 058-547-2017 dated August 30, 2017 for the refund amounting to US$ 277,146 (equivalent IDR 3,689,651,047). As of the issuance date, the difference between the overpayment claimed by the Company and the refund received is still on objection with objection letter No. 007/TAXOBJ/X/2017 dated October 13, 2017. In addition on July 2017, the Company received several Tax Collection Letters (STPs) amounting to IDR 2,600,317,517 or equivalent to US$ 188,889 related to monthly tax installment for 2017 which already been netted it off from above overpayment tax assessment letter mentioned above related to Company's Corporate Income Tax pertaining to fiscal year 2015.

10. PROPERTY AND EQUIPMENT

	April 1, 2017	Additions	Deductions	**March 31, 2018**
	US$	US$	US$	**US$**
Cost:				
Computer	282,067	31,916	-	**313,983**
Office equipment	-	877	-	**877**
	282,067	32,793	-	**314,860**
Accumulated depreciation:				
Computer	262,644	14,886	-	**277,530**
Office equipment	-	36	-	**36**
	262,644	14,922	-	**277,566**
Net Carrying Amount	19,423			**37,294**

	April 1, 2016	Additions	Deductions	**March 31, 2017**
	US$	US$	US$	**US$**
Cost:				
Computer	282,067	-	-	**282,067**
Accumulated depreciation:	241,528	21,116	-	**262,644**
Computer				
Net Carrying Amount	40,539			**19,423**

In 2018 and 2017, depreciation charged to operating expenses amounted to USD 14,922 and USD 21,116, respectively (Note 21).

The Company's property and equipment 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 Property and equipment as of March 31, 2018 and 2017.

11. OTHER ASSETS

Other assets consist of rental deposit and other deposits.

12. TRADE PAYABLES

	March 31, 2018	March 31, 2017
	US$	US$
Total third parties payable	**318,136**	1,590,353
Related parties (Note 23)	**179,175**	42,169
Total	**497,311**	1,632,522

13. OTHER ACCOUNTS PAYABLES

This account represents leave encashment liabilities amounting to US$ 118,515 and US$ 128,004 as of March 31, 2018 and 2017, respectively.

14. ACCRUED EXPENSES

	March 31, 2018	March 31, 2017
	US$	US$
Sub-contract expenses	**1,004,666**	962,241
Medical claims	**86,680**	25,542
Payables to employees	**10,451**	14,433
Total	**1,101,797**	1,002,215

15. TAXES PAYABLE

March 31, 2014	**43,406**	43,406
Article 21	**32,295**	31,561
Article 23	**34,869**	26,378
Article 26	**63,328**	-
Article 4(2)	**2,069**	-
Total	**712,373**	101,345

16. CAPITAL STOCK

	March 31, 2018 and 2017		
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**

17. DIVIDENDS

On August 9, 2017, the Company declared the distribution of an interim dividend for 2017 amounting to USD 1,000,000 or USD 2 per share. The dividend was paid on August 15, 2017.

18. 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.

19. REVENUE

	2018 US$	2017 US$
Total revenue - net	**17,821,976**	15,495,227

20. 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 2018 and 2017, cost of revenue amounted to US$ 8,495,062 and US$ 7,954,905, respectively.

21. OPERATING EXPENSES

	2018 US$	2017 US$
Salaries	**2,875,697**	3,102,052
Other allowances	**1,427,231**	1,661,385
Professional fees	**438,238**	569,206
Travel	**367,407**	462,368
Variable performance allowance	**330,016**	398,451
School fees - overseas	**162,587**	162,691
Telecommunication	**79,350**	100,008
Employee benefits (Note 22)	**50,342**	79,905
Entertainment Expense	**97,229**	56,931
Bank Charges	**24,728**	45,048
Rental	**39,505**	39,007
Recruitment	**24,724**	38,903
Conveyance	**20,469**	23,538
Depreciation (Note 9)	**14,922**	21,116
Rates and taxes	**16,428**	-
Printing and stationary	**13,533**	13,483
Insurance	**134,544**	10,394
Severance Pay	**17,838**	7,804
Provision for (reversal of) impairment losses on trade receivables and advances	**1,455,136**	(11,056)
Others (each below US$ 10,000)	**76,783**	160,991
Total	**7,666,705**	6,942,223

22. INCOME TAX

Tax expense (benefit) of the Company consists of the following:

	2018 US$	2017 US$
Current tax	**(790,942)**	(60,284)
Deferred tax	**329,255**	35,884
	(461,687)	(24,400)
Tax penalties	**2,895**	(69,156)
Adjustment recognized in the current year in relation to the prior years corporate income tax	**(1,231,934)**	(16,803)
Total tax benefit	**(1,690,726)**	(110,359)

The adjustment recognized in the current year in relation to the prior year corporate income tax consists of adjustment to fiscal year 2012 amounting to US$ 1,033,111 (Note 9) and fiscal year 2016 amounting to US$ 198,823.

<u>Current Tax</u>

Reconciliation between income before tax per statements of profit or loss and other comprehensive income and taxable income is as follows:

	2018 US$	2017 US$
Income (loss) before tax per statements of profit or loss and other comprehensive income	1,228,753	(79,504)
Temporary differences:		
Provision for employment benefit	**50,342**	79,905
Leave enchasment	**16,238**	75,269
Difference between commercial and fiscal depreciation	**(14)**	(582)
Provision for (reversal of) impairment losses on trade receivables and advances	**1,455,136**	(11,056)
Total	**1,521,702**	143,536
Permanent differences:		
Insurance	**134,544**	10,394
School fees	**162,587**	158,354
Staff welfare	**16,685**	26,098
Meals	**-**	4,317
Interest income subjected to final tax	**(5,180)**	(22,060)
Write off of assets (included in Others - Net)	**104,676**	
Total	**413,312**	177,103
Taxable Income	**3,163,767**	241,135

Current tax expense and prepayment are computed as follows:

	2018 US$	2017 US$
Current tax:		
25% x US$ 3,163,766 in 2018 and US$ 241,135 in 2017	**790,941**	60,284
Less prepaid income taxes:		
Article 23	**(254,035)**	(272,135)
Article 25	**-**	(337,088)
Total	**(254,035)**	(609,223)
Tax payable (over payment) of corporate income tax (Note 7 & 14)	**536,906**	(548,939)

Deferred Tax

The details of the Company's deferred tax assets and liability are as follows:

	March 31, 2016	Credited (charged) to income for the year	Credited (charged) to other comprehensive income	March 31, 2017	Credited to income for the year	Credited (charged) to other comprehensive income	March 31, 2018
	US$	US$	US$	US$	US$	US$	US$
Provision for employment benefit	52,033	38,794	(13,485)	77,343	28,891	12,397	118,631
Differrence between commercial and fiscal depreciation	5,534	(145)	-	5,389	(5,500)	-	(111)
Provision for doubtful debts/ provision for doubtful advance	334,962	(2,764)	-	332,197	305,863	-	638,060
Deferred tax assets (liabilities) - net	392,529	35,885	(13,485)	414,929	329,254	12,397	756,581

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:

	2018 US$	2017 US$
Loss before tax	**1,228,753**	(79,504)
Tax at applicable rate	**307,188**	(19,876)
Tax effect of non-deductible expenses	**103,328**	44,276
Deferred tax impact of prior year	**51,171**	-
Total	**461,687**	24,400

23. EMPLOYEE BENEFITS

The Company provides post-employment 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 exposed 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 12, 2018 for 2018 and April 4, 2017 for 2017.

Amounts recognized in statements of profit or loss and comprehensive income in respect of the benefits are as follows:

	2018 US$	2017 US$
Current service costs	**42,709**	63,501
Interest costs	**19,259**	17,272
Gain on foreign exchange	**(11,626)**	(868)
Total	**50,342**	79,905
Remeasurement on net benefit liability: Actuarial Gain/Loss from experience adjustment	**24,528**	(71,299)
Current year acturial gain from changes in financial assumptions	**25,060**	17,361
Components of benefit cost recognised in other comprehensive income	**49,588**	(53,938)
Total	**99,930**	25,967

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:

	2018 US$	2017 US$
Beginning of the year	**256,079**	230,112
Current service costs	**42,709**	63,501
Interest costs	**19,259**	17,272
Gain on foreign exchange	**(11,626)**	(867)
Remeasurement on net benefit liability:		
Actuarial Gain/Loss from experience adjustment	**24,528**	(71,299)
Current year acturial gain from changes in financial assumptions	**25,060**	17,361
End of the year	**356,009**	256,080

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:

	2018	2017
Discount rate	**7.0%**	7.5%
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$ 46,404, while decrease by 1% in the discount rate would increase the post-employment benefit obligation by US$ 55,939 million.
- If the expected salary incremental rate is 1% higher, the post-employment benefit obligation would increase by US$ 52,447 million, while decrease by 1% in the salary incremental rate would decrease the post-employment benefit obligation by US$ 44,635 million.

24. 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:

	2018	2017
	US$	US$
Tech Mahindra Limited	**-**	57,454
Percentage to total assets	**-**	0.33%

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:

	2018	2017
	US$	US$
Purchase	**184,800**	366,236
Percentage to cost of revenue	**2.18%**	4.60%
Trade payables		
Tech Mahindra Limited	**179,175**	42,169
Total	**179,175**	42,169
Percentage to total liabilities	**6.43%**	1.14%

c. Total remuneration incurred by the Company for its key management personnel amounted to US$ 281,014 in 2018 and US$ 508,628 in 2017.

25. 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).

26. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCY OTHER THAN U.S. DOLLAR

As of March 31, 2018 and 2017, the Company had monetary assets and liabilities in currency other than U.S. Dollar as follows:

		2018		2017	
		Foreign currency	**Equivalent in US$**	Foreign currency	Equivalent in US$
Assets					
Cash and cash equivalent	Rp	**21,578,029,289**	**1,567,445**	25,159,651,191	1,889,658
Trade and other receivables	Rp	**109,020,208,682**	**7,919,527**	61,001,389,976	4,579,340
Liability	GBP	**8,969**	**12,626**	8,969	11,182
Trade payables	Rp	**4,269,455,913**	**310,137**	18,765,465,873	1,408,713
Net monetary assets (liability)		**126,328,791,027**	**9,189,461**	67,395,584,263	5,071,467

The conversion rate per US$ 1 used by the Company is Rp 13,766 on March 31, 2018 and Rp 13,321 on March 31, 2017. While the conversion rate per GBP used by the Company is Rp 19,685 on March 31, 2018 and Rp 16,640 on March 31, 2017.

27. FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT

a. Categories and Classes of Financial Instruments

	Loans and receivables US$	**Liabilities at amortized cost US$**
March 31, 2018		
Current Financial Assets		
Cash and cash equivalent	**2,492,214**	**-**
Trade accounts receivables	**9,150,000**	**-**
Prepaid expenses and advances	**202,764**	**-**
Total Financial Assets	**11,844,978**	**-**
Current Financial Liabilities		
Trade accounts payable		
Third parties	**-**	**318,136**
Related parties	**-**	**179,175**
Other accounts payables	**118,515**	
Accrued expenses	**-**	**1,101,796**
Total Financial Liabilities	**-**	**1,717,622**

	Loans and receivables US$	Liabilities at amortized cost US$
March 31, 2017		
Current Financial Assets -		
Cash and cash equivalent	4,323,725	-
Trade accounts receivables	8,118,313	-
Other accounts receivable from a related party	57,454	
Prepaid expenses and advances	8 57,147	-
Prepaid expenses and advances	13,356,639	
Total Financial Assets		
Current Financial Liabilities		
Trade accounts payable		
Third parties	-	1,590,353
Related parties	-	42,169
Other accounts payables	-	128,004
Accrued expenses	-	1,002,215
Total Financial Liabilities	-	2,762,741

b. Financial Risk Management Policies and Objectives

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 26. 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 1% against Indonesia Rupiah with all other variables held constant, profit and taxes of the period would have been US$ 73,837 higher/lower while a fluctuation by 3 % against Singapore Dollar and Euro respectively will only resulted to profit and taxes of the period to be US$ 9,929 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 may be required to pay.

	Less than one year	More than one year and not later than five years	More than five year	Total
	US$	US$	US$	US$
March 31, 2018				
Financial liabilities				
Trade payables	**497,311**	**-**	**-**	**497,311**
Accrued expenses	**1,101,796**	**-**	**-**	**1,101,796**
Other payables	**118,515**	**-**	**-**	**118,515**
Total	**1,717,622**	**-**	**-**	**1,717,622**

	Less than one year	More than one year and not later than five years	More than five year	Total
	US$	US$	US$	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

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	1-3 monts	3 months to 1 year	1-5 year	Total
	US$	US$	US$	US$	US$
March 31, 2018					
Financial assets					
Cash in banks	**2,492,214**	**-**	**-**	**-**	**2,492,214**
Trade and other receivables	**1,575,030**	**3,986,155**	**3,469,695**	**119,120**	**9,150,000**
Total	**4,067,244**	**3,986,155**	**3,469,695**	**119,120**	**11,642,214**

	Less than one month	1-3 monts	3 months to 1 year	1-5 year	Total
	US$	US$	US$	US$	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

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.

c. 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 16), 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.

d. 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.

28. MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages herein were the responsibilities of the management, and were approved by the Directors and authorized for issue on May 23, 2018.

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

Directors
Mr. Amitava Ghosh
Mr. Makarand Shete
Mr. Ravikanth Karne

Registered Office
Room 512-1 & 512-2,
No.6 South Zhongguancun Street,
Haidian District, Beijing

Bankers
HSBC Bank Limited

Auditors
Zhong Sheng Jia Hua
Certified Public Accountant
Beijing

DIRECTORS' REPORT

Your directors present their report together with the audited accounts of your Company for the year ended December 31, 2017.

Financial Results:

For the years ended December 31	**2017**	2016
	RMB	RMB
Income	**7991131.58**	18107522.49
Profit/(Loss) before tax	**644921.74**	1393640
Profit/(Loss) after tax	**483534.60**	1042070

Review of Operations:

The Company continued its marketing activities and an income of RMB 7,991,131.58 there was a profit of RMB 483,534.60

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 increasing its business in near future.

Acknowledgments:

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
President and Chairman

Ravikant Karne
Director

Place: Beijing

Date : May 23, 2018

REPORT OF THE AUDITORS

Shengjiawaishenzi[2018]No.006

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 2017 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 2017, and the results of operations and cash flows of the Company for the year ended 31 December 2017.

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:**
Public Accountants Co.,Ltd	**Name of CPA:**

Beijing·China

Janurary 19, 2018

BALANCE SHEET (AS OF 31 DECEMBER 2017)

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	2,632,229.32	2,819,400.62	Short-term loans	68		
Short-term investment	2			Bills payable	69		
Bills receivable	3			Accounts payable	70		
Dividend receivable	4			Advances on sales	71		
Interest receivable	5			Wages and salaries unpaid	72	0.01	2,766.55
Accounts receivable	6	843,588.98	670,327.91	Staff welfare fund unpaid	73		
Other receivables	7	16,069.76	174,236.91	Dividend unpaid	74		
Prepayments	8	42,181.89	237,330.95	Tax unpaid	75	192,574.32	89,155.99
Subsidy receivable	9			Other outstanding payments	80	656,041.25	651,368.49
Inventories	10			Other expenses	81		
Deferred expenses	11			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 year	86		
Total current assets	31	3,534,069.95	3,901,296.39	**Other current liabilities**	90		
Long-term investment:							
Long-term investment in stocks	32			Total current liabilities	100	848,615.58	743,291.03
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	11,297.43	Long-term accounts payable	103		
Less:Accumulated depreciation	40	25,319.20	313.82	Specific payable	106		
Fixed assets, net value	41	0.00	10,983.61	Other long-term liabilities	108		
Less:Provision for devaluation of fixed assets	42			Total long-term liabilities	110		
Fixed assets, net amount	43	0.00	10,983.61	Deferred taxation:			
Construction materials	44			Deferred tax, credit	111		
Construction in progress	45			Total liabilities	114	848,615.58	743,291.03
Disposal of fixed assets	46						
Total fixed assets	50	0.00	10,983.61	**Shareholders' Equity:**			
Intangible and other assets:				Share capital	115	3,441,546.02	3,441,546.02
intangible assets	51			Less:Investment 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	-768,731.33	-285,196.73
Deferred taxation, debit	61			Shareholders' Equity:	122	2,685,454.37	3,168,988.97
Total Assets	67	3,534,069.95	3,912,280.00	**Total Liabilities and Shareholders' Equity**	135	3,534,069.95	3,912,280.00

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

INCOME STATEMENT (FOR THE YEAR 2017)

Prepared by Tech Mahindra (Beijing) IT Services Ltd			**RMB Yuan**
Item	No.	Last year cumulative	**Current year cumulative**
1. Principal operating revenues	1	18,107,522.49	**7,991,131.58**
Less:operating cost	4		
operating tax and subsidies	5	106,733.09	**49,178.65**
2. Principal operating profit	10	18,000,789.40	**7,941,952.93**
Add:Other operating profit	11		
Less:Operating expense	14	45,955.41	**0.00**
Administration expense	15	16,534,369.31	**7,329,482.32**
Financial expense	16	15,301.80	**-6,655.53**
3. Operating profit	18	1,405,162.88	**619,126.14**
Add:Investment income	19		
Subsidy income	22		
Non-operating income	23	1,728.01	**25,924.40**
Less:Non-operating expense	25	610.60	**128.80**
4. Total profit	27	1,406,280.29	**644,921.74**
Less:Income tax payable	28	351,570.07	**161,387.14**
5. Net profit	30	1,054,710.22	**483,534.60**
6. Net profit	48	1,054,710.22	**483,534.60**
plus: (i) Beginning balance of Retained Earnings	49	-1,823,441.55	**-768,731.33**
(ii) Surplus to compensate for loss	50		
(iii) Other adjustment factor	51		
7. Profit available for distribution	52	-768,731.33	**-285,196.73**
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		
8. Distributable profit for investors	62	-768,731.33	**-285,196.73**
Less: Dividend payable on preferred stock	63		
(i) Discretionary surplus reserve	64		
(ii) Common stock dividends payable (profits payable)	65		
(iii) Transferred to capital (capital stock) common stock dividend	66		
(iv) Other	67		
9. Undistributed profits	68	-768,731.33	**-285,196.73**
Aong which: Annual pre-tax profits after irreparable loss.	69		
Supplementary information	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 in 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, 2017)

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	**8,470,599.47**
	Repayment of tax received	3	
	Other cash inflow relating to operating activities	8	**8,108.98**
	Total cash inflow	9	**8,478,708.45**
	Payments for purchase of goods and receipt of services	10	
	Payments to and for staff	12	**6,215,498.55**
	Taxation paid	13	**698,958.57**
	Other Payments relating to operating activities	18	**1,365,782.60**
	Total cash outflow	20	**8,280,239.72**
	Net cash inflow/outflow generated from operations	21	**198,468.73**
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	**11,297.43**
	Cash paid for investment	31	
	Other cash paid relating to investment activities	35	
	Total cash outflow	36	**11,297.43**
	Net cash inflow/outflow generated from investment activities	37	**-11,297.43**
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 echange rate**	55	
5.	**Net increase in cash and cash equivalents**	56	**187,171.30**

CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31, 2017)

Prepared by Tech Mahindra (Beijing) IT Services Ltd			**RMB Yuan**
Supplementary information		No.	**Amount**
1.	**Adjustment of net profit to cash flows generated from operations:**		
	Net profit	57	**483,534.60**
	Add:Provision for devaluation of assets	58	
	Depreciation of fixed assets	59	**313.82**
	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	**-180,055.14**
	Increase of payables in operations (less: decrease)	73	**-92,684.87**
	Others	74	**-**
	Net cash inflow/outflow generated from operations	75	**211,108.41**
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	**2,819,400.62**
	Less: Cash and bank balances at beginning of period	80	**2,632,229.32**
	Cash equivalent at end of period	81	**-**
	Less: Cash equivalent at beginning of period	82	**-**
	Net increase in cash and cash equivalents	83	**187,171.30**

NOTES TO FINANCIAL STATEMENTS 31 DEC. 2017

(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, Zhong Huan Shi Mao Building,No.A6 Jian Guo Men Wai 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 ASBE (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 1year).

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) Borrowing 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	**2,819,400.62**	2,632,229.32
In which: RMB	**2,819,389.19**	2,632,218.08
Dollar	**11.43**	11.24
Other monetary funds		
Total	**2,819,400.62**	2,632,229.32

2. Accounts receivable

Item	Ending balance		Beginning balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
In 1 years ((Included 1 years)	**670,327.91**	-	843,588.98	-
1-2 years (Included (2 years)		-		-
2-3 years ((Included 3 years)		-		-
More than 3 years Total		-		-
Total	**670,327.91**	-	843,588.98	-

3. Other Receivable

Item	Ending balance		Beginning balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
In 1 years ((Included 1 years)	**170,831.15**	-	12,664.00	-
1-2 years (Included (2 years)		-	3,405.76	-
2-3 years ((Included 3 years)	**3,405.76**	-	-	-
More than 3 years Total		-		-
Total	**174,236.91**	-	16,069.76	-

4. Prepayments

Item	Ending balance	Beginning balance
In 1 years ((Included 1 years)	**237,330.95**	42,181.89
1-2 years (Included (2 years)		
2-3 years ((Included 3 years)		
More than 3 years		
Total	**237,330.95**	42,181.89

5. Fixed Assets

Item	Beginning balance	Current period Increases	Current period Decreases	Ending balance
1. Original Cost		**11,297.43**		11,297.43
Office equipment		**11,297.43**		11,297.43
2. Accumulated amortization		**313.82**		313.82
Office equipment		**313.82**		313.82
3. Impairment provision				
Office equipment				
4. Net book value		**10,983.61**		10,983.61
Office equipment		**10,983.61**		10,983.61

6. Wages and salaries unpaid

Item	Beginning balance	Current period Increases	Current period Decreases	Ending balance
1. Wages, bonuses, allowances and subsidies	0.01	**3,834,544.64**	3,831,778.10	2,766.55
2. Employee benefit expenses	-	**1,678,964.35**	1,678,964.35	
Total	0.01	**5,513,508.99**	5,510,742.45	2,766.55

7. Tax unpaid

Item	Beginning balance	This year should pay	This year has been submitted	Ending balance
Value added tax	36,015.45	411,241.52	416,175.83	31,081.14
Personal income tax	55,317.17	677,511.03	704,756.10	28,072.10
Corporate Income Tax	95,593.19	161,230.44	231,217.65	25,605.98
Urban construction and maintenance tax	3,294.96	28,475.40	29,132.30	2,638.06
Education surcharge	2,353.55	20,213.95	20,808.79	1,758.71
Total	192,574.32	1,298,672.34	1,402,090.67	89,155.99

8. Other outstanding payments

Item	Ending balance		Beginning balance	
	Amount	**Proportion (%)**	**Amount**	**Provision (%)**
In 1 years (1 years)	**110,702.64**	**17.00**	103,360.32	15.76
1-2 years (2 years)			552,680.93	84.24
2-3 years (3 years)	**553,305.53**	**83.00**		
More than 3 years				
Total	**651,368.49**	**100.00**	656,041.25	100.00

9. Paid- in capital

Investor	Beginning balance		Current period Increases	Current period Decreases	Ending balance	
Name	**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

10. Capital reserve fund

Item	Beginning balance	Current period Increases	Current period Decreases	Ending balance
Share premium	**12,639.68**		-	12,639.68
Other Capital reserve fund	**-**	-	-	-
Total	**12,639.68**		-	12,639.68

11. Undistributed profit

Item	Amount of this year	Amount of last year
Opening balance	**-768,731.33**	-1,823,441.55
Current period Additions	**483,534.60**	1,054,710.22
Including: Transfer of net profits of this year	**483,534.60**	1,054,710.22
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	**-285,196.73**	-768,731.33

12. 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 Income of main businesses	7,991,131.58	0.00	18,107,522.49	0.00
2. Subtotal of other businesses Income of other businesses	7,991,131.58	0.00	18,107,522.49	0.00
Total	7,991,131.58	0.00	18,107,522.49	0.00

13. Non-operating income

Item	Current year cumulative	Last year cumulative
Refund of IIT	**25,924.16**	1,728.01
Other	**0.24**	
Total	**25,924.4**	1,728.01

14. Non-operating expense

Item	Current year cumulative	Last year cumulative
Tax overdue fine	128.80	610.60
Total	128.80	610.60

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.

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) 2017 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 Accountants Co.,Ltd   Chinese Institute of Certified Public Accountant:

Beijing China   Chinese Institute of Certified Public Accountant:

Janurary 19, 2018

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

Foreign Rights and Interests of Foreign-invested Enterprises Confirmation Form

Prepared by TECH MAHINDRA (BEIJING) IT SERVICES LIMITEDFill time: Janurary 19, 2018

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	-756,091.65	-272,557.05
	2.1 Capital reserve	12,639.68	12,639.68
	2.2 Surplus reserve		
	2.3 Undistributed profit	-768,731.33	-285,196.73
3.	Foreign dividend that allocated but not yet exported outside		
4.	Foreign currency account balances (Including regular items and capital items)	11.24	11.43

Note:

1. This year has been to export the amount of foreign profits is: 0.00Yuan.
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 (BEIJING) IT SERVICES LIMITED

January 19, 2018

TECH MAHINDRA (BAHRAIN) LIMITED S.P.C.

Board of Directors
Mr. Hrishikesh Pandit (Effective August 21, 2017)
Mr. Makarand Shete
Mrs. Dhanashree Bhat (Effective August 21, 2017)

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, 2018

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 herein of the financial statements.

CHANGE IN DIRECTORS

During the year, Mr. Girish Bhat and Mr. Anil Khatri resigned and the company has appointed two new directors - Mr. Hrishikesh Pandit and Mrs. Dhanashree Bhat.

AUDITORS

A resolution proposing the reappointment of Deloitte & Touche – Middle East as auditors of the Company for the year ending March 31, 2019 and authorising the Directors to fix their remuneration will be placed before members in the Annual General Meeting.

On behalf of the Board

Hrishkiesh Pandit	**Makarand Shete**
Director	Director

Date: May 22, 2018

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, 2018, 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, 2018, 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, 2018 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

22 May, 2018

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	Notes	**2018** **BD**	2017 BD
ASSETS			
Current assets:			
Accounts receivable and other assets	5	**34,999**	30,720
Amounts due from the parent Company	6	**6,849**	-
Cash and bank balances	7	**351,564**	474,284
Total assets		**393,412**	505,004
EQUITY AND LIABILITIES			
Equity:			
Share capital	8	**50,000**	50,000
Statutory reserve	9	**25,000**	25,000
Retained earnings		**299,896**	394,931
Total equity		**374,896**	469,931
Non-current liabilities:			
Employees' end-of service benefits	10	**8,270**	7,541
Current liabilities:			
Accounts payable and other liabilities	11	**10,246**	17,524
Amounts due to the parent Company	6	**-**	10,008
Total current liabilities		**10,246**	27,532
Total liabilities		**18,516**	35,073
Total equity and liabilities		**393,412**	505,004

The financial statements from page herein were approved and authorised for issue on May , 2018 and signed by:

Mr. Hrishikesh Pandit
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, 2018

	Notes	**2018** **BD**	2017 BD
Net service revenue to the Parent Company	6 & 12	**126,552**	162,811
Cost of revenue	13	**(85,586)**	(111,716)
Gross profit		**40,966**	51,095
Other income	14	**271**	32,428
General and administrative expenses	15	**(36,272)**	(41,348)
Allowance for impairment of receivables	5	**-**	(3,078)
Profit for the year		**4,965**	39,097
Total comprehensive income for the year		**4,965**	39,097

Mr. Hrishikesh Pandit

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, 2018

	Share Capital BD	Statutory Reserve BD	Retained Earnings BD	Total BD
Balance at April 1, 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
Total comprehensive income for the year	-	-	4,965	4,965
Dividend Paid during the year	-	-	(100,000)	(100,000)
Balance at March 31, 2018	50,000	25,000	299,896	374,896

The attached notes from an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	2018 BD	2017 BD
Cash flows from operating activities:		
Profit for the year	**4,965**	39,097
Adjustments for:		
Allowance for impairment of receivables	**-**	3,078
Credit balance written-off	**-**	(32,317)
Provision for employees' end-of-service benefits	**6,003**	9,021
	10,968	18,879
Changes in operating assets and liabilities:		
(Increase) / decrease in accounts receivable and other assets	**(4,279)**	15,795
(Increase) / decrease in amounts due from the Parent Company	**(6,849)**	5,343
(Decrease) / increase in accounts payable and other liabilities	**(7,278)**	3,856
(Decrease) / increase in amount due to the Parent Company	**(10,008)**	10,008
Cash (used in) / from operating activities	**(17,446)**	53,881
Settlement of employee's end-of-service benefits	**(5,274)**	(4,965)
Net cash (used in) / generated from operating activities	**(22,720)**	48,916
Cash flow from financing activity		
Dividend paid	**(100,000)**	-
Net cash used in financing activity	**(100,000)**	-
Net (decrease) / increase in cash and cash equivalents	**(122,720)**	48,916
Cash and cash equivalents beginning of year	**474,284**	425,368
Cash and cash equivalents at the end of year	**351,564**	474,284
Comprising of:		
Bank balance	**113,366**	123,542
Short term deposit	**238,198**	350,742
	351,564	474,284

The attached notes from an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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, 2017. 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
- 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 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.

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).

	2018	2017
	BD	BD
Accounts receivable	**35,489**	33,279
Allowance for impairment of receivables	**(3,078)**	(3,078)
Advances and other receivables	**2,588**	152,784
Allowance for impairment of advances and other assets	**-**	(152,265)
	34,999	30,720

At the reporting date, one Customer (2017: one customers) represented 100% of account receivables.

Ageing of gross receivables as at March 31, is as follows:

	2018	2017
	BD	BD
Not yet due	**2,588**	30,216
Less than 30 days	**5,933**	-
31 – 60 days		-
61- 90 days	**5,108**	504
91-180 days	**21,380**	
181 – 365 days	**-**	3,078
	35,009	33,798
Above 365 days	**3,078**	152,265
	38,087	186,063

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:

	2018	2017
	BD	BD
Balance beginning of year	**155,343**	260,438
Additions	**-**	3,078
Write off	**(152,265)**	(108,173)
Balance end of year	**3,078**	155,343

During the current year direct written-off on advances and other receivables amounted to BD Nil (2017: BD Nil).

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 121,274 (2017: BD 162,811) and unbilled revenue amounted to BD 5,278 (2017: BD NIL)

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 32,469 for the current year (2017: BD 40,256).

Balance in current account due from Parent Company amounted to BD 6,849 (2017: due to Parent Company BD 10,008).

The movement of the Parent Company account is as follows:

	2018	2017
	BD	BD
Opening balance	**(10,008)**	5,343
Billing to Parent – (Note 12)	**121,274**	162,811
Unbilled Revenue – (Note 12)	**5,278**	NIL
Pass through billing to customers	**(32,469)**	(40,256)
Other asset movement	**-**	26,652
Other reimbursement – net	**47,807**	-
Payments received – net	**(125,033)**	(164,558)
Ending balance	**6,849**	(10,008)

7. CASH AND BANK BALANCES:

	2018	2017
	BD	BD
Current account with bank	**113,366**	123,542
Short term deposit	**238,198**	350,742
	351,564	474,284

Short term deposit outstanding at year end, earns interest at a rate of 1.3% to 1.6% (2017: 0.67% to 0.89%) 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:

	2018	2017
	BD	BD
Balance beginning of year	**7,541**	3,485
Additions	**6,003**	9,021
Payments made during the year	**(5,274)**	(4,965)
Balance end of year	**8,270**	7,541

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES:

	2018	2017
	BD	BD
Due to suppliers	**6,694**	12,527
Accrued expenses	**309**	283
Accrued employees' benefits	**3,243**	4,714
	10,246	17,524

12. NET SERVICE REVENUE TO THE PARENT COMPANY:

	2018 BD	2017 BD
Pass through billings to customers (Note 6)	**32,469**	40,256
Less: Payable to Parent company on pass through billings	**(32,469)**	(40,256)
Service revenue to Parent Company (Note 6) (costs plus)	**126,552**	162,811
	126,552	162,811

13. COST OF REVENUE:

	2018 BD	2017 BD
Staff costs	**66,066**	94,909
Travel expenses	**19,520**	16,807
	85,586	111,716

14. OTHER INCOME:

	2018 BD	2017 BD
Credit balance written Back	**-**	32,317
Interest income	**271**	111
	271	32,428

15. GENERAL AND ADMINISTRATIVE EXPENSES:

	2018 BD	2017 BD
Professional fees	**24,212**	33,930
Rent	**4,560**	4,567
Telephone and mobile charges	**2,014**	834
Foreign exchange loss	**1,328**	944
Miscellaneous expenses	**4,158**	1,073
	36,272	41,348

16. FINANCIAL INSTRUMENTS:

Categories of financial instruments

The summary of financial assets and liabilities are follows:

	2018 BD	2017 BD
Financial assets		
At amortised cost (including cash and bank balances)	**390,824**	504,485
Financial liabilities		
At amortised cost	**10,246**	27,532

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
Nigeria

BANKERS
Citibank Nigeria Limited

AUDITORS
Grant Thornton Nigeria
(Chartered Accountants)
3rd & 4th Floors
294 Herbert Macaulay Way
Sabo-Yaba
Lagos, Nigeria.

SECRETARIES
Probitas Partners
70 Queens Street
Off Herbert Macaulay Way
Yaba
Lagos, Nigeria.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors submit their report together with the audited financial statements for the year ended 31 March 2018, 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 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.

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.

Date : May 23, 2018 BY ORDER OF THE BOARD

Place : Lagos, Nigeria **Director**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

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
Director

Mr. Ayan Chatterjee
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mahindra West Africa Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra West Africa Limited (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 period then ended, and notes to the fmancial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fmancial position of the Company as at 31 March 2017, and of its fmancial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (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.

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 Ethic’S for Proftssional Accountants (JESBA 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 intend s 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 than for. one resulting from error, as fraud may involve collusion, forgery, intentional 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 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 gomg 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 mattes. 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 opmton, 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.

Ucn Olcigbo, FCA FRC/2016/ICAN/0000001565.3

FOR: GRANT THORNTON (CHARTERED ACCOUNTANTS) LAGOS, NIGERIA.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		₦	₦
Revenue from Services	5	**846,305,477**	3,087,501,790
Subcontracting Expenses	6	**(836,015,048)**	(857,032,394)
Gross profit		**10,290,429**	2,230,469,396
Finance Cost	7	**(5,155,162)**	(14,577,150)
Less Expenses:			
Personnel Cost	8	**(615,540,987)**	(1,093,286,578)
Administrative Expenses	9	**(1,738,345,916)**	(2,518,740,376)
Depreciation Expenses	10	**(4,766,728)**	(4,119,692)
		(2,353,518,364)	(1,400,254,399)
Other Income	11	**60,515,864**	69,674,911
Loss Before Taxation		**(2,293,002,500)**	(1,330,579,488)
Taxation	12	**426,051,587**	(59,137,914)
Retained Loss for the Year		**(1,866,950,913)**	(1,389,717,402)
Per Share Data:			
Loss per share (Kobo)		**(12)**	(9)
Loss per share from continuing operations attributable to owners during the year: (expressed in naira per share)			
Basic and diluted loss per share		**(12)**	(9)

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018	2017
		₦	₦
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	13	**6,202,126**	11,330,537
Deferred Tax Assets	12	**602,852,673**	154,601,085
		609,054,799	165,931,623
CURRENT ASSETS			
Receivable and Prepayments	14	**4,408,153,999**	5,046,343,868
Cash and Cash Equivalent	15	**104,106,654**	587,698,494
		4,512,260,653	5,634,042,363
TOTAL ASSETS		**5,121,315,452**	5,799,973,985
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	19	**153,040,026**	153,040,026
General Reserve		**(2,766,144,477)**	(899,193,565)
		(2,613,104,451)	(746,153,539)
NON CURRENT LIABILITIES			
Unsecured Loan from Tech Mahindra Limited	19	**355,270,000**	457,593,800
CURRENT LIABILITIES			
Trade Payables	16	**740,577,705**	454,912,364
Other Payables	17	**6,587,892,873**	5,575,536,397
Income Tax Liabilities	12	**50,679,325**	58,084,963
		7,734,419,903	6,546,127,525
TOTAL EQUITY AND LIABILITIES		**5,121,315,452**	5,799,973,985

These financial statements were approved by the Board of Directors on and signed on its behalf by

Chief (Mrs.) Faidat Oreagba
Director

Mr. Ayan Chatterjee
Director

The notes on pages herein form an integral part of these financial statements.

TECH MAHINDRA (NIGERIA) LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Equity Share ₦	General Reserve ₦	Total ₦
Year Ended 31 March 2017			
Balance at 1 April 2016	153,040,026	490,523,837	643,563,863
Loss for the year		(1,389,717,402)	(1,389,717,402)
Balance as at 31 March 2017	153,040,026	(899,193,565)	(746,153,539)
Year Ended 31 March 2018			
Balance at 1 April 2017	**153,040,026**	**(899,193,564)**	**(746,153,538)**
Loss for the year		**(1,866,950,913)**	**(1,866,950,913)**
Balance as at 31 March 2018	**153,040,026**	**(2,766,144,477)**	**(2,613,104,451)**

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 ₦	2017 ₦
Cash flows from operating activities		
Loss Before Tax	**(2,293,002,500)**	(1,330,579,488)
Adjustments:		
Depreciation	**4,766,728**	4,119,692
Profit on Disposal of PPE	**(6,051,232)**	-
Operating Profit Before Working Capital Changes	**(2,294,287,004)**	(1,326,459,796)
(Increase)/Decrease in Debtors and Prepayment	**644,602,785**	(1,593,424,670)
Increase/(Decrease) in Trade Payables	**285,665,341**	171,090,399
Increase/(Decrease) in Other Payables	**1,012,356,476**	2,070,429,252
	1,942,624,602	648,094,980
Tax Paid	**(29,605,638)**	(1,115,480)
Net Cash Flow from Operating Activities	**(381,268,040)**	(679,480,297)
Cash flow from Investing Activities:		
Purchase of Property, Plant and Equipment	**-**	(4,033,845)
Net Cash flow from Investing Activities	**-**	(4,033,845)
Cash Flow from Financing Activities:		
Unsecured Loan from Tech Mahindra Limited	**(102,323,800)**	261,046,800
Net Cash Flow from Financing Activities	**(102,323,800)**	261,046,800
Net Cash Flow for the year	**(483,591,840)**	(422,467,342)
Cash and Cash Equivalents at 1 April 2017	**587,698,494**	1,010,165,836
Cash and Cash Equivalents at 31 March 2018	**104,106,654**	587,698,494
Cash and Cash Equivalent Consist of :		
Bank	**104,106,654**	587,698,494

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 ₦1.00. The Company is wholly owned by Tech Mahindra India.

2 Basis of Preparation

2.1 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

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis.

2.3 Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the Company’s functional currency.

2.4 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.

2.4.1 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.

2.4.2 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.

2.4.3 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.

2.4.4 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.

2.4.5 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.

2.4.6 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.

2.5 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.

2.6 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:

2.6.1 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.

2.6.2 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.

2.6.3 Disclosure initiative amendments to IAS 7', Issued: January 2016 (effective 1 January 2018)

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 2018. 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.

2.6.4 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.

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.

2.6.5 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.

2.7 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.
- 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.

3.2 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.

3.3 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.

3.4 Employee Benefits

3.4.1 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.

3.4.2 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.

3.5 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3.5.1 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.

3.5.2 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.

3.5.3 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.

3.6 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.

3.7 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.

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3.9 Property, Plant and Equipment

3.9.1 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.

3.9.2 Buildings, IT equipment and other equipment

3.9.2.1 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:

- 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.

Property, Plant and Equipment Cont'd

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.

3.9.2.2 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.

3.9.2.3 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.

3.10 Share Capital

3.10.1 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.

3.11 Financial Instruments

3.11.1 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.

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.

Financial Instruments Cont'd

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.

Financial Instruments Cont'd

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3.11.2 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.

3.11.3 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.

3.11.4 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.

3.11.4.1 Financial Assets at fair value through profit or loss

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3.11.4.2 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.

3.11.4.3 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.

3.11.4.4 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.

3.11.5 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.

3.11.6 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.

3.11.7 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.

3.11.8 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3.11.9 Impairment of Financial Assets

3.11.9.1 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.

Impairment of Financial Assets Cont’d

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.

3.11.9.2 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.

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.

3.12 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.

3.13 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

4.1 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.

4.2 Significant Risks

The Company has exposure to Significant Risks which are categorised as follows:

- Regulatory (captial adequacy, legal, accounting and taxation);
- Business environment (reputation and strategic);
- Operational (people, information technology and internal control processes);
- Market (equity prices, interest rate and currency); and
- Liquidity

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Detailed Discussion of Significant Risks

4.2.1 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.

4.2.1.1 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 2018, the directors are not aware of any significant obligation not provided for.

4.2.1.2 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.

4.2.1.2.1 Transactional Risk

The risk which concerns specific transactions entered into by the Company, including restructuring projects and reorgnizations.

4.2.1.2.2 Operational Risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

4.2.1.2.3 Compliance Risk

The risk associated with meeting the company's statutory obligations.

4.2.1.2.4 Financial Accounting Risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

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.

4.2.1.3 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.

4.2.2 Business Environment

4.2.2.1 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.

4.2.2.2 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.

Strategic Risk Cont'd

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.

4.2.3 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.

4.2.4 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.

4.2.4.1 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.

4.2.4.2 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.

4.2.5 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.

4.2.6 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.

4.2.6.1 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.

4.2.7 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.

4.2.7.1 Other Receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

4.2.8 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.

		2018 ₦	2017 ₦
5	**REVENUE FROM SERVICES**		
	Onsite and offshore revenue	**843,384,487**	2,561,387,166
	Hardware and software system revenue	**2,920,990**	526,114,624
		846,305,477	3,087,501,790

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.

		2018 ₦	2017 ₦
6	**SUBCONTRACTING EXPENSES**		
	Subcontracting expenses - onsite and offshore	**787,821,666**	605,053,554
	Subcontracting expenses - hardware and software system	**48,193,382**	251,978,839
		836,015,048	857,032,394

Subcontracting expenses relates the costs that are incured while bringing the goods to its point of sales and all the associated cost.

		2018 ₦	2017 ₦
7	**FINANCE COST**		
	Interest expenses	**1,257,712**	7,632,953
	Bank charges	**3,897,450**	6,944,197
		5,155,162	14,577,150

The finance cost relates to bank, interest and similar charges from the bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

		2018 ₦	2017 ₦
8	**PERSONNEL COST**		
	Salaries and wages	**572,316,947**	1,060,376,829
	Staff welfare	**5,916,440**	28,127,248
	Severance pay	**36,901,950**	
	Staff recruitment	**405,650**	4,782,500
		615,540,987	1,093,286,578

Personnel cost relates to cost incured in retaining the existing personnel as well as hiring the new once.

		2018 ₦	2017 ₦
9	**ADMINISTRATIVE EXPENSES**		
	Other operating expenses consist of the expenses listed below:		
	Guest house expenses	**27,119,723**	38,127,663
	Telephone, internet and postage	**9,532,403**	17,934,382
	Rent	**179,277,632**	359,107,171
	Motor running expenses	**26,893,476**	51,933,958
	Audit fees	**7,800,000**	7,800,000
	Office running expenses	**60,597,523**	88,358,954
	Bad debt written off	**933,073,499**	-
	Business promotion expenses	**-**	4,068,658
	Insurance	**26,228,253**	72,009,438
	Legal expenses and professional fees	**47,729,232**	52,137,106
	Travelling and conveyance	**72,011,450**	113,054,275
	Miscellaneous expenses	**2,700,000**	17,317,566
	Exchange loss	**345,382,725**	1,696,891,205
		1,738,345,916	2,518,740,376
10	**DEPRECIATION EXPENSES**	**4,766,728**	**4,119,692**

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.

		2018 ₦	2017 ₦
11	**OTHER INCOME**		
	Interest received	**46,861,032**	33,174,588
	Profit on Disposal of PPE	**6,051,232**	-
	Provision no longer required	**7,603,600**	36,500,323
		60,515,864	69,674,911

Other 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.

		2018 ₦	2017 ₦
12	**TAXATION**		
12.1	**Current Tax (Statement of Financial Position)**		
	Balance as 1 April	**58,084,963**	62,529
	Charge for the year	**22,200,000**	59,137,914
		80,284,963	59,200,443
	Paid during the year	**(29,605,638)**	(1,115,480)
	Balance as at reporting year	**50,679,325**	58,084,963

		2018	2017
		₦	₦
12.2	**Income Tax Expense**		
	Company income tax	**-**	50,619,786
	Education tax	**-**	7,402,648
	Information technology levy	**-**	-
	Under provision in prior year	**22,200,000**	1,115,480
		22,200,000	59,137,914
	Deferred tax expense recognised in the current year	**(448,251,587)**	-
	Charge to Income Statement	**(426,051,587)**	59,137,914

The tax rate used for the 2018 tax computation is 30% payable by Corporate Entities in Nigeria, 2% for Education Tax and 1% of profit before tax for information technology levy.

		2018	2017
12.3	**Deferred Tax Assets**	**602,852,673**	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.

		2018	2017
12.4	**Income Tax Reconciliation**		
	Loss Before Tax	**(2,293,002,500)**	(1,330,579,488)
	Income tax expenses calculated of LBT(2017:30%)	**(687,900,750)**	(399,173,846)
	Effect of disallowable expenses	**105,044,836**	510,258,419
	Effect of non axable income	**(2,049,582)**	(44,850)
	Effect of capital allowance		(3,901,121)
	Effect of balancing charge	**2,040,598**	-
	Effect of loss relief	**582,864,899**	(56,518,816)
	Effect of Tertiary Education tax	**-**	7,402,648
		-	58,022,434

13 PROPERTY, PLANT & EQUIPMENT

	Motor vehicle	Plant & machinery	Computer	Furniture & fittings	Office equipment	Total
	₦	₦	₦	₦	₦	₦
Cost						
As At 1 April 2017	40,780,825	4,193,223	7,716,386	8,055,000	422,000	61,167,434
Additions during the year		-	-	-	-	-
Assets Deletion	(18,138,950)	-	(651,000)	-	-	(18,789,950)
As At 31 March 2018	**22,641,875**	**4,193,223**	**7,065,386**	**8,055,000**	**422,000**	**42,377,484**
Depreciation						
As At 1 April 2017	34,681,076	3,919,226	4,478,009	6,392,868	365,718	49,836,897
Charge for the year	1,739,999	213,054	2,122,168	649,309	42,198	4,766,728
Assets Deletion	(18,138,937)	-	(289,328)	-	-	(18,428,265)
As At 31 March 2018	**18,282,138**	**4,132,280**	**6,310,847**	**7,042,177**	**407,916**	**36,175,358**
CARRYING AMOUNT						
As At 31 March 2018	**4,359,737**	**60,943**	**754,539**	**1,012,823**	**14,084**	**6,202,126**
As At 31 March 2017	**6,099,749**	**273,998**	**3,238,377**	**1,662,132**	**56,282**	**11,330,537**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

		2018 ₦	2017 ₦
14	**RECEIVABLE AND PREPAYMENTS**		
	Accounts receivable	**2,598,060,186**	3,139,913,525
	Provision for doubtful receivables	**(938,870,720)**	(14,754,888)
	Accounts receivable - net	**1,659,189,466**	3,125,158,637
	Withholding tax receivable	**1,199,581,166**	804,965,178
	Advance payment to suppliers	**404,376,007**	390,312,911
	Staff debtors	**14,229,013**	13,711,613
	Prepaid expenses	**787,683,752**	561,674,758
	Other Receivable	**6,412,916**	-
	Intercompany receivables	**336,681,679**	150,520,772
		4,408,153,999	5,046,343,868

All amounts are short-term. The net carrying value of trade receivables is considered to be at fair value.

		2018 ₦	2017 ₦
15	**CASH AND CASH EQUIVALENT**		
	Cash and cash equivalents consist of the following:		
	Bank Balances	**104,106,654**	587,698,494

These comprise of balances in foreign currencies that are translated at the period end, using the interbank rate as at 31 March 2018.

		2018 ₦	2017 ₦
16	**TRADE PAYABLES**		
	Trade and other payables consist of the following:		
	Advances from customers	**667,863,143**	380,832,106
	Receivable - mahindra west africa	**72,714,562**	74,080,258
		740,577,705	454,912,364

The carrying amount of trade and other payables are consindered to be at their fair values.

		2018 ₦	2017 ₦
17	**OTHER PAYABLES**		
	Accrued expenses	**6,486,489,431**	5,448,191,980
	Vat payable	**91,084,246**	102,559,803
	Withholding tax payable	**10,319,196**	24,784,613
		6,587,892,873	5,575,536,397
18	**Unsecured Loan from Tech Mahindra Limited India**	**355,270,000**	457,593,800
		355,270,000	457,593,800

All provisions are considered current.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
		₦	₦
19	**SHARE CAPITAL**		
	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.

		2018	2017
20	**PROFIT AND LOSS ACCOUNT**		
	The profit for the year is arrived at after charging the following:-		
	Depreciation	**4,766,728**	4,119,692
	Auditors Remuneration	**7,800,000**	7,800,000

21 EMPLOYEES

The number of persons employed by the Company during the year were 540.

		2018	2017
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

		2018	2017
23	**RELATED PARTY TRANSACTIONS**	₦	₦
	Parent Company - Tech Mahindra Limited India		
	Beginning balance due to Parent Company on 1 April	**5,048,084,481**	2,550,556,094
	Subcontractors for Subs cost to Parent Company	**730,069,626**	518,016,000
	Subcontractors for Subs cos to Parent Company unbilled	**61,326,026**	77,398,785
	Reimbursement of Expenses receivable from Parent		(59,190,819)
	Reimbursement of Expenses payable from Parent	**233,419,955**	602,984,450
	Interest on Loan taken from Parent Company	**27,915,340**	6,158,301
	Payments received from parents	**-**	58,690,170
	Payment to parent	**-**	-
	Revaluation due to exchange on opening	**-**	1,293,471,500
	Closing Balance as at 31 March	**6,100,815,428**	5,048,084,481
	Comviva Software fees payable	**(131,775,496)**	(116,613,436)
	Mahindra Comviva Nigeria (Loan with Interest)	**502,882,065**	224,176,438
	LCC Northern europe rent for equipment	**(4,722,173)**	(4,716,816)
	Loan from Tech Mahindra Limited India	**355,270,000**	457,593,800

24 Authorization of Financial Statements

The financial statements for the year 31 March 2018 (including comparatives) were approved by the board of directors on 23 May 2018.

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH 2018

	2018 ₦	%	2017 ₦	%
Revenue	**846,305,477**		3,087,501,790	
Service cost	**(2,943,794,137)**		(3,253,904,141)	
Value Added	**(2,097,488,660)**	**100**	**(166,402,352)**	**100**
Applied as follows:				
To Pay Employees:				
Salaries, Wages and Other Benefits	**615,540,987**	(29)	1,093,286,578	(657)
To Pay Government:				
Income and Education Taxes	**(426,051,587)**	20	59,137,914	(36)
To Pay Providers of Capital:				
To pay interest	**1,257,712**	(0)	7,632,953	(5)
Assets Replacement Provision:				
Depreciation	**4,766,728**	(0)	4,119,692	(2)
To Provide for the Future:				
Retained Loss	**(2,293,002,500)**	109	(1,330,579,488)	800
	(2,097,488,660)	**100**	**(166,402,352)**	**100**

Value added represents the wealth created through the efforts of the Company, its management and employees. The statement shows the distribution of the generated wealth amongts company employees, the government, providers of capital and amount retained for future creation of wealth.

FIVE - YEAR FINANCIAL SUMMARY

	2018	2017	2016	2015	2014
	₦	₦	₦	₦	₦
STATEMENT OF FINANCIAL POSITION					
ASSETS EMPLOYED					
Non-current Assets	609,054,799	165,931,623	166,017,470	25,748,874	17,201,084
Current Assets	4,512,260,653	5,634,042,363	4,463,085,033	3,104,968,508	3,267,298,508
Total Assets	**5,121,315,452**	**5,799,973,985**	**4,629,102,503**	**3,130,717,382**	**3,284,499,592**
FINANCED BY					
Share Capital	153,040,026	153,040,026	153,040,026	153,040,026	153,040,026
General Reserve	(2,766,144,477)	(899,193,565)	490,523,836	862,186,723	619,616,466
Non - Current Liabilities	355,270,000	457,593,800	196,547,000	196,863,000	343,094,946
Current Liabilities	7,379,149,903	6,088,533,724	3,788,991,640	1,918,627,633	2,168,748,174
	5,121,315,452	**5,799,973,985**	**4,629,102,503**	**3,130,717,382**	**3,284,499,612**
STATEMENT OF PROFIT OR LOSS					
Revenue	**846,305,477**	**3,087,501,790**	**3,215,286,268**	**2,479,869,824**	**3,258,375,365**
Profit/(Loss) before taxation	(2,293,002,500)	(1,330,579,488)	(515,336,953)	331,727,096	678,791,802
Income Tax Expense	426,051,587	(59,137,914)	143,674,066	(89,156,839)	(248,247,221)
Profit/(Loss) for the year	**(1,866,950,913)**	**(1,389,717,402)**	**(371,662,886)**	**242,570,257**	**430,544,581**
Per Share Data {in NGN}					
Earnings/(Loss) Per Share	(12.20)	(9.08)	(2.43)	1.59	2.81
Total Assets Per Share	33.46	37.90	30.25	20.46	21.46

The calculation of Earning/(Loss) Per Share (EPS) and Total Asset Per Share for each of the periods are based on the Ordinary Share Capital in issue on each period end date.

TECH MAHINDRA SOUTH AFRICA (PTY) LIMITED

Board of Directors
Mr. Lakshminarayanan Ravichandran
Mr. Abdul Ismail
Mr. Rikash Hurdeen
Mr. Farhadh Dildar – Resigned on 14th February, 2018
Mrs. Dhanashree Bhat

Registered Office
56 Karee Drive,
Walton Road,
Carlswald,
Gauteng
1685

Bankers
HSBC Bank

Auditors
Deloitte &Touche

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 2018, 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, were approved by the board of directors on 23rd May 2018 and signed on its behalf by:

Mrs. Dhanashree Bhat	**Mr Rikash Hurdeen**
Director	**Director**

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors have pleasure in presenting their report for the year ended 31 March 2018.

Business activities

The company is engaged in providing of information technology services and solutions.

Review of operations

The Company annual financial statements set out herein adequately reflect the state of affairs and the results of the business operations of the company for the year ended 31 March 2018.

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 (2017 - 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:

A Mr. Lakshminarayanan Ravichandran *

B Mrs. Dhanashree Bhat*

C Mr. Abdul Ismail

D Mr Rikash Hurdeen

* 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	PO 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 and the date of this report.

Company details

Business address

56 Karee Drive, Walton Road,

Carlswald, Gauteng, 1685

Postal address

PO Box 2184, Brooklyn Square,

Pretoria, Gauteng, 0075

Mrs. Dhanashree Bhat
Director

Mr Rikash Hurdeen
Director

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 2018, 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 2018, 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.

Emphasis of Matter – Subordination agreements

We draw attention to Note 2 in the financial statements, which indicates that the shareholders subordinated their loans in favour of third party creditors until the solvency of the company has been restored. Our opinion is not modified in respect of this matter.

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

23 May, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

Particulars	Note(s)	2018 Rand	2017 Rand
Assets			
Non Current Assets			
Deferred tax assets	14	**8,701**	2,639,695
		8,701	2,639,695
Current Assets			
Work in progress	3	**14,156,929**	3,235,104
Trade and other receivables	4	**76,302,482**	35,913,619
Rental deposit		**-**	232,015
Cash and cash equivalents	5	**27,149,988**	52,330,445
Other Current Assets	6	**14,164**	-
		117,623,563	91,711,183
Total Assets		**117,632,264**	94,350,878
Equity and Liabilities			
Equity			
Share capital	7	**100**	100
Accumulated loss		**6,980,066**	(6,684,927)
		6,980,166	(6,684,827)
Liabilities			
Non-current Liability:			
Loans from shareholders	2	**6,013,488**	10,131,397
Current Liabilities:			
Trade and other payables	8	**75,134,487**	90,904,308
Other Current Liabilities	9	**29,504,123**	-
Total Liabilities		**110,652,098**	101,035,705
Total Equity and Liabilities		**117,632,264**	94,350,878

These financial statements were approved and signed by the Directors on ……………..………..…………

FINANCIALSTATEMENTSFORTHEYEARENDED31MARCH2018STATE-MENT OF COMPREHENSIVE INCOME

Particulars	Note(s)	2018 Rand	2017 Rand
Revenue			
Revenue	10	**97,468,055**	114,520,652
Work in progress	3	**14,156,929**	3,235,104
		111,624,984	117,755,756
Cost of sales			
Cost of services rendered		**(86,062,449)**	(108,000,509)
		(86,062,449)	(108,000,509)
Gross profit		**25,562,535**	9,755,247
Operating expenses	11	**(7,228,393)**	(15,657,844)
Operating Profit / (Loss)		**18,334,142**	(5,902,597)
Finance Costs	13	**(287,888)**	(415,186)
Interest Received	12	**1,126,600**	639,838
Profit / (Loss) before taxation		**19,172,854**	(5,677,945)
Taxation	14 & 17	**(5,507,861)**	2,639,695
Profit / (Loss) after taxation		**13,664,993**	(3,038,250)
Total comprehensive Profit / (Loss) income for the year		**13,664,993**	(3,038,250)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
STATEMENT OF CHANGES IN EQUITY

Particulars	Share Capital Rand	Accumulated loss Rand	Total equity Rand
Balance at 1 April 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)
Profit for the year		13,664,993	13,664,993
Other comprehensive income			
Total comprehensive profit for the year			
Balance at 31 March 2018	100	6,980,066	6,980,166

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
STATEMENT OF CASH FLOWS

Particulars	Note(s)	**2018 Rand**	2017 Rand
Cash flows from operating activities			
Cash generated from operations	15	**(19,526,674)**	36,942,952
Interest income		**1,126,600**	639,838
Finance costs		**(287,888)**	(415,186)
Net cash generated from operating activities		**(18,687,962)**	37,167,604
Taxes Paid		**(2,374,586)**	(3,153,560)
Cash flows from financing activities			
(Decrease)/increase in shareholders loan		**(4,117,909)**	(713,131)
Net cash from financing activities		**(4,117,909)**	(713,131)
Total cash movement for the year		**(25,180,457)**	33,300,913
Cash at the beginning of the year		**52,330,445**	19,029,532
Total cash at end of the year	5	**27,149,988**	52,330,445

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.

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	**2018 Rand**	2017 Rand
Tech Mahindra Limited Incorporated in India ($ 510,999) Interest of R 164,340.35 ($ 13,959 at a rate R 11.77)	**6,013,488**	6,814,827
{2017: R 141,524 ($ 10,609 at a rate R 13.34)} was charged for the year at 2.22/ p.a upto July 20, 2017 and thereafter at 2.74/ p.a		
Falcorp Technologies (Pty) Ltd	**-**	3,316,570
The loan has been repaid in current year on September 18, 2018,Interest of R 64,978 was charged for the year at 7.5/ p.a.		
{2017: R 265,844 was charged at 7.5/ p.a}		
	6,013,488	10,131,397

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	**2018 Rand**	2017 Rand
Contracts in progress at the reporting period:		
Contracts in progress	**14,156,929**	3,235,104
	14,156,929	3,235,104

4 Trade and other receivables

Particulars	**2018 Rand**	2017 Rand
Provision for doubtful debts	**79,231,831**	35,746,692
Trade receivables	**(5,584,113)**	(3,150,929)
	73,647,718	32,595,763
Advance Corporate Tax	**2,651,279**	3,153,560
Prepaid Expenses	**2,050**	60,520
Other Advances	**-**	89,775
Staff advance for travelling	**1,435**	24,897
Provision for doubtful advances	**-**	(10,896)
	2,654,764	3,317,856
	76,302,482	35,913,619

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	**3,150,929**	273,076
Net provision raised during the year	**2,674,909**	2,877,853
Amounts written off during the year, net of recoveries	**(241,726)**	-
Closing balance	**5,584,113**	3,150,929

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	**50,907,522**	14,781,266
90 days	**542,542**	534,994
120 days	**557,848**	1,073,359
More than 120 days	**27,223,920**	2,842,947

Ageing of trade receivables past due and impaired

All impaired receivables are aged greater than 120 days

5 Cash and Cash Equivalents

Particulars	**2018 Rand**	2017 Rand
Cash and cash equivalents consist of:		
Bank balance - foreign $ 7,957.65 at a rate of R 11.77 (2017: $107,977 at a rate of R 13.34)	**93,671**	1,440,010
Bank balances - local	**27,056,317**	50,890,435
	27,149,988	52,330,445

6 Other Current Assets

Particulars	**2018 Rand**	2017 Rand
Accrued Interest on Fixed Deposit	**14,164**	-
	14,164	-

7 Share capital

The authorized share capital of the Company consists of 1000 shares of R1 each, issued and fully paid up.

Particulars	2018 Rand	2017 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**

8 Trade and other payables

Particulars	2018 Rand	2017 Rand
Trade payables	**25,231,246**	12,430,303
Falcorp Technologies (Pty) Ltd	**2,952,905**	1,271,626
Tech Mahindra Limited Incorporated In India	**46,950,336**	77,202,379
	75,134,487	90,904,308

9 Other Current Liabilities

Particulars	2018 Rand	2017 Rand
Other Current Liabilities (Unearned Revenue)	**29,504,123**	-
	29,504,123	-

10 Revenue

Particulars	2018 Rand	2017 Rand
Services rendered	**97,468,055**	114,520,652

11 Operating expense

Particulars	2018 Rand	2017 Rand
Advertising	**20,000**	4,482
Auditors remuneration	**35,000**	32,000
Bank charges	**47,311**	31,921
Consulting services	**8,375,686**	7,624,563
Donations	**225,000**	225,000
Employee costs	**5,759,204**	3,517,744
Lease rentals on operating lease	**465,718**	714,543
Printing and stationery	**-**	2,118
(Gain)/Loss on foreign exchange differences	**(9,044,205)**	(1,236,249)
Subscriptions	**51,924**	9,177
Telephone and fax	**134,177**	351,741
Provision for doubtful debts	**12,895**	2,877,853
Provision for doubtful Advance	**-**	10,896
Director Fees (Sitting fees paid to Mr. Abdul Ismail)	**480,000**	480,000
Travel - Other	**343,537**	109,977
Travel - overseas	**241,464**	835,159
Miscellaneous expenses	**80,682**	66,919
	7,228,393	15,657,844

12 Investment revenue

Particulars	2018 Rand	2017 Rand
Interest revenue		
Bank	**1,126,600**	639,838
	1,126,600	639,838

13 Finance costs

Particulars	2018 Rand	2017 Rand
Non-current borrowings (refer to note 2)	**229,318**	415,186
Interest and penalties paid	**58,570**	-
	287,888	415,186

14 Taxation

Major components of the tax expense

The following composed of Deferred tax asset recognised by the Company.

Particulars	Balance in 2017	Credited/ {Charged) to Profit or Loss	Balance in 2018
Brought forward business losses	1,701,815	(1,701,815)	-
Provision for Leave Encashment	52,569	4,186	56,755
Provision for doubtful debts	885,311	(933,365)	(48,054)
	2,639,695	**{2,630,994)**	**8,701**

15 Cash generated from operations

Particulars	2018 Rand	2017 Rand
(Loss)/Profit before taxation	**19,172,854**	(5,677,945)
Adjustments for:		
Interest received - investment	**(1,126,600)**	(639,838)
Finance costs	**287,888**	415,186
Provision for doubtful Rent Deposit	**116,096**	
Changes in working capital:		
Trade and other receivables	**(40,891,144)**	(20,345,540)
Construction contracts and receivables	**(10,921,825)**	3,974,923
Other Current Assets	**(14,164)**	-
Trade and other payables	**13,734,302**	59,216,166
Rental Deposit	**115,919**	-
	(19,526,674)	36,942,952

16 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	**2018**	2017
	Rand	Rand
Tech Mahindra Limited Incorporated in India	**52,963,824**	84,017,206
Falcorp Technologies (Pty) Limited	**2,952,905**	4,588,196
	55,916,729	88,605,402

Tech Mahindra Limited Incorporated in India

	2018	2017
	Rand	Rand
Balance at beginning of the year	**84,017,206**	34,742,863
Loan received / paid (incl. revaluations) during the year	**(4,985,459)**	(1,351,770)
Interest charged on loan	**1 64,340**	1 49,341
Subcontracting Expenses	**35,484,705**	52,034,010
Reimbursement of Expenses Paid	**9 88,950**	7 85,042
Payments made	**(62,705,918)**	(2,342,280)
Balance at end of the year	**52,963,824**	84,017,206

Falcorp Technologies (Pty) Limited

	2018	2017
	Rand	Rand
Balance at beginning of the year	**4,588,196**	6,148,610
Loans received during the year (net of payments)	**(3,898,933)**	-
Interest charged on loan	**64,978**	2 65,844
Software/Hardware and Project specific expenses	**7,730,318**	5,085,302
Consulting services (including VAT)	**8,159,326**	5,573,937
Rent Paid	**1 46,100**	-
Payments made	**(3,837,080)**	(12,485,497)
Balance at end of the year	**2,952,905**	4,588,196

17 Tax Computation

	2018	2017
	Rand	Rand
Net (loss)/profit per income statement	**19,172,854**	(5,677,945)
Permanent differences (Non deductible/Non taxable items) Interest, penalties paid in respect of taxes (us 23(d))	**2 25,000**	2 25,000
Leave Encashment	**14,951**	22,612
Provision for Doubtful Debts/Advances	**(2,338,184)**	2,166,562
Calculated tax (loss)/profit for the year	**17,074,621**	(3,263,771)
Assessed loss brought forward	**(6,800,097)**	(3,536,326)
Assessed loss for 2017 carried forward	**Nil**	(6,800,097)
Taxable Income	**10,274,524**	
Tax thereon @ 28/ in the Rand	**2 ,876,867**	Nil
Tax owing/(prepaid) for the current year	**2,876,867**	-

18 Post reporting date events

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorisation.

19 Comparative Figures

Comparative figures for the previous year have been reclassified/re arranged wherever necessary to conform with the presentation in the current year's financial statements.

COMVIVA TECHNOLOGIES LIMITED

Board of Directors
Vineet Nayyar
Ulhas Narayan Yargop
Jagdish Mitra
Chander Prakash Gurnani
Rajat Mukherjee
Sunita Umesh

Registered Office
A-26, Sector-34, Info City Gurugram,
Haryana-122001, India

Bankers
HDFC
BNP
IDBI
SCB

Auditors
B S R & Co.LLP

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Nineteenth Annual Report together with Audited Balance Sheet and Statement of Profit & Loss for the year ended on March 31, 2018.

The major Financial Highlights are as under:

FINANCIAL RESULTS	**2017-18 (Rs. in Mn except EPS)**	2016-17 (Rs. in Mn except EPS)
Total Income	**6412**	5700
Profit (Loss) before Depreciation & Taxation	**1539**	425
(-) Depreciation	**178**	(149)
Profit (Loss) before Taxation (-) Provision for Income Tax	**1362** **(445)**	276 (111)
(-) Deferred Tax charge/Reversal	**12**	115
(+) MAT Credit Adjustment/Entitlement	**0**	18
Profit (Loss) for the period EPS Basic (INR) EPS Diluted (INR)	**929** **42.75** **42.75**	298 13.74 13.74

BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS

Total Income for the year 2017-18 is INR 6412 Mn as against INR 5700 Mn in previous year.

In the concluded Financial Year, the Company had witnessed strong performance in the order book in the Africa and MENA regions. The Company has made new inroads into developed market of Australia through its acquisition of Emagine International in Australia. This has resulted in renewed Customer interest in the Company's products and solutions in the Consumer Value Management space with developed market references and the Company is being perceived as a serious player in the Consumer Value Management (CVM) space. The Company expects that CVM as a segment will exhibit high growth in the coming years and shall be one of the growth drivers for the Company.

The Company continued its strong engagement with its Key Customers. 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. We are also seeing good traction in the newer products such as Infinity, Ngage and GRB and are building up customer references in this space.

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.

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 & micro lending. TerraPay remittance volumes have shown an increasing trend during Financial Year 2018 and the growth is expected to continue in Financial Year 2019. The Company also plans to diversify into non-telco markets such as BFSI & retail industry through extension of its existing product portfolio as well as new products and services.

In the space of technology and innovation, 1 Patent was filed in Financial Year 2018 in India and 5 filed under National Phase filings outside India.

The Company continued to win prestigious awards and mentions over the last year. These include Golden Peacock Innovation Award, Global Telecoms Business Innovation Awards for iPacs in "Software & Applications Innovations" category, Asia Communication Awards 2017 for PreTUPS, "Best Payments Innovation of the Year" at the Payments and Cards Awards won by TerraPay, Joint win of the RemTECH Award in the "Visionary Game Changer" category along with Econet Wireless (Zimbabwe), Digital Impact Awards Africa - "Best Digital Financial Service Platform for Africa" won for Mobiquity platform, jointly won the AfricaCom Award in the "Fintech Innovation Award" category along with Econet Wireless (Zimbabwe) and won the GSMA Global Mobile Awards 2018 in the "Best Mobile Innovation for Women in Emerging Markets" category for the EcoCash Savings Club 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 having won several large multi-year revenue share deals across CVM, Digital Business Management, S&D, Managed Services, Grey route Blocking and Mobile Money during the financial year. 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 2017-18.

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, 2018. 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, 2018, your Company has 8 subsidiaries which include 18 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.**

During the Financial Year 2018, the Comviva Technologies B.V. incorporated its 100% subsidiary company in the name of Comviva Technologies (Australia) Pty Ltd and thereafter it has successfully acquired Australian based company Emagine International Holdings Pty Ltd as part of its growth plans. By virtue of this acquisition, Emagine group and Comviva Technologies (Australia) came under the Comviva Technologies B.V. umbrella with ultimate beneficial interests of Company which will further help Company's CVM business to expand in Australia.

Further in Financial Year 2018 the Emagine International Holdings Pty Ltd went for voluntary winding up and Comviva Technologies (Australia) Pty Ltd has taken over Emagine International Pty Ltd and became its direct subsidiary.

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) (RF) 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)

List of Subsidiaries	List of Step-down Subsidiaries
	Terra Payment Services (Mauritius)
	Terra Payment Services S.A.R.L. (Senegal)
	Terra Payment Services (India) Pvt Ltd
	Comviva Technologies Mexico, S de R.L. de C.V
	Comviva Technologies (Australia) Pty Ltd
	Emagine International Pty. Ltd

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

The Statutory Auditors of the Company, M/s BSR and Co, LLP (Firm Registration No. 101248W/W-100022) shall retire at the conclusion of the ensuing Annual General Meeting and have confirmed their willingness and eligibility for re-appointment and have also confirmed that the re-appointment, if made, would be in compliance of Section 139 and 141 of the Companies Act, 2013. The Board recommends their appointment as Auditor at the ensuing Annual General Meeting for a period of one year.

AUDITOR'S REPORT

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2017-18 by M/s. BSR & Co, 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 Board of Directors of the Company has registered / approved the transfer of shares from few of the Shareholders to Tech Mahindra Limited (Holding Company) marking its shareholding to 99.85% as on the date of this report.

EMPLOYEES STOCK OPTION PLANS

The Company had seven ESOP Schemes implemented for the employees of the Company. In FY 2012-13, Company offered cash in lieu of swap of shares. Most of the employees opted for the Scheme. There were few employees who did not opt for the swap and continue to hold the vested options till Aug 2017. The schemes have now expired (last one expired on 31-Aug-2017) and there are no Outstanding vested options as on date. During the year, shares held by the Comviva ESOP Trust were sold to Tech Mahindra Limited.

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 5 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	23-05-2017, 25-07-2017, 24-10-2017, 21-12-2017 & 25-01-2018

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	23-05-2017, 25-07-2017, 24-10-2017 & 25-01-2018
Nomination and Remuneration Committee	23-05-2017, 25-07-2017, 24-10-2017 & 25-01-2018
CSR Committee	23-05-2017, 25-07-2017, 24-10-2017 & 25-01-2018

Also one meeting of the Independent Directors was held on 23rd March, 2018 for the Financial Year 2017-18.

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	**74**	85
2	Recurring	**206**	515
3	Total	**280**	600
4	Total R&D expenditure as a percentage of total turnover	**5%**	10%

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, 2018**	Financial Year Ended 31st March, 2017
Foreign Exchange Earnings	**4625.92**	4508
Foreign Exchange Outflows	**1519.47**	1743

DIRECTORS

A. Changes in Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013, Mr. Jagdish Mitra (DIN: 06445179) Director, liable to retire by rotation and being eligible, offer himself for re-appointment in the forthcoming Annual General Meeting. He has also given his 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, Mr. Harjeet Singh Kohli (DIN: 07575784) was appointed as Director w.e.f. 29th June, 2017. Mr. Harjeet Singh Kohli (DIN: 07575784) and Mr. Devendra Khanna (DIN: 01996768) resigned from the Board with effect from 22nd December, 2017 and Mr. Manoranjan Mohapatra (DIN: 00043930) resigned from the Board with effect from 30th March, 2018. The Board took note of the services rendered by Mr. Harjeet Singh Kohli (DIN: 07575784), Mr. Devendra Khanna (DIN: 01996768) and Mr. Manoranjan Mohapatra (DIN: 00043930) during their tenure on the Board.

As on date, following is the composition of the Board:

Mr. Chander Prakash Gurnani (DIN: 00018234), Mr. Vineet Nayyar (DIN: 00018243), Mr. Ulhas Narayan Yargop (DIN: 00054530), and Mr. Jagdish Mitra (DIN: 06445179) are Directors of the Company.

Mr. Rajat Mukherjee (DIN: 03431635) and Ms. Sunita Umesh (DIN: 06921083) are Independent Directors of the Company.

Number of Board and Committee Meeting Attended				
Directors	Board Meeting	Audit Committee	CSR Committee	NRC Committee
Vineet Nayyar	4	-	-	-
CP Gurnani	2	-	-	2
Ulhas Yargop	2	2	2	-
Jagdish Mitra	3	-	-	-
Manoranjan Mohapatra	5	-	4	-
Harjeet Kohli	4	-	-	3
Sunita Umesh	5	4	4	4
Rajat Mukherjee	4	3	3	3
Devender Khanna	2	-	-	-

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 Director 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 Companies Act, 2013 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 to Mr. Manoranjan Mohapatra, Managing Director of the Company was within the prescribed ceiling under Section 197 of the Companies Act, 2013 read with Schedule V and relevant rules.

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. Mr. Harjeet Singh Kohli resigned from the Committee with effect from 22nd December, 2017.

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. Mr. Manoranjan Mohapatra resigned from the Committee with effect from 30th March, 2018.

B. Contents of the CSR Policy and initiatives taken as detailed are in **Annexure 5** to this report.

C. The company has spent INR 2,25,29,656 for approved CSR activities as prescribed under the Companies Act, 2013. The entire CSR contribution as calculated under provisions of Companies Act, 2013 has been spent.

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 2017-18 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.

Gurugram	**Bengaluru**	**Mumbai**
Poonam Tharad (Chairperson)	Poonam Tharad (Chairperson)	Poonam Tharad (Chairperson)
Aparna GV (External Consultant)	Aparna GV (External Consultant)	Aparna GV (External Consultant)
Neena Goel	Lata Rishi	Lianne Rodrigues
Chandni Tyagi	Sunita Jagtiani	Tanveer Mahmood
Anisha Khanna	Pawan S Kulkarni	
Naveen Tandon	Mahesh V Ghatage	
Manas Bal	Vamsi Madhav	
Rajendra M Thakur	Syed Nayeem Pasha	
Ajit Kumar Jain		
Abhai Srivastava		

During the year under report, there were three complaints which were received by the ICC, and the Committee disposed of all three Complaint during the year.

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 6.**

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 an 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 was transferred to the Principal Bench at New Delhi, order has been reserved by the Hon'ble Bench while hearing the matter on 20th April, 2018.

Also, an application was filed before NCLT, Chandigarh for approval to issue new share certificates to all the existing members of the Company. Registrar of the Chandigarh NCLT, has stated in his letter dated 8th Dec 2017 that NCLT is not the authority to permit such sort of decisions. Hence, the Board of Directors has approved the issue of new share certificates to all the shareholders of the company in lieu of existing share certificates.

Also, an application was filed to Reserve Bank of India to sought relief and guidance necessary for the Company's subsidiaries and step-down subsidiaries.

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

Date: 21 May, 2018	**Mr. C P Gurnani**	**Mr. Vineet Nayyar**
Place: Gurugram	Director	Director

ANNEXURE-1

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2017-18

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, 2018 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, 2018 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

   ➢ IGST (Integrated Goods and Services Tax) Act

   ➢ CGST (Central Goods and Services Tax) Act

   ➢ 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.

Compliances have been generally made during the financial year 2017-18.

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 year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

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 their permission to revise the report of the Board of Directors for the financial year ending March, 2016, to correct the figure reported under the head capital expenditure on R&D. The matter was transferred to the Special Bench of Hon'ble National Company Law Tribunal at New Delhi. The Hon'ble Special Bench has reserved the matter for pronouncement of the order.

During the year under review, Company has issued new equity share certificates to all the existing members of the Company by canceling the old equity shares issued, with the approval of the Board by circulation.

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 Companies Act, 2013. 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 two occasions, where the Board meetings were held at shorter notice and both these meetings were 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.

Minutes of the board and general meetings were entered in the minutes books within thirty days from the day of the meeting.

Draft minutes were circulated within 15 days of the meetings held to all the directors of the Company.

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. As per the information provided by the Company, no transaction of Overseas Direct Investment (ODI) and Foreign Direct Investment (FDI) under FEMA were undertaken during the year under report.

Place: Delhi
Date: 21 May, 2018

Signature:
Harish Khurana & Associates
Company Secretaries
FCS 4835
C P No.: 3506

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.

Place: Delhi
Date: 21 May, 2018

Signature:
Harish Khurana & Associates
Company Secretaries
FCS 4835
C P No.: 3506

ANNEXURE-2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[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: Unlisted Public Company limited by shares (Non-govt. company)

v) Address of the Registered office and contact details: A-26, Info City, Sector-34, Gurugram-122001, Haryana; e-mail: sriram.g@comviva.com

vi) Whether listed company Yes / No ; **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, Maharashtra-400083, India

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	57.7%
2	Revenue sharing arrangements	47411	12.7%
3	Annual maintenance contract services	62013	21.1%
4	Sale of equipment and software licenses	47411	08.5%

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	99.85%	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	89.24%	21369977	465721	21835698	99.85%	10.61%
e) Banks / FI									
f) Any other….									
Sub-total (A) (1):-	**19199046**	**317092**	**19516138**	**89.24%**	**21369977**	**465721**	**21835698**	**99.85%**	**10.61%**
(2) Foreign									
a) NRIs - Individuals									
b) Other -Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other….									
Sub-total (A) (2):-	**19199046**	**317092**	**19516138**	**89.26%**	**21369977**	**465721**	**21835698**	**99.85%**	**10.61%**
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									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds	2170931	--	2170931	9.93%	--	--	--	--	9.93%
i) Others (Specify)	--	148636	148636	0.68%	--	--	--	--	0.68%
Sub-total (B)(1):-	**2170931**	**148636**	**2319567**	**10.61%**	**--**	**--**	**--**	**--**	**10.61%**

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 Rs. 1 lakh	1700	7087	8787	0.04%	1700	7094	8794	0.04%	--
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (Specify)	24508	--	24508	0.11%	24508	--	24508	0.11%	--
Sub-total (B) (2):-	**26208**	**7087**	**33295**	**0.15%**	**26208**	**7094**	**33302**	**0.15%**	**--**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**2197139**	**155723**	**2352862**	**10.76%**	**26208**	**7094**	**33302**	**0.15%**	**(10.61%)**
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	**213961185**	**472815**	**21869000**	**100%**	**21396185**	**472815**	**21869000**	**100%**	**Nil**

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	67.10%	--	21835698	99.85%	--	32.73%
2.	Bharti (SBM) Holdings Private Limited	1936420	8.86%	--	0	0	--	Nil
3.	Bharti (RM) Holdings Private Limited	1210262	5.54%	--	0	0	--	Nil
4.	Bharti (RBM) Holdings Private Limited	1210262	5.54%	--	0	0	--	Nil
5.	Bharti (Satya) Trustees Private Limited	484106	2.21%	--	0	0	--	Nil
	Total	**19516138**	**89.24%**	**--**	**0**	**99.85%**	**--**	**32.73%**

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	67.10%	21835698	99.85%
	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	14675088	67.10%	21835698	99.85%

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

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 year
	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
1.	**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%
2.	**Saravana Kumar Elumalai**	4000	0.02%	4000	0.02%
3.	**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%
4.	**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)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	1000	--	1000	--

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 year
	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**
5.	**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	--
6.	**Amrita Agarwal**				
	At the beginning of the year	650	--	650	--
	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)	650	--	650	--
7.	**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	--
8.	**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	--
9.	**Ajay Goel**				
	At the beginning of the year	75	--	75	--
	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)	75	--	75	--
10.	**Kaushlendra Singh Shekhawat**				
	At the beginning of the year	45	--	45	--
	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)	45	--	45	--

v) Shareholding of Directors and Key Managerial Personnel:

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 year
	For Each of the Directors and KMP	**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):	1	-	1	-
	At the End of the year	1		1	

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
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
· Addition	NIL	13,59,18,596	NIL	13,59,18,596
· Reduction	NIL	NIL		
Net Change	NIL	13,59,18,596	NIL	13,59,18,596
Indebtedness at the end of the financial year	NIL	13,59,18,596	NIL	13,59,18,596
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**Nil**	**13,59,18,596**	**NIL**	**13,59,18,596**

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	24050497.00	24050497.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39600.00	39600.00
	(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		

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Manoranjan Mohapatra	
	Total (A)		
	Ceiling as per the Act	**24090097.00**	**24090097.00**

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**	**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	-- -- --	12138254.00 39600.00	12138254.00 39600.00
2.	Stock Option	--		
3.	Sweat Equity	--		
4.	Commission - as % of profit - others, specify…	--		
5.	Others, please specify	--		
	Total	**--**	**12177854.00**	**12177854.00**

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

Mr. C P Gurnani
(Director)

Mr. Vineet Nayyar
(Director)

Date: 21 May, 2018

ANNEXURE-3

DECLARATION OF INDEPENDENCE

To

Date: 25-04-2018

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, Mr. Rajat Mukherjee, hereby certify that I am a Non-executive Independent Director of Comviva Technologies Limited 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,

Yours faithfully,

Rajat Mukherjee

Address: B1/1, First floor
Vasant Vihar, New Delhi-110057

ANNEXURE-3

DECLARATION OF INDEPENDENCE

To

Date: 31.03.2018

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, Ms. Sunita Umesh, hereby certify that I am a Non-executive Independent Director of Comviva Technologies Limited 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,

Yours faithfully,

Sunita Umesh

Address: 515A, Hamilton Court,
DLF Phase-IV, Gurgaon, Haryana-122002

ANNEXURE-4

POLICY ON NOMINATION AND REMUNERATION COMMITTEE

Table of Contents

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 / MD / 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 suitable 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-à-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 their 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 non-compliance.

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 will 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 self-evaluation 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 / 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 law will supersede as applicable from time to time.

Rajat Mukherjee
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 √ 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.

Your Name (Optional) ____

Evaluate the following statements in relation to overall performance of the Board		**Rating Scale**				
		1	**2**	**3**	**4**	**5**
1	The Board is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.					
2	The Board has achieved what it set out to accomplish in the year under review.					
3	The Board engages in long-range strategic thinking and planning.					
4	The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term.					
5	The Board meetings are of reasonable length & agendas are well-balanced, allowing appropriate time for the most critical issues and there is a balance between presentations and discussions.					
6	The Board receives timely, accurate, and useful information upon which to make decisions.					
7	The Board anticipates issues and does not often find itself reacting to “crisis” situations.					
8	The Board speaks in “one voice” when directing or delegating to management and brings discussions to a conclusion with clear direction to management.					
9	The quality of Directors participation in meeting is satisfactory.					
10	The Board is well diversified in terms of skills, regional and industry experience, background, race and gender					

Rating Scale

5 = strongly agree; 4 = Agree; 3 = neither agree nor disagree; 2 = Disagree; 1 = Strongly Disagree

Please provide below any additional comments or suggestions about the work and effectiveness of the board as a whole.

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Annexure II

Summary Report: Performance Evaluation of the Board as a whole

	Statements in relation to overall performance of the Board	Director A	Director B	Director C	Director D	Director E	Director F	Director G	Avg. Score
		Scores of each Director will be mentioned on No name basis							
1	The Board is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.								
2	The Board has achieved what it set out to accomplish the past year.								
3	The Board engages in long-range strategic thinking and planning.								
4	The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term.								
5	The Board meetings are of reasonable length & agendas are well-balanced, allowing appropriate time for the most critical issues and there is a balance between presentations and discussions.								
6	The Board receives timely, accurate, and useful information upon which to make decisions.								
7	The Board anticipates issues and does not often find itself reacting to “crisis” situations.								
8	The Board speaks in “one voice” when directing or delegating to management and brings discussions to a conclusion with clear direction to management.								
9	The quality of Directors participation in meeting is satisfactory.								
10	The Board is well diversified in terms of skills, regional and industry experience, background, race and gender								

Rating Scale

5 = Strongly agree 4 = Agree 3 = Neither agree nor disagree 2 = Disagree 1 = Strongly Disagree

Comment 1: ……………………………………………………………………………………………………

Comment 2: ……………………………………………………………………………………………………

These comments will be taken verbatim without mentioning name of the Board Member)

Annexure III

Performance Evaluation of the Committees - Self Evaluation Form

(This Form is to be filled out separately for each committee of the Board in which you are member)

Each Committee member is to rate the following statements in relation to overall performance of the Committees during the last financial year. Please place √ 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.

Your Name (Optional): ____

Name of the Committee to be assessed: ____

Evaluate the following statements in relation to overall performance of the Committee		**Rating Scale**				
		1	**2**	**3**	**4**	**5**
1	The Committee is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.					
2	The Committee is comprised of optimum number of members.					
3	The Committee is comprised of competent members					
4	The Committee gets into details, focuses on pertinent topics and allocates reasonable time and there is a balance between presentations and discussions.					
5	The Committee reports back to the Board as it should on all the relevant issues.					
6.	The Committee is effective in carrying out its mandate and make collective judgments about important matters.					

Rating Scale

5 = Strongly agree 4 = Agree 3 = Neither agree nor disagree 2 = Disagree 1 = Strongly Disagree

Please provide below any additional comments or suggestions about the work and effectiveness of the committee as a whole.

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Annexure IV

Summary Report: Performance Evaluation of the Committee

(This result template will be shared with the respective Committee & presented in the Board Meeting)

Name of the Committee: ………………...…………………………………….

Statements in relation to overall performance of the Committee		Committee Member A	Committee Member B	Committee Member C	Committee Member D	Average Score
		Scores of each Committee Member will be mentioned on No name basis				
1	The Committee is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.					
2	The Committee is comprised of optimum number of members.					
3	The Committee is comprised of relevant members.					
4	The Committee gets into details, focuses on pertinent topics and allocates reasonable time and there is a balance between presentations and discussions.					
5	The Committee reports back to the Board as it should on all the relevant issues.					
6.	The Committee is effective in carrying out its mandate and make collective judgments about important matters.					

Rating Scale

5 = Strongly agree 4 = Agree 3 = Neither agree nor disagree 2 = Disagree 1 = Strongly Disagree

Comment 1: ……………...…………………

Comment 2: ……………...…………………

(These comments will be taken verbatim without mentioning name of the Committee Member)

Annexure V

Performance Evaluation of Board Member - Peer Evaluation Form

Each Board Member is to rate the following statements in relation to his/her assessment of their colleague as a Board member during the last financial year. Please place √ 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. Please note, you do not mention your name on the form to keep the process confidential.

Name of Board Member to be assessed ____

Evaluate the following statements in relation to your assessment of your colleague as a Board Member of the Company		**Rating Scale**				
		1	**2**	**3**	**4**	**5**
1	Knowledge of key areas					
2	Diligence and preparedness					
3	Effective interaction with others					
4	Constructive contribution to discussion and strategy					
5	Concern for stakeholders					
6	Concern for working of internal controls					

5 = Outstanding, exceptional contribution

4 = Above expectation

3 = Satisfactory

2 = Some improvement required

1 = Unsatisfactory contribution to the Board

Please provide below any additional comments or suggestions which you believe would help improve the Board's function.

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ANNEXURE-5

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

Mr. Manoranjan Mohapatra resigned from this Committee with effect from 30th March, 2018.

3. **Average net profit of the company for last three financial years-** Rs. 1,12,63,69,843.72

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)-** Rs. 2,25,27,397.00

5. **Details of CSR spent during the financial year:** Rs. 2,25,29,656.00

6. **Total amount to be spent for the financial year;** Rs. 2,25,27,397.00

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	13,386,388	13,386,388	13,386,388	13,386,388 (Tech M Foundation)
2.	Sunderhatti school under Satya Bharti school program - (135 students)	Education to under privileged children.	Jhajjar, Haryana,	4,943,268	4,943,268	64,943,268	4,943,268 (Bharti Foundation)
3	Agrasar Bachpan learning centre adopted for students staying in the jhuggi cluster-111 Kids	Education for under privileged	Islampur Village Gurgaon	2,200,000	2,200,000	2,200,000	2,200,000
4.	Shanshil –Bagiya	Education for under privileged	Mayfield Garden Baani Square, Gurgaon	2,000,000	2,000,000	2,000,000	2,000,000
	TOTAL			**2,25,29,656**	**2,25,29,656**	**82,529,656**	**2,25,29,656**

*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.

Mr. Rajat Mukherjee
Chairman of CSR Committee

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-2017 to 31-Mar-2018	78,424,479	NA	
2	Comviva Technologies Singapore PTE. Ltd.	100 % Subsidiary	Revenue	01-Apr-2017 to 31-Mar-2018	1,406,369	NA	
3	Comviva Technologies Singapore PTE. Ltd.	100 % Subsidiary	Interest on Loan	01-Apr-2017 to 31-Mar-2018	1,779,991	NA	
4	Comviva Technologies Inc	100 % Subsidiary	Cost of Goods/ service received	01-Apr-2017 to 31-Mar-2018	46,726,890	NA	
5	Comviva Technologies Inc	100 % Subsidiary	Reimbursement of expense (net)	01-Apr-2017 to 31-Mar-2018	358,435	NA	
6	Comviva Technologies BV	100 % Subsidiary	Revenue	01-Apr-2017 to 31-Mar-2018	688,195	NA	
7	Tech Mahindra Limited	Holding company	Revenue	01-Apr-2017 to 31-Mar-2018	215,090,400	NA	
8	Tech Mahindra Limited	Holding company	Reimbursement of expense (net)	01-Apr-2017 to 31-Mar-2018	7,079,675	NA	
9	Tech Mahindra Ltd.-Qatar	Fellow subsidiary	Revenue	01-Apr-2017 to 31-Mar-2018	3,207,016	NA	
10	Tech-Mahindra Guatemala, S.A.	Fellow subsidiary	Revenue	01-Apr-2017 to 31-Mar-2018	33,447,525	NA	
11	Tech Mahindra Foundation	Fellow subsidiary	Corporate Social Responsibility	01-Apr-2017 to 31-Mar-2018	13,386,388	NA	
12	Mr. Manoranjan Mahopatra	Key Management Personnel	Managerial Remuneration	01-Apr-2017 to 31-Mar-2018	27,301,050	NA	
13	Mr. Sriram Gopalakrishnan	Key Management Personnel	Managerial Remuneration	01-Apr-2017 to 31-Mar-2018	14,677,250	NA	

* This stands eliminated in standalone financial statement.

For Comviva Technologies Limited

Mr. Vineet Nayyar
(Director)

INDEPENDENT AUDITOR'S REPORT

To the Members of Comviva Technologies Limited

Report on the Audit of 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 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and 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 state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 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 auditor's 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 are also responsible to 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 the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained 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 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 23 May 2017 on the standalone Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the standalone Ind AS financial statements is not modified in respect of the above matter.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the 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 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; - Refer Note 27 to the standalone Ind AS financial statements.

      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 disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: 21 May 2018

Annexure A referred to in our Independent Auditor's Report to the members of Comviva Technologies Limited on the standalone Ind AS Financial Statements for the year ended 31 March 2018.

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets are verified once in a period of two yea₹ In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not hold any immovable property in its name. Accordingly, para 3(i)(c) of the order is not applicable to the Company.

(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) 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. Accordingly, paragraph 3 (iii) of the Order is not applicable.

(iv) 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 of grant of loans, making investments and providing guarantees or securities, as applicable.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act, for any of the business activities carried out by the Company.

(vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income-tax, Sales-tax, Goods and Services Tax, Service tax, Duty of customs, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the provisions of duty of excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax, Sales-tax, Goods and Services Tax, Service tax, Duty of customs, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(vii) (a) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Goods and Services Tax, Service tax, Duty of customs, Value added tax, Cess and other material statutory dues which have not been deposited on account of any dispute except as mentioned below. As mentioned above, the Company did not have any dues on account of Duty of Excise during the year.

Name of the Statute	Nature of dues	Financial year to which amount relates	Forum where dispute is pending	Amount (₹ in million)	Amount paid under protest (₹ in million)
Income Tax Act, 1961	Income Tax	2004-2005	Assistant Commissioner of Income Tax	1.81	1.50
Income Tax Act, 1961	Income Tax	2005-2006	Assistant Commissioner of Income Tax	2.27	-
Income Tax Act, 1961	Income Tax	2006-2007	Assistant Commissioner of Income Tax	0.54	1.87
Income Tax Act, 1961	Income Tax	2006-2007	Commissioner of Income Tax (Appeals)	2.30	-

Name of the Statute	Nature of dues	Financial year to which amount relates	Forum where dispute is pending	Amount (₹ in million)	Amount paid under protest (₹ in million)
DR Congo Tax Administration	Corporate Tax/ VAT	Calendar year 2014 and 2015	Republique Democratique Congo Ministere Des Finances	6.80	-
Income Tax Act, 1961	Income Tax	2011-2012	Assessing Officer	134.00	-
Chad Tax Administration	Corporate Tax/ VAT	Calendar year 2014	Directorate General of Taxation, Ministry of Finances and Budget , Republique of Chad *	43.00	-
Chad Tax Administration	Corporate Tax/ VAT	Calendar year 2015	Directorate General of Taxation*	2.89	-
Republique du Congo Authorities	Corporate Tax/ VAT	Calendar year 2012, 2013 and 2014	Direction Départementale des Vérifications, Fiscale De Pointe-Noire *	33.00	-
Name of the Statute	Nature of dues	Financial year to which amount relates	Forum where dispute is pending	Amount (₹ in million)	Amount paid under protest (₹ in million)
Finance Act, 1994	Service Tax	FY 2004-2005 to 2007-2008	Custom Excise & Service Tax Appellate Tribunal	392.37**	-
Bangladesh Revenue Authorities	Value Added Tax Act, 1991	FY 2012-2013 to 2015-2016	Deputy Commissioner, Customs, Excise and VAT Gulshan Division, Bangladesh	13.75	-
Gabon Tax Authorities		FY 2013-2014 to 2017-2018	General Secretariat, Provincial Department Of Estate Taxes , Ministry Of Sustainable Development, Economy, Investment Promotion And Planning	2.33	-

* The company is in the process of filing an appeal.

** Net of ₹ 15 million being eligible Cenvat Credit set aside under protest.

(viii) According to the information and explanations given to us, there is no default existing at the balance sheet date in repayment of loans or borrowings to banks. The Company does not have any outstanding debentures, or loans or borrowings from any financial institution or government during the year.

(ix) According to the information and explanations given to us and our examination of the records of the Company, the Company did not have any term loan outstanding during the year. Further, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provisions of Section 197 read with Schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, all the transactions with related parties are in compliance with the provisions of Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of 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. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him as referred to in Section 192 of the Companies Act, 2013. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: 21 May 2018

Annexure B to the Independent Auditor's Report of even date on the standalone Ind AS Financial Statements of Comviva Technologies Limited for the year ended 31 March 2018.

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 with reference to financial statements of Comviva Technologies Limited ("the Company") as of 31 March 2018 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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 standalone Ind AS 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements 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 B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: 21 May 2018

BALANCE SHEET AS AT MARCH 31, 2018

₹ in Million

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
I ASSETS			
A Non current assets			
(a) Property, plant and equipment	3A	**260**	134
(b) Capital work-in-progress		**9**	39
(c) Other intangible assets	3B	**19**	29
(d) Financial assets			
(i) Investments	4	**389**	389
(ii) Loans	5	**27**	27
(iii) Other financial assets	12(i)	**111**	65
(e) Income tax Assets (net)		**1,042**	983
(f) Deferred tax assets (net)	6	**335**	315
(g) Other non-current assets	7(i)	**221**	203
Total non-current assets		**2,413**	2,184
B Current assets			
(a) Inventories	8	**75**	64
(b) Financial assets			
(i) Trade receivables	9	**3,308**	2,481
(ii) Cash and cash equivalents	10	**680**	526
(iii) Other balances with bank	11	**33**	14
(iv) Other financial assets	12(ii)	**1,231**	952
(c) Other current assets	7(ii)	**172**	274
Total current assets		**5,499**	4,311
TOTAL ASSETS		**7,912**	6,495
II EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	13	**219**	217
(b) Other equity	14	**5,530**	4,548
		5,749	4,765
B Liabilities			
1 Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(i)	**-**	4
(ii) Other financial liabilities	19(i)	**6**	6
(b) Provisions	16(i)	**157**	147
(c) Other non-current liabilities	17(i)	**64**	48
Total non-current liabilities		**227**	205
2 Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15(ii)	**137**	56
(ii) Trade payables	18	**1,402**	1,101
(iii) Other financial liabilities	19(ii)	**81**	80
(b) Other current liabilities	17(ii)	**216**	199
(c) Provisions	16(ii)	**43**	51
(d) Current tax liabilities (net)		**57**	38
Total current liabilities		**1,936**	1,525
TOTAL EQUITY AND LIABILITIES		**7,912**	6,495
See accompanying notes forming part of the financial statements	1-45		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar
Chairman

C.P. Gurnani
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Rajat Mukherjee
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

Particulars			Note No.		**For the period ended March 31, 2018**	For the period ended March 31, 2017
I.	Revenue from operations		20		**6,211**	5,778
II.	Other income (net)		21		**201**	(78)
III.	**Total Income (I+II)**				**6,412**	5,700
IV.	**Expenses**					
	(a)	Employee benefits expense	22		**2,193**	2,331
	(b)	Subcontracting cost			**411**	582
	(c)	Finance costs			**10**	18
	(d)	Depreciation and amortization expense	3		**178**	149
	(e)	Other expenses	23		**2,258**	2,344
	Total expenses				**5,050**	5,424
V.	**Profit before tax**				**1,362**	276
VI.	**Tax expenses:**					
	(a)	Current tax		**445**		111
	(b)	Deferred tax credit (Refer Note 43)		**(12)**		(133)
					433	(22)
VII.	Profit after tax				**929**	298
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			**1**	(6)
	(II)	Income tax relating to items that will not be reclassified to profit or loss			**(0)**	2
B)	(I)	Items that will be reclassified to profit or loss				
	(a)	Net movement of effective portion on cash flow hedge			**(23)**	15
	(II)	Income tax relating to items that will be reclassified to profit or loss			**8**	(6)
IX.	**Other comprehensive income for the year**				**(14)**	5
X.	**Total comprehensive income for the year**				**915**	303
XI.	**Earnings per Equity share (Face value of ₹ 10/- each)**		29			
	(a)	Basic (in ₹)			**42.75**	13.74
	(b)	Diluted (in ₹)			**42.75**	13.74
	See accompanying notes forming part of the financial statements		1-45			

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
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Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital

₹ in Million

Particulars	Number of Shares	Equity Share Capital
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
Balance as at April 1, 2017	21,720,364	217
Changes in equity share capital during the year	**148,636**	-
Balance as at March 31, 2018	**21,869,000**	217

b. Other Equity

₹ in Million

Particulars	Reserves & Surplus			Items of OCI	Total
	Securities Premium	Capital Reserve	Retained Earnings	Effective portion of Cash flow Hedge	
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**
Additions during the year	**0**	**-**	**-**	**-**	**0**
Balance as at March 31, 2017	552	-	3,983	13	4,548
Balance as at April 1, 2017	552	-	3,983	13	4,548
Profit for the year	-	-	929	-	929
Other comprehensive income	-	-	1	(15)	(14)
Total comprehensive income	-	-	930	(15)	915
Additions during the year	14	53	-	-	67
Balance as at March 31, 2018	**566**	**53**	**4,913**	**(2)**	**5,530**

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar
Chairman

C.P. Gurnani
Director

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Director

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Director

Rajat Mukherjee
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

	Particulars	For the period ended March 31, 2018		For the period ended March 31, 2017	
A]	**Cash flows from operating activities**				
	Profit before tax		**1,362**		276
	Adjustments for:				
	Depreciation and amortization	**178**		149	
	Profit on sale of property, plant and equipment	**(1)**		(0)	
	Interest expense	**10**		18	
	Interest income	**(7)**		(14)	
	Dividend income	**(0)**		(0)	
	Unrealised foreign exchange gain net	**(92)**		90	
	Provision for doubtful debts (net)	**109**		-	
	Reversal of provision no longer required	**(41)**		(6)	
			156		237
	Operating Profit before working capital changes		**1,518**		513
	Adjustments for changes in working capital:				
	Increase/(decrease) in trade payable, other liabilities and provisions	**378**		(26)	
	(Increase)/decrease in trade receivables	**(846)**		170	
	(Increase)/decrease in Other assets, loans and advances	**(285)**		304	
			(753)		448
	Cash generated from operations		**765**		961
	Direct taxes paid (net)		**(485)**		(601)
	Net cash flows from operating activities (A)		**280**		360
B]	**Cash flows from investing activities**				
	Purchase of property, plant and equipment & intangible assets	**(243)**		(196)	
	Interest received	**(0)**		0	
	Dividend received	**0**		0	
	Purchase of current investments	**(240)**		(25)	
	Sale of current investments	**240**		135	
	Investment in subsidiary	**-**		(6)	
	Sale of property, plant and equipment	**3**		1	
	Net Cash flows used in investing activities (B)		**(240)**		(91)
C]	**Cash flows from financing activities**				
	Proceeds from Issue of Equity Shares	**70**		0	
	Additional investment in subsidiaries	**-**		(331)	
	Repayment of other borrowings (net)	**(63)**		(55)	
	Proceeds from short term borrowings (net)	**119**		56	
	Interest Paid	**(9)**		(14)	
	Net cash flows from/(used in) financing activities (C)		**117**		(344)

	Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
			₹ in Million
D]	**Exchange differences on translation of foreign currency cash and cash equivalents**	**(3)**	(6)
	Net Increase/(decrease) in cash and cash equivalents (A + B+ C + D)	**154**	(81)
	Cash & cash equivalents at the end of the year (refer note 1 below)	**680**	526
	Cash & cash equivalents at the beginning of the year	**526**	607
	Net Increase/(decrease) in cash and cash equivalents	**154**	(81)

₹ in million

Particulars	As at March 31, 2018	As at March 31, 2017
Note 1:		
Cash and cash equivalents include:		
Cash on hand	**0**	0
Remittances in transit	**153**	21
Balance with banks		
- In current accounts	**527**	505
Total Cash and cash equivalents - Refer Note 10	**680**	526

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.

Note 4:

Previous year's figures have been rearranged/regrouped wherever necessary.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar Chairman	**C.P. Gurnani** Director	**Ulhas N. Yargop** Director
Jagdish Mitra Director	**Rajat Mukherjee** Director	**Sunita Umesh** Director
Manoranjan Mohapatra Chief Executive Officer Place: Gurugram		**Sriram Gopalakrishnan** CFO & Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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, 2018 were approved by the Board of Directors and authorised for issue on May 21, 2018.

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.

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.

The financials statements of Comviva ESOP trust has also been consolidated with comviva technologies ltd. (India) financials.

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 up to ₹ 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.

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered a separate unit of account is accounted for separately. The allocation of the consideration from revenue arrangement to its separate units of account is based on the relative fair value of each unit.

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 re-measurement recognized in Statement of profit and loss.

Investment in subsidiaries

Investment in subsidiaries is carried 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 obligations 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. 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 Research and Development

Research costs are recognized in the statement of profit and loss in the period it is incurred. Development costs are recognized in the statement of profit and loss in the period it is incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use the asset and the costs can be measured reliably.

2.18 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit and loss.

2.19 New accounting standard not yet adopted:

Ind AS 115 supersedes all existing revenue requirements in Ind AS 11 Construction Contracts, Ind AS 18 Revenue and related interpretations) w. e. f. April 1, 2018. According to Ind AS 115 establishes a five step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Revenue recognition is based on performance obligation assessment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The Company is currently assessing the impact of adopting Ind AS 115 on the Company's Financial Statements. The Company is not able to quantify the impact on Company's Financial Statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates, the amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The standard explains that 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. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

Note 3 - Property, Plant and Equipment

₹ in Million

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at April 1, 2017	Additions during the year	Disposals during the year	As at March 31, 2018	As at April 1, 2017	For the year	On disposal during the year	As at March 31, 2018	As at March 31, 2018	" As at March 31, 2017 "
3A. Tangible Assets										
Plant and equipments	815	126	31	910	707	79	31	755	155	108
(Previous year)	803	81	69	815	696	78	67	707	108	107
Furniture and fixtures	34	12	1	45	27	7	1	33	12	7
(Previous year)	33	1	-	34	23	4	-	27	7	10
Office equipments	52	15	2	65	34	8	2	40	25	18
(Previous year)	44	8	-	52	27	7	-	34	18	17
Improvement to leased premises	49	71	-	120	48	4	-	52	68	1
(Previous year)	49	-	-	49	46	2	-	48	1	3
Total	950	224	34	1,140	816	98	34	880	260	134
Previous year	929	90	69	950	792	91	67	816	134	137
3B. Intangible Assets (Other than internally generated)										
Computer software	429	70	-	499	427	71	-	498	1	2
(Previous year)	381	48	-	429	377	50	-	427	2	4
Intellectual property rights	35	-	-	35	8	9	-	17	18	27
(Previous year)	-	35	-	35	-	8	-	8	27	-
Total	464	70	-	534	435	80	-	515	19	29
Previous Year	381	83	-	464	377	58	-	435	29	4

Note 4 - Non-current investments :

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ in Million	
(a) In subsidiaries		
Comviva Technologies Inc		
A wholly owned subsidiary incorporated in USA		
10,450 (Previous year at March 31, 2017: 10,450) Common Stock of USD 10 each, fully paid up	**5**	5
Comviva Technologies Nigeria Limited		
A wholly owned subsidiary incorporated in Nigeria.		
-683,916,187 (Previous year at March 31, 2017: 10,000,000) Common Stock of Naira 1 each, fully paid up	**151**	3
-Share application money	**-**	148
Comviva Technologies FZ-LLC		
A wholly owned subsidiary incorporated in UAE.		
55 (Previous year at March 31, 2017: 55) Common Stock of AED 1,000 each, fully paid up	**1**	1
Comviva Technologies Singapore PTE Limited		
A wholly owned subsidiary incorporated in Singapore.		
561,000 (Previous year at March 31, 2017 : 561,000) Common Stock of SGD 1 each, fully paid up	**28**	28
Terra Payment Services South Africa (PTY) Ltd.	**-**	-
A wholly owned subsidiary acquired in South Africa.		
120 (Previous year at March 31, 2017: 120) Common Stock of Rand nil each		
Comviva Technologies B.V.	**1**	1
A wholly owned subsidiary incorporated in Netherland.		
10,001 (Previous year at March 31, 2017: 10,001) Common Stock of EUR 1 each, fully paid up		
Terra Payment Services (Netherlands) B.V.	**187**	29
A wholly owned subsidiary incorporated in Netherland.		
- 2,549,554 (Previous year at March 31, 2017 : 400,001) Common Stock of EUR 1 each, fully paid up		
ATS Advanced Technology Solutions S.A. Argentina		
790 (Previous year at March 31, 2017: 790) common stock ARL 1 Each, fully paid)	**14**	14
ATS Advanced Technology Solutions do brasil industria, comercio, importacao E exportacao LTDA		
5,000 (Previous year at March 31, 2017: 5,000) common stock BRL 1 Each, fully paid)	**2**	2
-Share application money	**-**	158
Total	**389**	389
Investments carried at cost	**389**	389

Note 5 - Loans : Non Current

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ in Million	
(Unsecured, considered good unless otherwise stated)		
Loan to subsidiary (Refer Note 26)	**27**	27
Total	**27**	27

Note 6 - Deferred tax assets :

₹ **in Million**

Particulars	As at **March 31, 2018**	As at March 31, 2017
Break up of deferred tax assets		
Provision for Employee benefits	**116**	101
Inventory and Trade receivables	**91**	133
Property, Plant & Equipment and Intangible assets	**40**	40
MAT credit entitlement	**18**	18
Cash flow hedging reserve	**2**	-
Others	**68**	29
Break up of deferred tax liability		
Cash flow hedging reserve	**-**	(6)
Total	**335**	315

Note 7 - Other Assets :

(i) Other non current assets

₹ **in Million**

Particulars	As at **March 31, 2018**	As at March 31, 2017
- Balance with Government authorities	**194**	181
- Prepaid expenses	**27**	22
- Capital advances		
- Considered good	**1**	0
- Considered doubtful	**0**	0
	1	0
- Provision for doubtful advances	**0**	0
	1	0
Total	**221**	203

(ii) Other current assets

₹ **in Million**

Particulars	As at **March 31, 2018**	As at March 31, 2017
- Advance to suppliers		
Considered good	**15**	12
Considered doubtful	**1**	1
	16	13
Provision for doubtful advances	**1**	1
	15	12
- Loans and advances to employees	**28**	47
- Balance with Government authorities	**57**	127
- Prepaid expenses	**72**	88
Total	**172**	274

Note 8 - Inventories :

₹ **in Million**

Particulars	As at **March 31, 2018**	As at March 31, 2017
(Valued at lower of cost and net realizable value)		
- Others - Stock of IT equipments and purchased software (consumed in IT projects)	**75**	64
Total	**75**	64

Note 9 - Trade receivables :

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables (Unsecured)		
Over Six Months		
- Considered good*	**774**	593
- Considered doubtful	**220**	334
	994	927
Others		
- Considered good**	**2,534**	1,888
- Considered doubtful	**-**	-
Total	**2,534**	1,888
	3,528	2,815
Less: Allowance for doubtful debts	**220**	334
Total	**3,308**	2,481

* Net of Advances aggregating to ₹ 133 million (Previous year: ₹ 79 million) pending adjustments with Invoices.

** Net of Advances aggregating to ₹ 14 million (Previous year: ₹ 27 million) pending adjustments with Invoices.

Note 10- Cash and cash equivalents :

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	**0**	0
Remittances in transit	**153**	21
Balances with banks:		
- In current accounts	**527**	505
Total	**680**	526

Note 11 - Other balances with bank :

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Earmarked balances with bank		
-Balance held under Escrow account	**25**	14
Balances held as Margin Money/Security towards obtaining Bank Guarantees	**8**	-
Total	**33**	14

Note 12 - Other financial assets :

(i) - Other Financial assets : Non Current

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Balances held as Margin Money/Security towards obtaining Bank Guarantees	**41**	-
Security deposits		
- Considered good	**70**	65
- Considered doubtful	**2**	1
	72	66
- Provision for doubtful advances	**2**	1
	70	65
Total	**111**	65

(ii) - Other Financial assets : Current

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Unbilled Revenue (Net of provision of ₹ 14 million (Previous year: ₹ 14 million)	**1,123**	713
Dues from subsidiary companies	**92**	113
Fair values of foreign exchange forward contracts	**2**	85
Interest accrued	**10**	7
Security deposits	**4**	34
Total	**1,231**	952

Note 13 - Share capital :

Particulars	As at			
	March 31, 2018		March 31, 2017	
	Number	**₹ in million**	Number	₹ in million
(a) Authorized :				
Equity shares of ₹ 10 each	**25,500,000**	**255**	25,500,000	255
Series A 0.001% fully convertible non-cumulative preference shares of ₹ 10 each	**8,000,000**	**80**	8,000,000	80
(b) Issued, subscribed and fully paid up :				
Equity shares of ₹ 10 each fully paid up	**21,720,364**	**217**	21,869,000	219
Less : Shares issued to ESOP Trust treated as treasury stock	**-**	**-**	148,636	2
Add : Shares issued from treasury stock	**148,636**	**2**	-	-
Total	**21,869,000**	**219**	21,720,364	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, 2018		March 31, 2017	
	Number	**₹ in million**	Number	₹ in million
Equity Shares				
Opening Balance	**21,720,364**	**217**	21,864,850	219
Less : Shares issued to ESOP Trust treated as Treasury Stock during the year	**-**	**-**	148,636	2
Add: Shares issued during the year			4,150	0
Add : Shares issued from treasury stock lying with ESOP Trust during the year	**148,636**	**2**	-	-
Closing Balance	**21,869,000**	**219**	21,720,364	217

(ii) Terms, rights and restrictions attached to:

Equity Shares:

The Company has equity shares having par value of ₹ 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 ₹ 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	
	March 31, 2018	March 31, 2017
Tech Mahindra Limited	**21,835,698**	14,675,088

(iv) Details of equity shares held by shareholder holding more than 5%:

Name of shareholder	**March 31, 2018**		March 31, 2017	
	No of Shares	**% of Holding#**	No of Shares	% of Holding#
Tech Mahindra Limited	**21,835,698**	**99.85%**	14,675,088	67.10%
West Bridge Ventures II Investment Holdings	**-**	**0.00%**	2,170,931	9.93%
Bharti (SBM) Holdings Private Limited	**-**	**0.00%**	1,936,420	8.85%
Bharti (RM) Holdings Private Limited	**-**	**0.00%**	1,210,262	5.53%
Bharti (RBM) Holdings Private Limited	**-**	**0.00%**	1,210,262	5.53%

This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

Note 14 - Other Equity :

Particulars				₹ in Million
	As at			
	March 31, 2018		March 31, 2017	
Securities premium account				
Opening balance	**552**		552	
Add: Additions on ESOPs exercised	**-**		0	
Add: Additions on account of issue of treasury shares	**14**		-	
Closing balance		**566**		552
Capital Reserves				
Opening balance	**-**		-	
Add: Additions on sale of treasury shares#	**53**		-	
Closing balance		**53**		-
Hedging reserve (Refer Note 28)				
Opening balance	**13**		4	
Add/(less): Other Comprehensive income	**(15)**		9	
Closing balance		**(2)**		13
Surplus in the statement of profit and loss				
Opening balance	**3,983**		3,689	
Add : Profit for the year	**929**		298	
Add/(Less): Other comprehensive income /(loss)	**1**		(4)	
Closing balance		**4,913**		3,983
Total		**5,530**		4,548

This denotes gain on sale of 148,636 equity shares lying as treasury shares with ESOP Trust to Tech Mahindra Limited (holding company).

Note 15 -Borrowings :

(i) Long-term borrowings

Particulars		₹ in Million
	As at	
	March 31, 2018	March 31, 2017
Unsecured Borrowings		
- Deferred payments (Liabilities repayable over period of 1-2 years)	**-**	4
Total	**-**	4

(ii) Short-term borrowings

Particulars		₹ in Million
	As at	
	March 31, 2018	March 31, 2017
Secured		
-Cash credit (secured by book debt, inventory and moveable fixed assets)	**137**	56
Total	**137**	56

Note 16 - Provisions :

(i) Long-term provisions

Particulars		₹ in Million
	As at	
	March 31, 2018	March 31, 2017
Provision for employee benefits		
-Gratuity (Refer Note 24)	**115**	104
-Compensated absences	**42**	43
Total	**157**	147

(ii) Short-term provisions

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
-Gratuity (Refer Note 24)	**13**	10
-Compensated absences	**22**	28
	35	38
Provision for warranties (Refer Note 30)	**8**	13
Total	**43**	51

Note 17 - Other liabilities :

(i) Non-current liabilities

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Unearned revenue	**64**	48
Total	**64**	48

(ii) Current liabilities

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Unearned revenue	**82**	87
Statutory remittances	**109**	80
Advance from customers	**25**	32
Total	**216**	199

Note 18 - Trade payables :

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Creditors for supplies / services*	**1,221**	961
Creditors for accrued wages and salaries	**181**	140
Total	**1,402**	1,101

* Refer note 37 for Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Note 19 - Other Financial liabilities:

(i) Other Financial liabilities: Non Current

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Contractual obligation	**6**	6
Total	**6**	6

(ii) Other Financial liabilities : Current

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Payables on purchase of Property, plant and equipment	**74**	54
Current maturities of long term borrowings (unsecured)	**3**	21
Contractual obligation	**3**	3
Interest accrued	**1**	2
Total	**81**	80

Note 20 - Revenue from operations :

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2018
		₹ in Million
Income from Comviva Product and related managed support:		
Licence Fee with Implementation and other services*	**3,585**	3,397
Revenue sharing arrangements	**787**	720
Annual maintenance contract services	**1,310**	1,243
	5,682	5,360
Income from sale of equipments and software (third party)**	**529**	418
Total	**6,211**	5,778

*Includes revenue in respect of time & material and Managed Services Contracts.

**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 period ended March 31, 2018	For the period ended March 31, 2018
		₹ in Million
Interest income	**7**	14
Dividend income on current investments	**0**	0
Profit on sale of current investments	**-**	-
Foreign exchange gain (net)	**144**	(98)
Sundry Balances written back	**41**	6
Miscellaneous Income	**9**	0
Total	**201**	(78)

Note 22- Employee benefits expense :

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2018
		₹ in Million
Salaries, wages and bonus	**2,007**	2,154
Contribution to provident and other funds (Refer Note 24)	**123**	112
Staff welfare expenses	**63**	65
Total	**2,193**	2,331

Note 23- Other expenses :

₹ **in Million**

Particulars		**For the period ended March 31, 2018**		For the period ended March 31, 2017
Cost of hardware equipments,softwares and other items		**870**		775
Royalty and software charges		**75**		74
Travelling and conveyance		**380**		464
Freight and forwarding charges		**14**		7
Recruitment Expenses		**5**		13
Power and fuel		**33**		33
Rent		**147**		167
Rates and taxes		**81**		40
Insurance		**36**		29
Repairs and maintenance:				
Machinery and computers	**25**		32	
Building	**38**		38	
Others	**87**		48	
		150		118
Advertising and sales promotion		**75**		95
Communication costs		**45**		90
(Profit) on Sale of property, plant and equipment (Net)		**(1)**		(0)
Corporate Social Responsibility		**23**		24
Legal and professional fees		**137**		128
Conference expenses		**33**		45
General office expenses		**27**		31
Provision for doubtful debts (net)		**109**		191
Miscellaneous expenses (including warranty) (Refer note 30)		**19**		20
Total		**2,258**		2,344

24. Employee Benefits

a) Defined Contribution Plan

Amounts recognised as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹ 89 million (year ended March 31, 2017 : ₹ 91 million).

b) 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, 2018, the fair value of the assets of the fund and the accumulated members' corpus is ₹901 million (March 31, 2017 ₹ 761 million) and ₹503 million (March 31, 2017 ₹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 8.55% in first year with a expected shortfall of 0.05% thereafter . The actuarial assumptions include discount rate of 7.31%.The Company recognised ₹ 63 million (March 31, 2017: ₹ 67 million) for provident fund contributions in the statement of profit and loss.

c) 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, 2018	As at March 31, 2017
Present Value of Defined Benefit Obligation as at the beginning of the year	**123**	106
Service Cost	**27**	14
Interest cost	**8**	8
Benefits Paid	**(19)**	(11)
Actuarial (gain)/loss - experience	**2**	6
Actuarial (gain)/loss - demographic assumptions	**0**	-
Actuarial (gain)/loss - financial assumptions	**(3)**	(0)
Present Value of Defined Benefit Obligation as at the end of the year	**138**	123

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, 2018	As at March 31, 2017
Opening fair value of plan assets	**9**	15
Interest income on plan assets	**1**	1
Contributions by employer	**19**	4
Benefits Paid	**(19)**	(11)
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	**10**	9

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, 2018	As at March 31, 2017
Net defined benefit asset/(liability) at end of prior period	**(114)**	(91)
Service Cost	**(27)**	(14)
Net interest on net defined benefit liability / (asset)	**(7)**	(7)
Amount recognised in OCI	**1**	(6)
Employer contribution	**19**	4
Benefits Paid (Net)	**-**	0
Net defined benefit Asset/(Liability) recognised in Balance Sheet	**(128)**	(114)

IV] Components of employer expenses recognised in the Statement of Profit and Loss:

₹ in Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Service Cost	**27**	14
Interest cost	**8**	8
Expected return on plan assets	**(1)**	(1)
Total expense recognised in the Statement of Profit & Loss	**34**	21

V] Components of employer expenses recognised in the other comprehensive income:

₹ in Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Actuarial (gain)/loss due to DBO experience	**2**	6
Actuarial (gain)/ loss - demographic assumptions	**0**	-
Actuarial (gain)/loss due to DBO assumption changes	**(3)**	(0)
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	(0)
Actuarial (gain)/loss recognised in OCI	**(1)**	6

VI] Assumptions

₹ in Million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Discount Rate	**7.30%**	6.80%
Salary Escalation Rate	**7.00%**	7.00%
Employee Separation Rate	**16.00%**	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, 2018**	As at March 31, 2017
A: Discount rate		
1. Effect on DBO due to 0.5% increase in discount rate	**(3)**	(3)
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**	3
2. Effect on DBO due to 0.5% decrease in Salary escalation rate	**(3)**	(2)
C: Withdrawal Rate		
1. Effect on DBO due to 5% increase in withdrawal rate	**(8)**	(1)
2. Effect on DBO due to 5% decrease in withdrawal rate	**(9)**	1

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, 2019	**23**
2. March 31, 2020	**23**
3. March 31, 2021	**24**
4. March 31, 2022	**26**
5. March 31, 2023	**26**
6. March 31, 2024 to March 31, 2028	**126**

IX] Expected employer contributions for the period ended March 31, 2019 (₹ in million) **8**

X] Weighted average duration of defined benefit obligation **6 years**

XI] Accrued benefit obligation as at March 31, 2018 (₹ in million) **100**

XII] Vested benefit obligation as at March 31, 2018 (₹ in million) **118**

XIII] Plan asset information:

Particulars	**As at March 31, 2018**	As at March 31, 2017
Schemes of insurance - conventional products	**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, 2018 is ₹ 147 million (year ended March 31, 2017: ₹ 167 million). The future lease payments of such operating lease are as follows:

₹ in Million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Minimum Lease Payments		
- Not later than one year	**41**	110
- Later than one year and not later than five years	**11**	51
- Later than five years	**-**	-

26. 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.
Comviva Technologies (Australia) Pty. Ltd	100% subsidiary of Comviva Technologies B.V.
Comviva Technologies Mexico, S. de R.L. de C.V.	99.96% 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
Terra Payment Services (India) Private Limited	100% subsidiary of Terra Payment Services (Netherlands) BV
Emagine International Pty. Ltd.	100% subsidiary of Comviva Technologies (Australia) Pty. Ltd

Other related parties with whom transactions during the year:

PT Tech Mahindra Indonesia	Fellow subsidiary
Tech Mahindra Foundation	Fellow subsidiary
Tech Mahindra Nigeria Limited	Fellow subsidiary
Tech Mahindra Guatemala, S.A.	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	Chief Executive Officer
Sriram Gopalakrishnan	Chief Financial Officer

b) Transactions with Related Parties:

₹ in Million

Particulars	Transactions for the year ended March 31, 2018 Revenue / (Expense)							Balance as at March 31, 2018 Debit / (Credit)										
	Sales	Interest Income	Cost of Goods/ Service (received)/ provided	Reimbursement of Expenses	Donation Given	Advances	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	-	-	(46)	(0)	-	-	-	3	-	-	(24)	(1)	-	5	-	-	-	-
Comviva Technologies Nigeria Limited	-	-	-	-	-	-	-	34	-	-	-	78	-	151	-	-	-	-
Comviva Technologies Singapore PTE. Ltd.	1	2	-	-	-	-	-	5	0	-	(18)	29	-	28	9	-	(3)	-
Comviva Technologies FZ-LLC	75	-	-	-	-	-	-	170	15	-	(57)	13	-	1	-	(31)	(1)	-
Terra Payment Services (Netherlands) BV	-	-	-	-	-	-	-	-	-	-	-	-	-	188	-	-	-	-
Comviva Technologies B.V.	-	-	-	-	-	-	-	-	-	-	-	-	(9)	1	-	-	-	-
ATS Advanced Technology Solutions S.A.**	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-	-	-	-
ATS Advanced Technology Solutions do Brasil, industria, comercio, importacao y exportacao LTDA**	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-
Terra Payment Services (Tanzania) Limited	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-
Holding Company																		
Tech Mahindra Limited	262	-	-	(7)	-	-	-	119	112	0	-	-	-	-	-	(7)	-	-
Fellow Subsidiaries																		
PT Tech Mahindra Indonesia	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	(0)	-	-
Tech Mahindra Foundation	-	-	-	-	(13)	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	2	-	-	-	-	-	-	27	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Guatemala, S.A.	32	-	-	-	-	-	-	28	4									
Key Management Personnel*																		
Manoranjan Mohapatra	-	-	-	-	-	-	(31)	-	-	-	-	-	-	-	-	-	-	(8)
Sriram Gopalakrishnan	-	-	-	-	-	-	(15)	-	-	-	-	-	-	-	-	-	-	(3)

* * Shares purchased from Comviva Technologies BV

₹ 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	Reimbursement of Expenses	Donation Given	Sale/ (Purchase) of Fixed Assets / Inventory	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	-	-	-	-	-	-	-	-	(12)	-	-	6	-	-	-	-	-	-	-	-
Sriram Gopalakrishnan	-	-	-	-	-	-	-	-	(15)	-	-	-	-	-	-	-	-	-	-	(2)

*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	31	-	-	-	-	31
	[12]	[-]	[-]	[-]	[-]	[12]
Sriram Gopalakrishnan	15	-	-	-	-	15
	[15]	[-]	[-]	[-]	[-]	[15]

*** 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, 2017.

Trade payables includes creditors for capital goods.

27 Contingent Liabilities and Commitments:

(i) Contingent Liabilities:

₹ in million

Sr. No.	Particulars	**As at March 31, 2018**	As at March 31, 2017
1	Bank Guarantees	67	109
2	Corporate Guarantee*	1,792	1,783
3	Income tax matters (Refer Note I)	382	328
4	Indirect tax matters (Refer Note II)	423	407
5	Other claims against the company not acknowledged as debts (Refer Note III)	46	46

*Corporate Guarantee of USD 28 million (₹1,792 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) ₹ 3 million (March 31, 2017 ₹ 3 million) against which the Company has paid ₹ 2 million (March 31, 2017 - ₹ 2 million) under protest.

b) Demand from Income Tax Authorities for Assessment year 2006-07 (from Assistant Commissioner of Income Tax) ₹ 2 million (March 31, 2017 : ₹ 2 million)

c) Demand from Income Tax Authorities for Assessment year 2007-08 u/s 154 (from Assistant Commissioner of Income tax) ₹ 3 million (March 31, 2017 ₹ 3 million) against which the Company has paid ₹ 2 million (March 31, 2017 ₹ 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 ₹ 58 Million (March 31, 2017 ₹ 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 ₹ 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) DR Congo tax authorities have recovered taxes under dispute from our customer for which we have received debit note of USD 0.12 million (₹ 8 million) and we do not have back-up with respect to the recoveries made and have requested the same from our customer. Additionally DR Congo tax authorities have recovered from our customer for the tax payments made in January 2018. This is against the VAT and WHT notices received for past years - 2014 and 2015 and the company has disclosed contingent liability CDF 166 million (₹ 7 million). The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

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 ₹ 196 million resulting in a demand of ₹134 million (March 31, 2017 ₹ 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. For this year we have received the order from the CIT(Appeals) dated 10 July 2017 wherein the CIT(Appeals) has redirected the Assessing Officer to verify the tax credits.

g) The Chad Income tax authorities have rasied the tax demand for the year 2014 and the company has disclosed contingent liability of XAF 357 million (₹ 43 million) (March 31,2017 : XAF 67 million, ₹ 7 million). The company is in the process of filing an appeal against the final order. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

h) The Chad Income tax authorities have revised the tax demand to XAF 24 million (₹ 3 million) (March 31,2017 : XAF 49 million, ₹ 5 million) for the year 2015 vide final order dated March 15, 2018. The company is in the process of filing an appeal against the final order. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

i) 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 ₹ 29 million. The Company has filled appeal before CIT (Appeals) on January 27, 2017 and is pending for hearing.

j) 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 ₹ 119 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 82BB(3)/84/ Rule-34 of the Income Tax Ordinance, 1984 from the Deputy Commissioner of Taxes (DCT) for Assessment year 2014-15 with adjustments in the returned income. Consequently there is reduction in refund of BDT 6 Million (₹ 4 million). The Company has filled appeal before The Commissioner of Taxes (Appeals) on July 11, 2017 and is pending for hearing.

l) The company has received a draft order from Republique du Congo for the calendar year 2012, 2013 and 2014, Officer has raised tax demand including penalties for corporate tax, VAT and WHT matters. The company is in the process of filing an appeal with the authorities and the company has disclosed contingent liability XAF 277 million (₹ 33 million).

II Indirect Tax Matter:

a) The Company has received an order from Commissioner of service tax confirming demand (including penalty of ₹ 204 million) for the financial years 2004-05 to 2007-08 amounting to ₹ 407 million (March 31, 2017 - ₹ 407 million). An amount of ₹ 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.

b) The Company has received an order u/s 6 (4Uma), 6 (8Chha, Aa) of the Value Added Tax Act, 1991 in Bangladesh containing arear VAT Demand to the tune of BDT 18 Million (₹14 million). The demand relates to four financial years 2012-13 to 2015-16 VAT against the service received has not been deducted at source or remained unpaid. The Company has submitted the relevant information / documents with the Bangladesh Revenue Authority and the assessment is still pending with the authorities.

c) The company has received a notice dated 5 March 2018 from Gabon Tax office persunt to article P 911 of general tax code (CGI) for the amount of XAF 20 million (₹ 2 million). The officer has confirmed the demand for the Financial Years 2013-14 to 2017-18. The company is in the process of filing an objection against the said notice.

III Other Claims:

a) It includes demand from BSES, New Delhi amounting to ₹ 15 million (March 31, 2017 ₹ 15 Million) and from BESCOM, Bangalore amounting to ₹ 7 million (March 31, 2017 ₹ 7 Million).

b) Includes a claim of USD-0.6 million (₹ 39 million) (March 31, 2017 USD-0.6 million (₹ 39 million)) by a leading telecom customer in Africa. The Company has issued a credit note of ₹ 19 million (50% of the claim amount) as an interim settlement and provided for an amount of ₹ 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 (₹ 14 million) (March 31, 2017 KES-22 million (₹ 14 million)) by a leading telecom customer in Africa. The Company has issued a credit note of ₹ 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 (₹ 4 million) (March 31, 2017 KES- 7 Million (₹ 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, 2018.

(ii) Commitments :

₹ in Million

Sr. No.	Particulars	**As at March 31, 2018**	As at March 31, 2017
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**61**	116

28. FINANCIAL INSTRUMENTS

I] Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2018 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)	680	-	-	680
Other balances with banks (Refer note 11)	33	-	-	33
Trade receivables (Refer note 9)	3,308	-	-	3,308
Loans (Refer note 5)	27	-	-	27
Other financial assets (Refer note 12(i) & 12(ii))	1,340	6	(4)	1,342
Total	**5,388**	**6**	**(4)**	**5,390**
Liabilities:				
Trade payables (Refer note 18)	1,402	-	-	1,402
Borrowings (Refer note 15(i) & 15(ii))	137	-	-	137
Other financial liabilities (Refer Note 19(i) & 19(ii))	87	-	-	87
Total	**1,626**	**-**	**-**	**1,626**

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)	526	-	-	526
Other balances with banks (Refer note 11)	14	-	-	14
Trade receivables (Refer note 9)	2,481	-	-	2,481
Loans (Refer note 5)	27	-	-	27
Other financial assets (Refer note 12(i) & 12(ii))	932	66	19	1,017
Total	**3,980**	**66**	**19**	**4,065**
Liabilities:				
Trade payables (Refer note 18)	1,101	-	-	1,101
Borrowings (Refer note 15(i) & 15(ii))	60	-	-	60
Other financial liabilities (Refer Note 19(i) & 19(ii))	86	-	-	86
Total	**1,247**	**-**	**-**	**1,247**

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, 2018:

₹ in Million

Particulars	As at March 31, 2018	Fair value measurement As at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Derivative financial instruments - foreign currency forward contracts	2	-	2	-
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, 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				
Derivative financial instruments - foreign currency forward contracts	85	-	85	-
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.

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, 2018 in foreign currency	Fair value Gain/ (loss) in ₹	Amount outstanding as at March 31, 2018 in ₹	No. of Contracts
In USD	21 million	10 million	1365 million	20 Contracts
	(March 31, 2017: 15 mn)	(March 31, 2017: 71 mn)	(March 31, 2017: 952 mn)	(March 31, 2017: 9 Contracts)
In Euro	2 million	(8) million	197 million	5 Contracts
	(March 31, 2017: 2 mn)	(March 31, 2017: 14 mn)	(March 31, 2017: 118 mn)	(March 31, 2017: 8 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 ₹ 4,675 million, ₹ 3,440 million as at March 31, 2018 and March 31, 2017 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 27 (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. The 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, 2018**	As at March 31, 2017
Balance at the beginning of the year	**334**	144
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses.	**(114)**	190
Balance at the end of the year	**220**	334

(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 15 (i) and 15 (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, 2018

₹ in Million

Particulars	**Less Than 1 Year**	**More Than 1 Year**	**Total**
Trade Payables	1,402	-	1,402
Other financial liabilities	81	6	87

The table below provides details regarding the contractual maturities of significant financial liabilities as of as at March 31, 2017

₹ in Million

Particulars	**Less Than 1 Year**	**More Than 1 Year**	**Total**
Trade Payables	1,101	-	1,101
Other financial liabilities	80	6	86

IV] Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:-

₹ in Million

Particulars	Currency	As at March 31, 2018		As at March 31, 2017	
		Amount in Foreign Currency	Amount in INR Currency	Amount in Foreign Currency	Amount in INR Currency
Trade Receivables	BDT	13	10	58	47
	CDF	78	3	169	8
	EUR	10	797	6	444
	GBP	0	6	0	9
	GHS	2	25	1	13
	KES	30	19	15	9
	MGA	1,747	36	1,300	26
	MWK	148	14	78	7
	RWF	91	7	59	5
	SCR	0	0	0	0
	SLL	132	1	471	4
	TZS	1,281	37	592	17
	UGX	932	17	272	5
	USD	17	1,120	14	922
	XAF	341	41	135	14
	XOF	403	50	264	28
	ZMW	2	16	0	2
Other financial assets	AED	0	6	0	6
	AUD	(0)	(0)	-	-
	BDT	43	34	1	1
	CDF	138	6	12	1
	EUR	0	16	0	2
	GBP	0	0	0	1
	GHS	0	0	(0)	(1)
	KES	5	3	12	7
	MGA	3,241	66	0	0
	MYR	0	3	-	-
	MWK	-	-	0	0
	RWF	3	0	4	0
	SGD	-	-	0	2
	SCR	1	5	-	-
	SLL	319	3	5	0
	TZS	-	-	0	0
	UGX	129	2	4	0
	USD	2	156	1	90
	XAF	0	0	5	1
	XOF	-	-	1	0
	ZAR	(0)	(0)	0	1
	ZMK	-	-	14	0
	ZMW	0	0	0	1
Trade Payables and Other financial liabilities	AED	0	4	(0)	(0)
	BDT	5	4	3	2
	CDF	8	0	31	1
	EUR	1	56	0	10
	GBP	0	5	0	2
	GHS	0	4	0	5
	KES	2	2	9	6
	LKR	10	4	0	0
	MGA	14	0	47	1
	MWK	5	0	5	0
	RWF	11	1	8	1
	SCR	0	0	0	0
	MYR	0	1	-	-
	KWD	0	1	-	-

₹ in Million

Particulars	Currency	As at March 31, 2018		As at March 31, 2017	
		Amount in Foreign Currency	Amount in INR Currency	Amount in Foreign Currency	Amount in INR Currency
	SGD	0	4	0	1
	SLL	7	0	144	1
	TZS	6	0	44	1
	UGX	49	1	88	2
	USD	7	438	6	392
	XAF	283	34	223	23
	XOF	379	47	108	11
	ZAR	0	2	0	0
	ZMK	-	-	71	0
	ZMW	0	0	0	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 ₹ 220 million as at March 31, 2018 (₹ 156 million as at March 31, 2017) for trade receivables and ₹ 30 million as at March 31, 2018 (₹ 11 million as at March 31, 2017) 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 ₹ 61 million as at March 31, 2018 (₹ 46 million as at March 31, 2017) for trade payables or other financial liabilities.

29 Basic and Diluted Earning per share

₹ in million except earning per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Nominal value per equity share	**10**	10
Profit/(Loss) for the year	**929**	298
Profit/(Loss) attributable to equity shareholders	**929**	298
	No. of Shares	No. of Shares
Weighted average number of equity shares	**21,724,436**	21,717,999
Weighted average number of diluted equity shares	**21,724,436**	21,717,999
Earning Per Share- Basic	**42.75**	13.74
Earning Per Share- Diluted	**42.75**	13.74

30 Provision for warranty:

The movement in the said provision is summarized below:

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Balance	**13**	12
Add: Additional provision made during the year	**-**	13
Less: Provision reversed during the year	**(5)**	(12)
Closing balance	**8**	13

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.

31 Segment Information has been presented in the Consolidated Financial Statements as permitted by Ind AS 108 on Operating Segments.

32 The Company has accounted as an expense of ₹ 7 million (year ended March 31, 2017: ₹ 19 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.

33 Comviva Technologies B.V. (a wholly owned subsidiary of the Company), in August 2017, incorporated 100% Subsidiary Comviva Technologies (Australia) Pty. Ltd.

34 Terra Payment Services (Netherlands) B.V. (a wholly owned subsidiary of the Company), in September 2017, incorporated 100% Subsidiary Terra Payment Services (India) Private Limited.

35 Comviva Technologies B.V. (a wholly owned subsidiary of the Company) through its 100% subsidiary Comviva Technologies (Australia) Pty ltd, has acquired 100% stake of Emagine International Holdings Pty. Ltd. and its subsidiary Emagine International Pty. Ltd. , as per share purchase agreement dated Aug 31, 2017, for a consideration of AUD 95,29,849 (₹ 482 Million).

36 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 (₹14 million). As per the agreement dated July 21, 2016, the initial purchase consideration of USD 21,086 (₹ 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.

37 Based on the information available with the company, following creditors have been identified as “Supplier” within the meaning of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Dues to micro and small suppliers	**As at March 31, 2018**	As at March 31, 2017
The amounts remaining unpaid to micro and small suppliers as at the end of the year:		
Principal	**58**	-
Interest	**-**	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	**-**	-
The amount of interest paid under the act beyond the appointed day during the year	**-**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED	**-**	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 and March 31, 2017 has been made in the financial statements based on information received and available with the Company.

38 Auditors Remuneration (net of service tax) **₹ In Million**

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Audit Fees	**4**	3
For other services	**-**	1
For taxation matter	**1**	1
Total	**5**	5

39 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, 2018	Period	Rate of interest	Purpose
For details of investments made, refer Note 4					
Comviva Technologies B.V.	Guarantee	₹ 1,792 Million (USD 28 Million) [₹ 1,783 Million (USD 28 Million)]	Repayable on demand	Libor+95 bps	Corporate Guarantee of ₹ 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, 2017.

40 **Corporate Social Responsibility:**

a) Gross amount required to be spent by the Company ₹ 23 million during the year.

b) Amount spent during the year ₹ 23 million.

Particulars	In Cash	Yet to be paid in cash	Total
Construction/acquisition of any asset*	- (-)	- (-)	- (-)
On purposes other than Construction/ acquisition of any asset*	23 (24)	- (-)	23 (24)

41 **Research & Development Expenditure under section 35(2AB) of the Income tax Act, 1961**

The Company has incurred Research Development Expenditure during the year. Details are as follows:

- Revenue Expenditure – ₹ 206 million
- Capital Expenditure – ₹ 74 million

42 **Income Tax Expense**

Income tax expense in the statement of profit and loss comprises:

₹ in Million

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Current tax	**445**	111
Deferred tax	**(12)**	(133)
Income tax expense recognised in profit or loss	**433**	(22)
Deferred tax asset in other comprehensive income	**8**	4
Total income tax expense recognised in total comprehensive income	**425**	(18)

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, 2018**	For the year ended March 31, 2017
Profit before Tax	1,362	276
Effective Tax Rate	32.69%	34.61%
Current tax (A)	445	96
Effective Deferred Tax Rate	-0.91%	1.73%
Deferred tax(B)	(12)	(133)
Income tax expense recognised in profit or loss (A+B)	433	(37)
Enacted tax rate	34.608%	34.608%
	473	96
Effect of expenses/income that are not admissible in determining taxable profit	42	21
Effect of differential overseas tax rates	2	1
Additional deduction on Research & Development expenditure	(93)	(145)
Others	9	5
Income tax expense recognised in profit or loss	433	(22)

Note:

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.

43 Deferred Tax:

The following is the analysis of deferred tax assets presented in the balance sheet:

₹ in Million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Deferred tax assets	**335**	321
Deferred tax liabilities	**-**	(6)
Deferred tax assets (net)	**335**	315

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, 2018**			
	Opening balance	**Recognized in Profit and loss**	**Recognized in OCI**	**Closing balance**
Provision for Employee benefits	101	15	(0)	116
Inventory and Trade receivables	133	(42)	-	91
Property, Plant & Equipment and Intangibles assets	40	0	-	40
MAT Credit Entitlement	18	-	-	18
Others	29	39	-	68
Cash flow hedging reserve	(6)	-	8	2
Net Deferred Tax Assets	**315**	**12**	**8**	**335**

₹ 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**

44 The specified bank notes as defined under the notification issued by Ministry of Finance, Department of Economic dated 8 November 2016 are no longer in existence. Hence the company has not provided the corrosponding disclosures as prescribed in Schedule III to Companies Act,2013. Disclosures made in previous year financial statements is given below:-

Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016:

The Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Amount in ₹

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

45 Previous year's figures have been re-classified to conform this year's classification.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar
Chairman

C.P. Gurnani
Director

Ulhas N. Yargop
Director

Rajat Mukherjee
Director

Jagdish Mitra
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer

Sriram Gopalakrishnan
CFO & Company Secretary

Place: Gurugram
Date: May 21, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Comviva Technologies Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Comviva Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's 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, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to 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 Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

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-paragraph 2 (a) of 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 of the Group, as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

1. (a) We did not audit the financial statements/ financial information of 6 subsidiaries, whose financial statements/ financial information reflect total assets of Rs.2,080 million as at 31 March 2018, total revenues of Rs. 2,259 million and net cash inflows amounting to Rs. 201 million for the year ended on that date, as considered in the consolidated 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 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 to the aforesaid subsidiaries is based solely on the reports of the other auditors.

   (b) We did not audit the financial statements / financial information of 20 subsidiaries, whose financial statements / financial information reflect total assets of Rs.512 million as at 31 March 2018, total revenues of Rs.178 million and net cash outflows amounting to Rs. 42 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and 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-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid 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 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 and the financial statements / financial information certified by the Management.

2. Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 23 May 2017 on the consolidated Ind AS financial statements of the Group for the year ended 31 March 2017.

   Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(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 matter’ 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 specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2018 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 with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

   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 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 26 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: 21 May 2018

Annexure A to the Independent Auditor’s Report of even date on the Consolidated Ind AS Financial Statements of Comviva Technologies Limited.

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 with reference to financial statements of Comviva Technologies Limited (“the Company” or “the Holding Company”) as of 31 March 2018 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Holding Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”)issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group’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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the 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 ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 ConsolidatedInd AS 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 with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Statements

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements 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 Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial statements to future periods are subject to the risk that the internal financial control over financial statements 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 has, in all material respects, an adequate internal financialcontrols system with reference tofinancial statements and such internal financial controls with reference tofinancial statements were operating effectively as at 31 March 2018, based on the internal control with reference tofinancial statements 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 B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: 21 May 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

₹ in Million

Particulars				Note No.	As at March 31, 2018	As at March 31, 2017
I	**ASSETS**					
A	**Non current assets**					
	(a)	Property, plant and equipment		3A	**298**	178
	(b)	Capital work-in-progress			**9**	39
	(c)	Other intangible assets		3B	**248**	113
	(d)	Goodwill on acquisition			**449**	154
	(e)	Financial assets				
	(i)	Other financial assets		10(i)	**143**	77
	(f)	Income tax Asset (net)			**1,143**	1,055
	(g)	Deferred tax assets (net)		4A	**418**	383
	(h)	Other non-current assets		5(i)	**221**	203
	Total non-current assets				**2,929**	2,202
B	**Current assets**					
	(a)	Inventories		6	**94**	105
	(b)	Financial assets				
		(i)	Trade receivables	7	**3,580**	3,002
		(ii)	Cash and cash equivalents	8	**1,240**	943
		(iii)	Other balances with bank	9	**42**	29
		(iv)	Other financial assets	10(ii)	**1,516**	1,064
	(c)	Other current assets		5(ii)	**373**	329
	Total current assets				**6,845**	5,472
	TOTAL ASSETS				**9,774**	7,674
II	**EQUITY AND LIABILITIES**					
A	**Equity**					
	(a)	Equity share capital		11	**219**	217
	(b)	Other equity		12	**4,904**	4,255
	Equity attributable to owners of the company				**5,123**	4,472
B	**Non-controlling interests**				**(66)**	(40)
C	**Liabilities**					
1	**Non current liabilities**					
	(a)	Financial liabilities				
		(i)	Borrowings	13(i)	**-**	4
		(ii)	Other financial liabilities	17(i)	**130**	-
	(b)	Provisions		14(i)	**182**	157
	(c)	Other non-current liabilities		15(i)	**45**	24
	(d)	Deferred tax liabilities (net)		4B	**13**	-
	Total non-current liabilities				**370**	185
2	**Current liabilities**					
	(a)	Financial liabilities				
		(i)	Borrowings	13(ii)	**1,394**	754
		(ii)	Trade payables	16	**2,024**	1,737
		(iii)	Other financial liabilities	17(ii)	**196**	79
	(b)	Other current liabilities		15(ii)	**570**	351
	(c)	Provisions		14(ii)	**85**	95
	(d)	Current tax liabilities (net)			**78**	41
	Total current liabilities				**4,347**	3,057
	TOTAL EQUITY AND LIABILITIES				**9,774**	7,674
	See accompanying notes forming part of the consolidated financial statements			1-42		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar
Chairman

C.P. Gurnani
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Rajat Mukherjee
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

		Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I.		Revenue from operations	18	**8,572**	8,314
II.		Other income (net)	19	**228**	(129)
III.		**Total income (I+II)**		**8,800**	8,185
IV.		**Expenses**			
	(a)	Employee benefits expense	20	**3,104**	3,121
	(b)	Subcontracting cost		**628**	639
	(c)	Finance costs		**59**	69
	(d)	Depreciation and amortization expense	3	**280**	230
	(e)	Other expenses	21	**3,756**	4,329
		Total expenses		**7,827**	8,388
V.		**Profit/(Loss) before tax**		**973**	(203)
VI.		**Tax expenses**			
	(a)	Current tax		**461**	96
	(b)	Deferred tax credit (Refer Note 38)		**(63)**	(209)
				398	(113)
VII.		**Profit/(Loss) after tax**		**575**	(90)
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		**1**	(6)
	(II)	Income tax relating to items that will not be reclassified to profit or loss		**(0)**	2
B)	(I)	Items that will be reclassified to profit or loss			
	(a)	Net movement of effective portion on cash flow hedge		**(23)**	15
	(b)	Exchange difference in translating the financial statements of foreign operations		**(6)**	36
	(II)	Income tax relating to items that will be reclassified to profit or loss		**8**	(6)
IX.		**Other comprehensive income for the year**		**(20)**	41
X.		**Total comprehensive income for the year**		**555**	(49)
		Profit/(Loss) for the year attributable to:			
		Owners of the Company		**601**	(59)
		Non controlling interests		**(26)**	(31)
		Other comprehensive income for the year attributable to:			
		Owners of the Company		**(20)**	41
		Non controlling interests		**-**	-
		Total comprehensive income for the year attributable to:			
		Owners of the Company		**581**	(18)
		Non controlling interests		**(26)**	(31)
XI.		**Earnings per equity share (Face value of ₹ 10/- each)**	28		
	(a)	Basic (in ₹)		**27.67**	(2.70)
	(b)	Diluted (in ₹)		**27.67**	(2.70)
		See accompanying notes forming part of the consolidated financial statements	1-42		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar
Chairman

C.P. Gurnani
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Rajat Mukherjee
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital

₹ in Million

Particulars	**Number of Shares**	Equity Share Capital
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
Balance at April 1, 2017	21,720,364	217
Changes in equity share capital during the year on account of issue of treasury shares	148,636	2
Balance as at March 31, 2018	**21,869,000**	219

b. Other equity

₹ in Million

Particulars	**Reserves & Surplus**			**Items of OCI**				
	Securities Premium	**Capital reserve**	**Retained Earnings**	**Foreign Currency Translation Reserve**	**Effective portion of cash flow hedge**	**Owners Equity**	**Non-Controlling interest**	**Total**
Balance at April 1, 2016	552	-	3,720	(3)	4	4,273	(9)	4,264
Loss during the year	-	-	(59)	-	-	(59)	(31)	(90)
Other comprehensive income	-	-	(4)	36	9	41	-	41
Total comprehensive income	**-**	**-**	**(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**
Balance at April 1, 2017	552	-	3,657	33	13	4,255	(40)	4,215
Profit during the year	-		601	-	-	601	(26)	575
Other comprehensive income	-		1	(6)	(15)	(20)	-	(20)
Total comprehensive income	**-**	**-**	**602**	**(6)**	**(15)**	**581**	**(26)**	**555**
Additions during the period	15	53	-	-	-	68	-	68
Balance as at March 31, 2018	**567**	**53**	**4,259**	**27**	**(2)**	**4,904**	**(66)**	**4,838**

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
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Rajat Mukherjee
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

	Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A]	**Cash flows from operating activities**				
	Profit/(Loss) before tax		973		(203)
	Adjustments for:				
	Depreciation and amortization	280		230	
	Profit on sale of property, plant and equipment	(1)		(0)	
	Interest expense	59		69	
	Interest income	(5)		(15)	
	Dividend income	(0)		(0)	
	Unrealised foreign exchange difference (net)	(171)		235	
	Reversal of provision no longer required	(46)		(8)	
	Provision for doubtful debt	124		194	
	Profit on sale of current investment	(1)		(3)	
			239		702
	Operating Profit before working capital changes		1,212		499
	Adjustments for changes in working capital:				
	Increase/(decrease) in trade payable, other liabilities and provisions	484		250	
	(Increase)/decrease in trade receivables	(557)		(359)	
	(Increase)/decrease in Other assets, loans and advances	(542)		180	
			(615)		71
	Cash generated from operations		597		570
	Direct taxes paid (net)		(491)		(615)
	Net cash flows from (used in) operating activities (A)		106		(45)
B]	**Cash flows from investing activities**				
	Purchase of property, plant and equipment	(248)		(246)	
	Interest Received	0		3	
	Dividend Received	0		0	
	Purchase of Investments	(328)		(121)	
	Sale of Investments	329		260	
	Deferred consideration paid	-		(193)	
	Acquisition of a Company (Refer Note 32)	(265)		(14)	
	Sale of property, plant and equipment	2		1	
	Net cash flows used in investing activities (B)		(510)		(310)
C]	**Cash flows from financing activities**				
	Proceeds from Issue of Equity Shares	70		0	
	Proceeds from Short term borrowings (net)	705		475	
	Repayment of Other borrowings (net)	(63)		(54)	
	Finance Cost	(29)		(67)	
	Net cash flows from financing activities (C)		683		354

₹ in Million

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
D]	**Exchange differences on translation of foreign currency cash and cash equivalents**	**2**	(3)
	Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D)	**281**	(4)
	Cash & cash equivalents at the end of the year (Refer note 1 below)	**1,240**	943
	Increase in cash and cash equivalents on acquisition (Refer Note 32)	**16**	10
	Cash & cash equivalents at the beginning of the year	**943**	937
	Net Increase / (decrease) in cash and cash equivalents	**281**	(4)
		1	(0)

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Note 1:		
Cash and cash equivalents include:		
Cash on hand	**0**	0
Remittances in transit	**153**	44
Balance with banks		
- In current accounts	**1,087**	899
- In deposit accounts	**-**	-
Total Cash and Cash equivalents - Refer Note - 8	**1,240**	943

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.

Note 4:

Previous year's figures have been rearranged/regrouped wherever necessary.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar
Chairman

C.P. Gurnani
Director

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Director

Jagdish Mitra
Director

Rajat Mukherjee
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Company Overview

Comviva Technologies Limited ("The 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, 2018 were approved by the Board of Directors and authorized for issue on May 21, 2018.

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 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 the Company and its subsidiaries:

Investment in Subsidiaries:

Sr. No.	Name of the Subsidiary	Country of Incorporation	As at March 31, 2018	As at March 31, 2017
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%	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%	100%
16	- Terra Payment Services S.A.R.L. –DR Congo**	DR Congo	100%	100%
17	- Terra Payment Services S.A.R.L. –Congo B#	Congo B	100%	100%
18	- Terra Payment Services Botswana (Pty) Limited##	Botswana	100%	100%
19	- Terra Payment Services (UK) Ltd.	UK	100%	100%
20	- Terra Payment Services Mauritius	Mauritius	100%	100%
21	- Terra Payment Services (India) Private Limited.^^^^	India	100%	-
22	Terra payment Services South Africa (PTY) Ltd. ^	South Africa	100%	100%
23	Comviva Technologies Madagascar Sarlu^^	Madagascar	100%	100%
24	Comviva Technologies (Australia) Pty. Ltd.^^^	Australia	100%	-
25	Emagine International Pty. Ltd.	Australia	100%	-
26	Comviva Technologies Mexico, S. de R.L. de C.V.^^^^^ (99.96% by Comviva Technologies B.V. and 0.04% by Comviva Technologies FZ LLC)	Mexico	100%	-

* The Company, in June 2016, 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, incorporated a 100% subsidiary named Terra Payment Services S.A.R.L., DR Congo through its subsidiary Terra payment Services (Netherlands) B.V. however, the Company has also not yet commenced operations.

*** The Company, in December 2015, incorporated a 100% subsidiary named Mobex Money Transfer Services limited through its subsidiary Terra payment Services (Netherlands) B.V. and has not infused capital till March 31, 2018, the Company has also not yet commenced operations.

**** The Company, in February 2016, has incorporated a 100% subsidiary named Terrapay Services (UK) Limited through its subsidiary Terra payment Services (Netherlands) B.V. and has not infused capital till March 31, 2018, the Company has also not yet commenced operations.

The Company, in July 2016, 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, 2018.

The Company, 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, acquired 100% stake, in October 2014, in Terra payment Services South Africa (PTY) Ltd. 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 till March 31, 2018.

**# The Company, in March 2016, 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 March 31, 2018, the company has also not yet commenced operations.

^^^ The Company, in August 2017, incorporated a 100% subsidiary named Comviva Technologies (Australia) Pty. Ltd. through its subsidiary Comviva Technologies (Netherlands) B.V., the company has not yet commenced operations.

^^^^ The Company, in September 2017, incorporated a 100% subsidiary named Terra Payment Services (India) Private Limited through its subsidiary Terra payment services (Netherlands) B.V. and has not infused capital till March 31, 2018 and the company has not yet commenced operations.

^^^^^ The Company, in February 2018, incorporated a 100% subsidiary named Comviva Technologies Mexico, S. de R.L. de C.V. through its subsidiary Comviva Technologies B.V. and has not infused capital till March 31, 2018 and the company has not yet commenced operations.

The Company also maintains an ESOP named “Comviva ESOP Trust” which is also consolidated in company financial statements.

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.

v) **Impairment of Goodwill**

The Group estimates the value in use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted- average cost of capital based on the historical market returns of comparable companies.

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 ₹ 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 are 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.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit.

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 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 contracts priced on a time and material basis is recognised when services are rendered.

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 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.

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered a separate unit of account is accounted for separately. The allocation of the consideration from revenue arrangement to its separate units of account is based on the relative fair value of each unit.

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 is 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. 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 Research and Development

Research costs are recognized in the statement of profit and loss in the period it is incurred. Development costs are recognized in the statement of profit and loss in the period it is incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use the asset and the costs can be measured reliably.

2.21 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit and loss.

2.22 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 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.

2.23 New accounting standard not yet adopted:

Ind AS 115 supersedes all existing revenue requirements in Ind AS 11 Construction Contracts, Ind AS 18 Revenue and related interpretations) w. e. f. April 1, 2018. According to Ind AS 115 establishes a five step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Revenue recognition is based on performance obligation assessment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The Company is currently assessing the impact of adopting Ind AS 115 on the Company's Financial Statements. The Company is not able to quantify the impact on Company's Financial Statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates, the amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The standard explains that 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. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

Note 3 - Property, Plant and Equipment

Particulars	Gross Block						Accumulated Depreciation/Amortization						Net Block	
	As at April 1, 2017	Additions on Acquisiton during the year	Additions during the year	Disposals during the year	Translation exchange difference during the year	As at March 31, 2018	As at April 1, 2017	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, 2018	As at March 31, 2018	As at March 31, 2017
3A. Tangible Assets														
Plant and equipment	933	3	133	31	(0)	1,038	796	3	91	31	(1)	858	180	137
(Previous year)	912	-	102	69	(12)	933	772	-	100	68	(8)	796	137	140
Furniture and fixtures	78	4	14	2	(12)	82	59	3	9	2	(8)	61	21	19
(Previous year)	74	-	10	-	(6)	78	52	-	9	-	(2)	59	19	22
Office equipment	57	1	15	3	4	74	36	1	13	2	(1)	47	27	21
(Previous year)	51	-	8	-	(2)	57	29	-	8	-	(1)	36	21	22
Vehicle	0	-	-	-	(0)	0	0	-	0	-	(0)	0	0	0
(Previous year)	0	-	-	-	(0)	0	0	-	0	-	(0)	0	0	0
Improvement to leased premises	54	7	71	-	(1)	131	53	2	4	-	2	61	70	1
(Previous year)	54	-	-	0	(0)	54	50	-	3	0	0	53	1	4
Total	1,122	15	233	36	(9)	1,325	944	9	117	35	(8)	1,027	298	178
Previous Year	1,091	-	120	69	(20)	1,122	903	-	120	68	(11)	944	178	188
3B. Intangible Assets (Other than internally generated)														
Computer software	447	-	72	-	(2)	517	440	-	75	-	(2)	513	4	7
(Previous year)	389	-	59	-	(1)	447	385	-	56	-	(1)	440	7	4
Intellectual property rights	34	176	0	-	7	217	8		34	-	0	42	175	26
(Previous year)	0	-	34	-	0	34	0	-	8	-	0	8	26	0
Intangible Assets-Customer rights	121	35	0	-	19	175	47		50	-	11	108	67	74
(Previous year)	131	-	-	-	(10)	121	7	-	43	-	(3)	47	74	124
Intangible Assets-Licences	9	-	0		0	9	3	-	4	-	0	7	2	6
(Previous year)	-	9	-	-	(0)	9	-	-	3	-	(0)	3	6	-
Total	611	211	72	-	24	918	498	-	163	-	9	670	248	113
Previous Year	520	9	93	-	(11)	611	392	-	110	-	(4)	498	113	128

Note 4A - Deferred tax assets (net) :

₹ in million

Particulars	As at March 31, 2018	As at March 31, 2017
Break up of deferred tax assets		
Nature of timing difference		
Provision for Employee benefits	**126**	101
Inventory and Trade receivables	**91**	133
Carried forward of business losses	**61**	69
Property, Plant & Equipment and Intangible assets	**52**	39
MAT credit entitlement	**18**	18
Cash flow hedging reserve	**2**	-
Others	**68**	29
Break up of deferred tax liability		
Cash flow hedging reserve	**-**	(6)
	418	383

Note 4B - Deferred tax liablities (net) :

Particulars	As at March 31, 2018	As at March 31, 2017
Others	**13**	-
	13	-

Note 5 - Other Assets :

(i) 0ther non current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Capital advances		
Considered good	**1**	0
Considered doubtful	**0**	0
	1	0
Provision for doubtful advances	**0**	0
	1	0
Prepaid expenses	**26**	22
Balance with Government authorities	**194**	181
	221	203

(ii) 0ther current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Advance to suppliers		
Considered good	**162**	14
Considered doubtful	**1**	2
	163	16
Provision for doubtful advances	**1**	2
	162	14
Loans and advances to employees	**38**	60
Balance with Government authorities	**70**	128
Prepaid expenses	**103**	127
	373	329

Note 6 - Inventories :

Particulars	As at March 31, 2018	As at March 31, 2017
Others - Stock of IT equipments, purchased software (Consumed in IT projects) and others (Valued at lower of cost and net realizable value)	**94**	105
	94	105

Note 7 - Trade receivables :

₹ in million

Particulars	**As at March 31, 2018**	March 31, 2017
Trade Receivables (Unsecured)		
Over Six Months		
- Considered good*	**699**	447
- Considered doubtful	**242**	348
	941	795
- Others		
- Considered good**	**2,881**	2,555
- Considered doubtful	**-**	-
	2,881	2,555
Total	**3,822**	3,350
Less: Provision for doubtful trade receivables	**242**	348
Total	**3,580**	3,002

* Net of Advances aggregating to ₹ 136 million (Previous Year: ₹ 82 million) pending adjustments with invoices

** Net of Advances aggregating to ₹ 57 million (Previous Year: ₹ 28 million) pending adjustments with invoices

Note 8 - Cash and cash equivalents :

Particulars	**As at March 31, 2018**	March 31, 2017
Cash on hand	**0**	0
Remittances in transit	**153**	44
Balances with banks:		
- In current accounts	**1,087**	899
	1,240	943

Note 9 - Other balances with bank :

Particulars	**As at March 31, 2018**	March 31, 2017
Earmarked balances with bank		
-Balance held under Escrow account	**34**	23
-Balance held as Margin Money towards obtaining bank guarantee	**-**	6
Balances held as Margin Money/Security towards obtaining Bank Guarantees	**8**	-
Total	**42**	29

Note 10 - Other Financial assets

(i) 0ther non current financial assets

Particulars	**As at March 31, 2018**	March 31, 2017
Security deposits	**74**	67
Considered doubtful	**2**	1
	76	68
Provision for doubtful security deposit	**2**	1
	74	67
Balances held as Margin Money/Security towards obtaining Bank Guarantees	**69**	10
Total	**143**	77

(ii) 0ther current financial assets

Particulars	**As at March 31, 2018**	March 31, 2017
Unbilled Revenue (net of provision of ₹ 14 million (previous year: ₹ 14 million))	**1,509**	945
Fair values of foreign exchange forward contracts	**2**	85
Security deposits	**4**	34
Interest accrued	**1**	0
Total	**1,516**	1,064

Note 11 -Equity Share capital :

₹ in Million

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Number	**₹ in million**	Number	₹ in million
(a) Authorised :				
Equity shares of ₹ 10 each	**25,500,000**	**255**	25,500,000	255
Series A 0.001% fully convertible non-cumulative preference shares of ₹ 10 each	**8,000,000**	**80**	8,000,000	80
(b) Issued, subscribed and fully paid up :		**218.690**		
Equity shares of ₹ 10 each fully paid up	**21,720,364**	**217**	21,869,000	219
Less : Shares issued to ESOP Trust treated as Treasury Stock	**-**	**-**	148,636	2
Add: Shares issued from treasury stock	**148,636**	**2**	-	-
Total	**21,869,000**	**219**	21,720,364	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, 2018**		As at March 31, 2017	
	Number	**₹ in million**	Number	₹ in million
Equity Shares				
Opening Balance	**21,720,364**	**217**	21,864,850	219
Less : Shares issued to ESOP Trust treated as Treasury Stock during the year	**-**	**-**	148,636	2
Add: Shares issued during the year	**-**	**-**	4,150	0
Add : Shares issued from treasury stock lying with ESOP Trust during the year	**148,636**	**2**	-	-
Closing Balance	**21,869,000**	**219**	21,720,364	217

(ii) Terms, rights and restrictions attached to:

Equity Shares:

The Company has equity shares having par value of ₹ 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 ₹ 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, 2018**	March 31, 2017
Tech Mahindra Limited	**21,835,698**	14,675,088

(iv) Details of equity shares held by shareholder holding more than 5%:

Name of shareholder	**As at March 31, 2018**		As at March 31, 2017	
	No. of Shares	% of Holding #	No. of Shares	% of Holding #
Equity shares of ₹ 10 each fully paid up				
Tech Mahindra Limited	21,835,698	99.85%	14,675,088	67.10%
West Bridge Ventures II Investment Holdings	-	0.00%	2,170,931	9.93%
Bharti (SBM) Holdings Private Limited	-	0.00%	1,936,420	8.85%
Bharti (RM) Holdings Private Limited	-	0.00%	1,210,262	5.53%
Bharti (RBM) Holdings Private Limited	-	0.00%	1,210,262	5.53%

This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

Note 12 - Other Equity :

₹ **in Million**

Particulars	**As at March 31, 2018**		As at March 31, 2017	
Securities premium account		**567**		567
Opening balance	**552**		552	
Add: Additions on ESOPs exercised	**-**		0	
Add: Addition on account of issue of treasury shares	**15**		-	
Closing balance		**567**		552
Capital Reserve				
Opening balance	**-**		-	
Add: Additions on issue of treasury stock#	**53**		-	
Closing balance		**53**		-
Hedging Reserve (Refer Note 27)				
Opening balance	**13**		4	
Add/(Less): change in fair value of forward contracts (net)	**(15)**		9	
Closing balance		**(2)**		13
Foreign Currency Translation Reserve				
Opening balance	**33**		(3)	
Add/(Less): Foreign Currency Translation for the year	**(6)**		36	
Closing balance		**27**		33
Surplus in the statement of profit and loss				
Opening balance	**3,657**		3,720	
Add/(Less): Profit/(Loss) for the year	**601**		(59)	
Add/(Less): Other comprehensive income / (loss)	**1**		(4)	
Closing balance		**4,259**		3,657
Statutory Reserve*		**0**		0
Total		**4,904**		4,255

*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, 2018.

This denotes profit on sale of 148,636 equity shares lying as treasury shares with ESOP Trust to Tech Mahindra Limited (holding company).

Note 13 -Borrowings :

(i) Long-term borrowings

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured		
- Deferred payments -(Liabilities repayable over period of 1-2 years)	**-**	4
Total	**-**	4

(ii) Short-term borrowings

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
From bank (Secured by book debt, inventory, fixed deposits and guarantee)	**1,329**	732
From Other (Refer Note 25)	**65**	22
Total	**1,394**	754

Note 14 -Provisions :

(i) Long-term provisions

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
-Gratuity (Refer Note 22)	**128**	113
-Compensated absences	**54**	44
Total	**182**	157

(ii) Short-term provisions

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits	**76**	81
-Gratuity (Refer Note 22)	**13**	11
-Compensated absences	**63**	71
	76	82
Provision for warranties (Refer Note 29)	**9**	13
Total	**85**	95

Note 15 - Other liabilities :

(i) Non-current liabilities

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Unearned revenue	**45**	24
Total	**45**	24

(ii) Current liabilities

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Unearned revenue	**181**	183
Statutory remittances	**146**	100
Advance from customers	**243**	68
Total	**570**	351

Note 16 - Trade payables :

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables other than Accrued Salaries and Benefits*	**1,698**	1,528
Accrued Salaries and Benefits	**326**	209
Total	**2,024**	1,737

*Refer Note 36 for Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Note 17 - Other Financials liabilities:

(i) Other Financial Liabilities : Non Current

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Contingent Contractual Obligation	**130**	-
	130	-

(ii) Other Financial Liabilities : Current

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long term borrowings (unsecured)	**3**	21
Contingent Contractual Obligation	**96**	-
Payables on purchase of property,plant and equipment	**81**	54
Interest accrued	**16**	4
	196	79

Note 18 - Revenue from operations :

₹ in Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income from Comviva Product and related managed support		
Licence Fee with Implementation and other services*	**4,178**	3,742
Revenue sharing arrangements	**2,091**	2,403
Annual maintenance contract services	**1,700**	1,658
	7,969	7,803
Income from sale of equipments and software (third party)**	**603**	511
Total	**8,572**	8,314

*Includes revenue in respect of time & material and Managed Services Contracts.
**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 21)

Note 19 - Other income (net):

₹ in Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income	**5**	15
Dividend income on current investments	**0**	0
Exchange gain/loss (net)	**164**	(162)
Profit on sale of current investments	**1**	3
Sundry Balances written back	**46**	8
Miscellaneous Income	**12**	7
Total	**228**	(129)

Note 20. Employee benefits expense :

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
		₹ in Million
Salaries, wages and bonus	**2,781**	2,798
Contribution to provident and other funds (Refer Note 22)	**238**	235
Staff Welfare Expenses	**85**	88
Total	**3,104**	3,121

Note 21. Operating and other expense:

Particulars		For the year ended March 31, 2018		For the year ended March 31, 2017
				₹ in million
Cost of hardware equipments,softwares and other items		**1,059**		907
Royalty and software charges		**1,034**		1,415
Travelling and conveyance		**450**		528
Freight and forwarding charges		**16**		8
Recruitment Expenses		**5**		13
Power and fuel		**34**		34
Rent		**189**		209
Rates and taxes		**102**		95
Insurance		**57**		43
Repairs and maintenance:				
Machinery and computers	**29**		35	
Building	**57**		53	
Others	**94**		50	
		180		138
Advertising and sales promotion		**158**		289
Communication costs		**68**		110
Profit on sale of property, plant and equipment		**(1)**		(0)
Corporate Social Responsibility		**23**		24
Legal and professional fees		**163**		205
Conference expenses		**34**		52
General office expenses		**28**		33
Provision for doubtful debts (net)		**124**		194
Miscellaneous expenses (including warranty) (Refer Note 29)		**33**		32
Total		**3,756**		4,329

22. Employee Benefits

a) Defined Contribution Plan

Amounts recognised as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹ 200 million (year ended March 31, 2017 : ₹ 210 million).

b) 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, 2018, the fair value of the assets of the fund and the accumulated members' corpus is ₹901 million (March 31, 2017 ₹ 761 million) and ₹503 million (March31, 2017 ₹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 8.55% in first year with a expected shortfall of 0.05% thereafter . The actuarial assumptions include discount rate of 7.31%. The Company recognised ₹ 63 million (March 31, 2017: ₹ 67 million) for provident fund contributions in the statement of profit and loss.

c) 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, 2018	As at March 31, 2017
Present Value of Defined Benefit Obligation as at the beginning of the year	**133**	112
Service Cost	**31**	18
Interest cost	**8**	8
Benefits Paid	**(20)**	(11)
Actuarial (gain)/ loss - experience	**2**	6
Actuarial (gain)/loss - demographic assumptions	**0**	-
Actuarial (gain)/ loss - financial assumptions	**(3)**	(0)
Present Value of Defined Benefit Obligation as at the end of the year	**151**	133

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, 2018	As at March 31, 2017
Opening fair value of plan assets	**9**	15
Interest income on plan assets	**1**	1
Contributions by employer	**19**	4
Benefits Paid	**(19)**	(11)
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	**10**	9

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, 2018	As at March 31, 2017
Net defined benefit asset/(liability) at end of prior period	**(124)**	(97)
Service Cost	**(31)**	(18)
Net interest on net defined benefit liability/(asset)	**(7)**	(7)
Amount recognised in OCI	**1**	(6)
Employer contribution	**19**	4
Benefits Paid (Net)	**1**	0
Net defined benefit Asset/(Liability) recognised in Balance Sheet	**(141)**	(124)

IV] Components of employer expenses recognised in the Statement of Profit and Loss:

₹ in Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Service Cost	**31**	18
Interest cost	**8**	8
Expected return on plan assets	**(1)**	(1)
Total expense recognised in the Statement of Profit & Loss	**38**	25

V] Components of employer expenses recognised in the other comprehensive income:

₹ in Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Actuarial (Gain)/Loss due to DBO experience	**2**	6
Actuarial (gain)/loss - demographic assumptions	**0**	-
Actuarial (Gain)/Loss due to DBO assumption changes	**(3)**	(0)
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	(0)
Actuarial (Gain)/Loss recognised in OCI	**(1)**	6

VI] Assumptions

Particulars	As at March 31, 2018	As at March 31, 2017
Discount Rate	**7.30%**	6.80%
Salary Escalation Rate	**7.00%**	7.00%
Employee separation Rate	**16.00%**	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, 2018	As at March 31, 2017
A: Discount rate		
1. Effect on DBO due to 0.5% increase in discount rate	**(3)**	(3)
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**	3
2. Effect on DBO due to 0.5% decrease in Salary escalation rate	**(3)**	(2)
C: Withdrawal Rate		
1. Effect on DBO due to 5% increase in withdrawal rate	**(8)**	(1)
2. Effect on DBO due to 5% decrease in withdrawal rate	**(9)**	1

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.

	₹ in Million
VIII] Expected benefit payments for the period ended	
1. March 31, 2019	**23**
2. March 31, 2020	**23**
3. March 31, 2021	**24**
4. March 31, 2022	**26**
5. March 31, 2023	**26**
6. March 31, 2024 to March 31, 2028	**126**

IX] Expected employer contributions for the period ended March 31, 2019 (₹ in million)	**8**
X] Weighted average duration of defined benefit obligation	**6 years**

XI] Accrued benefit obligation as at March 31, 2018 (₹ in million) **100**

XII] Vested benefit obligation as at March 31, 2018 (₹ in million) **118**

XIII] Plan asset information:

Particulars	**As at March 31, 2018**	As at March 31, 2017
Schemes of insurance - conventional products	**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.

23. Leases

The Group 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, 2018 is ₹ 189 Million (year ended March 31, 2017: ₹ 209 Million). The future lease payments of such operating lease are as follows:-

₹ in Million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Minimum Lease Payments		
- Not later than one year	**41**	110
- Later than one year and not later than five years	**11**	51
- Later than five years	**-**	-

24. 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, 2018 is given below:

Operating Segments:

A) India

B) Rest of World

₹ in Million

Particulars	For the year ended March 31, 2018			For the year ended March 31, 2017		
	India	Rest of the world	Total	India	Rest of the world	Total
Revenue from operations	**1,406**	**7,166**	**8,572**	1,439	6,875	8,314
Total Segmental Revenue	**1,406**	**7,166**	**8,572**	1,439	6,875	8,314
Unallocable Expenses	-	-	**7,827**	-	-	8,388
Other Income (net)	-	-	**228**	-	-	(129)
Profit/(Loss) before tax	-	-	**973**	-	-	(203)
Tax expense	-	-	**398**	-	-	(113)
Profit/(Loss) after tax	-	-	**575**	-	-	(90)
Depreciation and Amortization Expenses	-	-	**280**	-	-	230

₹ in Million

Statement of Segment Assets and Liabilities	As at March 31, 2018	As at March 31, 2017
Segment Assets		
Trade Receivables		
India	**865**	575
Rest of the World	**2,715**	2,427
Total Trade Receivables	**3,580**	3,002
Unallocated Assets	**6,194**	4,672
Total Assets	**9,774**	7,674
Segment Liabilities		
Unallocable Liabilities	**4,717**	3,242
Total Liabilities	**4,717**	3,242

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 ₹ 2946 million from three customers (year ended March 31, 2017: ₹ 2807 million from two customers).

25. 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
Tech Mahindra Foundation	Fellow subsidiary
Tech Mahindra Nigeria Limited	Fellow subsidiary
LCC Middle East FZ- LLC	Fellow subsidiary
Tech Mahindra Guatemala, S.A.	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	Chief Executive Officer
Sriram Gopalakrishnan	Chief Financial Officer

b) Transactions with Related Parties:

₹ in Million

Particulars	Transactions for the year ended March 31, 2018 Revenue/(Expense)						Balance as at March 31, 2018 Debit/(Credit)									
	Sales	Interest Expense	Reimbursement of Expenses (Net)	Donation Given	Loan taken	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	297	-	(11)	-	-	-	128	120	(1)	-	0	0	-	(7)	-	-
Fellow Subsidiaries																
PT Tech Mahindra Indonesia	-	-	-	-	-	-	-	0	-	-	-	-	-	(0)	-	-
Tech Mahindra Foundation	-	-	-	(13)	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	2	(8)	-	-	(44)	-	27	-	-	(65)	-	-	(10)	-	(23)	
LCC Middle East FZ- LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Guatemala, S.A.	32	-	-	-	-	-	28	4	-	-	-	-	-	-	-	-
Key Management Personnel*																
Manoranjan Mohapatra	-	-	-	-	-	(31)	-	-	-	-	-	-	-	-	-	(8)
Sriram Gopalakrishnan	-	-	-	-	-	(15)	-	-	-	-	-	-	-	-	-	(3)

₹ in Million

Particulars	Transactions for the year ended March 31, 2017 Revenue/(Expense)							Balance As at March 31, 2017 Debit/(Credit)									
	Sales	Interest Expense	Reimbursement of Expenses (Net)	Donation Given	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	-	-	-	-	-	-	(12)	-	-	-	-	6	-	-	-	-	-
Sriram Gopalakrishnan	-	-	-	-	-	-	(15)	-	-	-	-	-	-	-	-	-	(2)

*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	31	-	-	-	-	31
	[12]	[-]	[-]	[-]	[-]	[12]
Sriram Gopalakrishnan	15	-	-	-	-	15
	[15]	[-]	[-]	[-]	[-]	[15]

** 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, 2017.

Trade payables includes creditors for capital goods.

26 Contingent Liabilities and Commitments:

(i) Contingent Liabilities:

₹ in Million

Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
1	Bank Guarantees	**67**	115
2	Corporate Guarantee*	**1,792**	1,783
3	Income tax matters (Refer Note I)	**392**	339
4	Indirect tax matters (Refer Note II)	**423**	407
5	Other claims against the company not acknowledged as debts (Refer Note III)	**46**	46

* Corporate Guarantee of USD 28 million (₹1,792 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) ₹ 3 million (March 31, 2017 ₹ 3 million) against which company has paid ₹ 2 million (March 31, 2017 - ₹ 2 million) under protest.

b) Demand from Income Tax Authorities for Assessment year 2006-07 (from Assistant Commissioner of Income Tax) ₹ 2 million (March 31, 2017 ₹ 2 million)

c) Demand from Income Tax Authorities for Assessment year 2007-08 u/s 154 (from Assistant Commissioner of Income tax) ₹ 3 million (March 31, 2017 ₹ 3 million) against which company has paid ₹ 2 million (March 31, 2017 ₹ 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 ₹ 58 Million (March 31, 2017 ₹ 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 ₹ 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) DR Congo tax authorities have recovered taxes under dispute from our customer for which we have received debit note of USD 0.12 million (₹ 8 million) and we do not have back-up with respect to the recoveries made and have requested the same from our customer. Additionally DR Congo tax authorities have recovered from our customer for the tax payments made in January 2018. This is against the VAT and WHT notices received for past years - 2014 and 2015 and the company has disclosed contingent liability CDF 166 million (₹ 7 million). The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

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 ₹ 196 million resulting in a demand of ₹134 million (March 31, 2017 ₹ 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. For this year we have received the order from the CIT(Appeals) dated 10 July 2017 wherein the CIT(Appeals) has redirected the Assessing Officer to verify the tax credits.

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 (₹ 11 million) (March 31, 2017 NGN 50 million (₹ 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) The Chad Income tax authorities have rasied the tax demand for the year 2014 and the company has disclosed contingent liability of XAF 357 million (₹ 43 million) (March 31,2017 : XAF 67 million, ₹ 7 million). The company is in the process of filing an appeal against the final order. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

i) The Chad Income tax authorities have revised the tax demand to XAF 24 million (₹ 3 million) (March 31,2017 : XAF 49 million, ₹ 5 million) for the year 2015 vide final order dated March 15, 2018. The company is in the process of filing an appeal against the final order. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

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 ₹ 29 Million (March 31, 2017 ₹ 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 ₹ 119 Million (March 31, 2017 ₹ 119 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 82BB(3)/84/ Rule-34 of the Income Tax Ordinance, 1984 from the Deputy Commissioner of Taxes (DCT) for Assessment year 2014-15 with adjustments in the returned income. Consequently there is reduction in refund of BDT 6 Million (₹ 4 million). The Company has filled appeal before The Commissioner of Taxes (Appeals) on July 11, 2017 and is pending for hearing.

m) The company has received a draft order from Republique du Congo for the calendar year 2012, 2013 and 2014, Officer has raised tax demand including penalties for corporate tax, VAT and WHT matters. The company is in the process of filing an appeal with the authorities and the company has disclosed contingent liability XAF 277 million (₹ 33 million).

II Indirect Tax Matter:

a) The Company has received an order from Commissioner of service tax confirming demand (including penalty of ₹ 204 million) for the financial years 2004-05 to 2007-08 amounting to ₹ 407 million (March 31, 2017 - ₹ 407 million). An amount of ₹ 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.

b) The Company has received an order u/s 6 (4Uma), 6 (8Chha, Aa) of the Value Added Tax Act, 1991 in Bangladesh containing arear VAT Demand to the tune of BDT 18 Million (₹14 million). The demand relates to four financial years 2012-13 to 2015-16 VAT against the service received has not been deducted at source or remained unpaid. The Company has submitted the relevant information / documents with the Bangladesh Revenue Authority and the assessment is still pending with the authorities.

c) The company has received a notice dated 5 March 2018 from Gabon Tax office persunt to article P 911 of general tax code (CGI) for the amount of XAF 20 million (₹ 2 million). The officer has confirmed the demand for the Financial Years 2013-14 to 2017-18. The company is in the process of filing an objection against the said notice.

III Other Claims:

a) It includes demand from BSES, New Delhi amounting to ₹ 15 million (March 31, 2017 ₹ 15 Million) and from BESCOM, Bangalore amounting to ₹ 7 million (March 31, 2017 ₹ 7 Million).

b) Includes a claim of USD-0.6 million (₹ 39 million) (March 31, 2017 USD-0.6 million (₹ 39 million)) by a leading telecom customer in Africa. The company has issued a credit note of ₹ 19 million (50% of the claim amount) as an interim settlement and provided for an amount of ₹ 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 (₹ 14 million) (March 31, 2017 KES-22 million (₹ 14 million)) by a leading telecom customer in Africa.The company has issued a credit note of ₹ 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 (₹ 4 million) (March 31, 2017 KES- 7 Million (₹ 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, 2018.

(ii) Commitments :

₹ in Million

Sr. No.	**Particulars**	**As at March 31, 2018**	As at March 31, 2017
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**66**	119

27 Financial Instruments

I] Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2018 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 8)	1,240	-	-	1,240
Other balances with banks (Refer Note 9)	42	-	-	42
Trade receivables (Refer Note 7)	3,580	-	-	3,580
Other financial assets (Refer Note 10(i) and 10(ii))	1,657	6	(4)	1,659
Total	**6,519**	**6**	**(4)**	**6,521**
Liabilities:				
Trade payables (Refer note 16)	2,024	-	-	2,024
Borrowings (Refer Note 13(i) & 13(ii))	1,394	-	-	1,394
Other financial liabilities (Refer Note 17(i) and 17(ii))	100	226	-	326
Total	**3,518**	**226**	**-**	**3,744**

The carrying value of financial instruments by categories as at March 31, 2017 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 8)	943	-	-	943
Other balances with banks (Refer Note 9)	29	-	-	29
Trade receivables (Refer Note 7)	3,002	-	-	3,002
Other financial assets (Refer Note 10(i) and 10(ii))	1,056	66	19	1,141
Total	**5,030**	**66**	**19**	**5,115**
Liabilities:				
Trade payables (Refer note 16)	1,737	-	-	1,737
Borrowings (Refer Note 13(i) & 13(ii))	758	-	-	758
Other financial liabilities (Refer Note 17(i) and 17(ii))	79	-	-	79
Total	**2,574**	**-**	**-**	**2,574**

II] Fair Value Hierarchy

The following table summarises 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 disclosure are required): The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that 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 following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2018:

₹ in Million

Particulars	As at March 31, 2018	Fair value measurement As at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Derivative financial instruments - foreign currency forward contracts	2	-	2	-
Liabilities				
Contingent Contractual Obligation	226	-	-	226
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, 2017:

₹ in Million

Particulars	As at March 31, 2017	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Derivative financial instruments - foreign currency forward contracts	85	-	85	-
Liabilities				
Derivative financial instruments - foreign currency forward contracts	-	-	-	-

III] Financial Risk Management

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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 Group is foreign exchange risk. The Group 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 Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk

The Group revenue is denominated majorly in USD and EUR. The majority of the costs are in Indian rupee. This exposes the Group to currency fluctuation risk. The Group 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, 2018 in foreign currency	Fair value Gain/ (loss) in ₹	Amount outstanding as at March 31, 2018 in ₹	No. of Contracts
In USD	21 million	10 million	1365 million	20 Contracts
	(March 31, 2017: 15 mn)	(March 31, 2017: 71 mn)	(March 31, 2017: 952 mn)	(March 31, 2017: 9 Contracts)
In Euro	2 million	(8) million	197 million	5 Contracts
	(March 31, 2017: 2 mn)	(March 31, 2017: 14 mn)	(March 31, 2017: 118 mn)	(March 31, 2017: 8 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 Group 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 ₹ 5237 million, ₹ 4,058 million as at March 31, 2018, March 31, 2017 respectively, being the total of the carrying amount of trade receivables, unbilled revenue 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 26(i).

Trade receivable

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. 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, 2018**	As at March 31, 2017
Balance at the beginning of the year	**348**	159
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**-106**	189
Balance at the end of the year	**242**	348

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Group 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 13(i) and 13(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, 2018:

₹ in Million

Particulars	**Less Than 1 Year**	**More than 1 year**	**Total**
Trade Payables	2,024	-	2,024
Other financial liabilities	(30)	130	100

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	1,737	-	1,737
Other financial liabilities	79	-	79

IV] Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:-

₹ in Million

Particulars	Currency	As at March 31, 2018		As at March 31, 2017	
		Amount in Foreign Currency	Amount in INR Currency	Amount in Foreign Currency	Amount in INR Currency
Trade receivables	BDT	13	10	58	47
	CDF	78	3	169	8
	EUR	10	796	6	429
	GBP	0	6	0	9
	GHS	2	25	1	13
	KES	30	19	15	9
	MGA	1,747	36	1,300	26
	MWK	148	14	78	7
	RWF	91	7	59	5
	SCR	0	0	0	0
	QAR	0	1	-	-
	NGN	154	32	-	-
	SLL	132	1	471	4
	TZS	1,281	37	592	17
	UGX	932	17	272	5
	USD	19	1,208	15	987
	XAF	341	41	135	14
	XOF	403	50	264	28
	ZMW	2	16	0	2
Other financial assets	AED	0	0	0	0
	AUD	0	0		
	BDT	43	34	1	1
	CDF	138	6	12	1
	EUR	0	18	0	2
	GBP	0	1	0	1
	GHS	0	0	0	0
	KES	5	3	12	7
	HKD	0	0	-	-
	MGA	3,241	66	0	0
	MUR	(0)	(0)		
	MYR	0	3		
	MWK	-	-	0	0
	RWF	3	0	4	0
	SGD	0	0	0	0
	SCR	1	5		
	SLL	319	3	5	0
	TZS	-	-	0	0
	UGX	129	2	4	0
	USD	4	264	1	34

₹ in Million

Particulars	**Currency**	**As at March 31, 2018**		**As at March 31, 2017**	
		Amount in Foreign Currency	**Amount in INR Currency**	**Amount in Foreign Currency**	**Amount in INR Currency**
	XAF	1	0	5	1
	XOF	-	-	1	0
	ZAR	(0)	(0)	0	1
	ZMK	-	-	14	0
	ZMW	0	0	0	1
Trade Payables and Other financial liabilities	AED	0	5	(0)	(0)
	AUD	3	174		
	BDT	5	4	3	2
	CDF	8	0	31	1
	EUR	1	74	1	37
	GBP	0	8	0	5
	GHS	0	3	0	5
	KES	2	2	9	6
	KWD	0	8	0	7
	LKR	10	4	0	0
	MGA	14	0	47	1
	MWK	5	0	5	0
	MYR	0	1	0	1
	RWF	11	1	8	1
	SCR	0	0	0	0
	SGD	0	4	0	1
	SLL	7	0	144	1
	QAR	0	2	-	-
	TZS	6	0	44	1
	UGX	49	1	88	2
	USD	33	2,179	13	836
	XAF	283	34	223	23
	XOF	379	47	108	11
	ZAR	0	2	0	0
	ZMK	-	-	71	0
	ZMW	0	0	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. 232 million as at March 31, 2018 (Rs. 161 million as at March 31, 2017) for trade receivables and Rs. 41 million as at March 31, 2018 (Rs. 5 million as at March 31, 2017) 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. 255 million as at March 31, 2018 (Rs. 94 million as at March 31, 2017) for trade payables and Other financial liabilities.

28 Basic and Diluted Earning per share

₹ in Million except earning per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Nominal value per equity share	**10**	10
Profit/(Loss) for the year	**601**	(59)
Profit/(Loss) attributable to equity shareholders	**601**	(59)
	No. of Shares	No. of Shares
Weighted average number of equity shares	**21,724,436**	21,717,999
Weighted average number of diluted equity shares	**21,724,436**	21,717,999
Earning Per Share- Basic	**27.67**	(2.70)
Earning Per Share- Diluted	**27.67**	(2.70)

29 Provision for warranty:

The movement in the said provision is summarized below:

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Balance	**13**	12
Add: Additional provision made during the year	**-**	13
Add: Addition on Acquisition	**1**	-
Less: Provision reversed during the year	**(5)**	(12)
Closing balance	**9**	13

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.

30 The Group has accounted as an expense of ₹ 7 million (year ended March 31, 2017: ₹ 19 million) pertaining to amortised cost of stock options granted to certain employees of the group granted by Tech Mahindra Limited, its holding company. This cost is being accounted as an employee benefits expense.

31 There are no non-wholly owned subsidiaries that have material non-controlling interests.

32 Business Combinations:

A. 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 (₹ 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:

Particulars	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**

B. Terra Payment Services (Netherlands) B.V. (a wholly owned subsidiary of the Company) 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 (₹ 0 million). Net assets acquired is ₹ Nil as this was a shelf company that had no activity.

C. On Aug 31, 2017, Comviva Technologies B.V. through its 100% subsidiary Comviva Technologies (Australia) Pty. Ltd, has acquired 100% stake of Emagine International Holdings Pty. Ltd. and its subsidiary Emagine International Pty. Ltd., as per share purchase agreement entered dated Aug 31, 2017, for a consideration of AUD 95,29,849 (₹ 482 Million) out of which AUD 46,14,849 (INR 236 Mn) is based out on earnouts conditions. Purchase price allocated to the fair values of assets acquired and liabilities assumed includes value of customer contract as an Intangible asset and Intellectual property rights, which have been valued at AUD 697,211 (₹35 Million) and AUD 3,478,239 (₹ 176 Million) respectively, to be amortised over the period of 3 years and 4 years respectively. The difference between purchase consideration and net assets and the identified Intangible assets has been recognised as Goodwill and defered tax liability has also been created on customer relations and intellectual property rights and corresponding goodwill has been increased.

Purchase consideration paid for this acquisition has been allocated as follows:

Particulars	**AUD in million**	**₹ in Million**
Property, plant and equipment	0.13	6.39
Trade receivables	0.96	48.68
Cash and Bank	0.31	15.91
Deferred Tax Assets	0.43	21.87
Other Assets	1.56	78.80
Non current other assets	0.03	1.61
Non-Current liabilities	(0.34)	(17.34)
Deferred Tax Liabilities	(1.43)	(72.98)
Current liabilities	(1.80)	(91.23)
Net Assets Acquired	**(0.15)**	**(8.28)**
Intellectual property rights	3.48	175.92
Customer Relations	0.70	35.26
Goodwill	5.50	279.10
Purchase Consideration	**9.53**	**482.00**

33 Auditors Remuneration (net of service tax)

₹ in Million

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Audit Fees (including yearly audits)	**4**	3
For other services	**-**	1
For taxation matter	**1**	1
Total	**5**	5

34 Corporate Social Responsibility:

a) Gross amount required to be spent by the Company ₹ 23 million during the year.

b) Amount spent during the year ₹ 23 million.

Particulars	**In Cash**	**Yet to be paid in cash**	**Total**
Construction/acquisition of any asset*	- (-)	- (-)	- (-)
On purposes other than Construction/acquisition of any asset*	23 (24)	- (-)	23 (24)

* Numbers in brackets pertains to previous year.

35 Research & Development Expenditure under section 35(2AB) of the Income tax Act, 1961

The Company has incurred Research & Development Expenditure during the year. Details are as follows:

- Revenue Expenditure – ₹ 206 million
- Capital Expenditure – ₹ 74 million

36 Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Dues to micro and small suppliers	**As at March 31, 2018**	As at March 31, 2017
The amounts remaining unpaid to micro and small suppliers as at the end of the year:		
Principal	**58**	-
Interest	**-**	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	**-**	-
The amount of interest paid under the act beyond the appointed day during the year	**-**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED	-	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 and March 31, 2017 has been made in the financial statements based on information received and available with the Company.

37 Allocation of goodwill by segments as at March 31, 2018 and March 31, 2017 is as follows:

₹ in Million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Australia	**272**	-
Americas	**161**	138
Rest of World	**16**	16
Total	**449**	154

Allocation of goodwill to cash-generating units:

Goodwill has been allocated for impairment testing purposes to their underlying geographical / 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.Allocation of goodwill to cash-generating units:

The management believes 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 management's plans for focusing operations in these markets. The management believes that the planned market share growth is reasonably achievable.

Price inflation: The values assigned to the key assumption are consistent with external sources of information.

38 Income Tax Expense

Income tax expense in the statement of profit and loss comprises:

₹ in Million

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Current tax	**461**	96
Deferred tax	**(63)**	(209)
Income tax expense recognized in profit or loss	**398**	(113)
Deferred tax in other comprehensive income	**(8)**	4
Total income tax expense recognized in total comprehensive income	**390**	(109)

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, 2018**	For the year ended March 31, 2017
Profit before Tax	**973**	(203)
Effective Tax Rate	**47%**	-47%
Current tax (A)	**461**	96
Effective Deferred Tax Rate	**-6%**	103%
Deferred tax(B)	**(63)**	(209)
Income tax expense recognised in profit or loss (A+B)	**398**	(113)
Enacted tax rate	**34.608%**	34.608%
Income tax expense calculated at 34.608%	**337**	(70)
Effect of expenses/income that are not admissible in determining taxable profit	**88**	21
Effect of differential overseas tax rates	**(83)**	(20)
Tax effect of losses in subsidiaries	**140**	110
Additional deduction on Research & Development expenditure	**(93)**	(145)
Others	**9**	(9)
Income tax expense recognised in profit or loss	**398**	(113)

Note: 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, 2018**	As at March 31, 2017
Deferred tax assets	**418**	389
Deferred tax liabilities	**-**	(6)
Deferred tax assets	**418**	383

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, 2018**					
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Exchange rate difference**	**Addition on Business Combination**	**Closing balance**
Provision for Employee benefits	101	25	(0)	-	-	126
Inventory and Trade receivables	133	(42)	-	-	-	91
Carried forward of business losses	69	(8)	-	-	-	61
Property, Plant & Equipment and Intangible assets	39	12	-	1	-	52
MAT credit entitlement	18	-	-	-	-	18
Others	29	27	-	-	12	68
Cash flow hedging reserve	(6)	(0)	8	-	-	2
Deferred Tax Assets	**383**	**14**	**8**	**1**	**12**	**418**

The following is the analysis of Deferred tax liabilities presented in the Balance Sheet:

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	**-**	-
Deferred tax liabilities	**13**	-
Deferred tax liabilities	**13**	-

The tax effect of significant timing differences that has resulted in deferred tax liabilities are given below:

₹ in Million

Particulars	For the year ended March 31, 2018					
	Addition on Acquisition	Recognised in Profit and loss	Recognised in OCI	Exchange rate difference	Addition on Business Combination	Closing balance
Intangible assets on Acquisition	-	(62)	-	-	62	-
Others	-	13	-	-	-	13
Deferred Tax Liabilities	-	(49)	-	-	62	13

₹ 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	4	2	-	101
Inventory and Trade receivables	56	77	-	-	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**

39 The specified bank notes as defined under the notification issued by Ministry of Finance, Department of Economic dated 8 November 2016 are no longer in existence. Hence the company has not provided the corrosponding disclosures as prescribed in Schedule III to Companies Act,2013. Disclosures made in previous year financial statements is given below:-

Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016:

The Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Amount in ₹

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

40 Additional Information as per Section 129 of the Companies Act 2013 – Refer Annexure - I

41 The previous year figures have been audited by a firm other than B S R & Co. LLP.

42 Previous year's figures have been re-classified to conform this year's classification.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: May 21, 2018

For and on behalf of the Board of Directors of
Comviva Technologies Limited

Vineet Nayyar
Chairman

C.P. Gurnani
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Rajat Mukherjee
Director

Sunita Umesh
Director

Manoranjan Mohapatra
Chief Executive Officer
Place: Gurugram

Sriram Gopalakrishnan
CFO & Company Secretary

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				Share in other comprehensive income				Share in total comprehensive income			
	F.Y. 2017-2018		F.Y. 2016-2017		**F.Y. 2017-2018**		F.Y. 2016-2017		**F.Y. 2017-2018**		F.Y. 2016-2017		**F.Y. 2017-2018**		F.Y. 2016-2017	
	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)	**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	**112%**	**5,749**	107%	4,765	**162%**	**929**	-332%	298	**71%**	**(15)**	11%	5	**165%**	**914**	-612%	303
Subsidiaries:																
Foreign																
Comviva Technologies Inc.	**0%**	**20**	0%	19	**0%**	**2**	-4%	3	**0%**	**-**	-	-	**0%**	**2**	-7%	3
Comviva Technologies Nigeria Limited	**1%**	**76**	2%	79	**-2%**	**(9)**	76%	(68)	**0%**	**-**	-	-	**-2%**	**(9)**	137%	(68)
Comviva Technologies Singapore PTE. Limited	**0%**	**18**	0%	19	**-1%**	**(4)**	4%	(4)	**0%**	**-**	-	-	**-1%**	**(4)**	7%	(4)
Comviva Technologies FZ-LLC	**4%**	**206**	2%	101	**18%**	**103**	-63%	57	**0%**	**-**	-	-	**19%**	**103**	-114%	57
Hedonmark {Management Services} Limited	**-5%**	**(233)**	-3%	(131)	**-18%**	**(105)**	139%	(125)	**0%**	**-**	-	-	**-19%**	**(105)**	252%	(125)
Comviva Technologies Netherland BV	**-3%**	**(161)**	-1%	(27)	**-16%**	**(94)**	49%	(44)	**0%**	**-**	-	-	**-17%**	**(94)**	89%	(44)
Terra Payment Services (Netherlands) B.V.	**1%**	**55**	1%	64	**-2%**	**(13)**	107%	(96)	**0%**	**-**	-	-	**-2%**	**(13)**	194%	(96)
ATS Advanced Technology Solution (S.A.)	**-1%**	**(73)**	-0%	(2)	**-14%**	**(81)**	31%	(28)	**0%**	**-**	-	-	**-15%**	**(81)**	57%	(28)
ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E Exportacao Ltda	**-2%**	**(89)**	0%	19	**-19%**	**(110)**	13%	(12)	**0%**	**-**	-	-	**-20%**	**(110)**	24%	(12)
Terra Payment Services (UK) Limited	**0%**	**8**	0%	9	**-0%**	**(2)**	0%	(0)	**0%**	**-**	-	-	**-0%**	**(2)**	1%	(0)
Terra Payment Services (Uganda) Limited	**-0%**	**(4)**	0%	1	**-1%**	**(5)**	-0%	0	**0%**	**-**	-	-	**-1%**	**(5)**	-0%	0
Terra Payment Services Botswana (Pty) Limited	**-0%**	**(0)**	-0%	(0)	**-0%**	**(0)**	0%	(0)	**0%**	**-**	-	-	**-0%**	**(0)**	0%	(0)
Terra Payment Services South Africa (PTY) Ltd	**1%**	**27**	1%	24	**-0%**	**(1)**	0%	(0)	**0%**	**-**	-	-	**-0%**	**(1)**	0%	(0)
Terra Payment Services S.A.R.L. -(DRC)	**0%**	**1**	0%	-	**0%**	**1**	1%	(1)	**0%**	**-**	-	-	**0%**	**1**	2%	(1)
Terra Payment Services S.A.R.L. -(Congo B)	**-0%**	**(0)**	-0%	(0)	**-0%**	**(0)**	0%	(0)	**0%**	**-**	-	-	**-0%**	**(0)**	0%	(0)
Terra Payment Services (Tanzania) Limited	**-0%**	**(1)**	-0%	(0)	**-0%**	**(1)**	0%	(0)	**0%**	**-**	-	-	**-0%**	**(1)**	0%	(0)
Terra Payment Services (Mauritius)	**-0%**	**(11)**	-0%	(0)	**-2%**	**(12)**	1%	(0)	**0%**	**-**	-	-	**-2%**	**(12)**	1%	(0)
Mobex Money Transfer Services Limited	**0%**	**15**	-0%	(0)	**-0%**	**(1)**	0%	(0)	**0%**	**-**	-	-	**-0%**	**(1)**	0%	(0)
Terra Payment Services S.A.R.L. -(Senegal)	**-0%**	**(0)**	0%	0	**-0%**	**(0)**	0%	(0)	**0%**	**-**	-	-	**-0%**	**(0)**	0%	(0)

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				Share in other comprehensive income				Share in total comprehensive income			
	F.Y. 2017-2018		F.Y. 2016-2017		F.Y. 2017-2018		F.Y. 2016-2017		F.Y. 2017-2018		F.Y. 2016-2017		F.Y. 2017-2018		F.Y. 2016-2017	
	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)	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)
Comviva Technologies (Australia) Pty. Ltd	-1%	(50)	-	-	-9%	(50)	-	-	0%	-	-	-	-9%	(50)	-	-
Emagine International Pty. Ltd.	2%	89	-	-	15%	89	-	-	0%	-	-	-	16%	89	-	-
Comviva Technologies Mexico, S. de R.L. de C.V.	0%	-	-	-	0%	-	-	-	0%	-	-	-	0%	-	-	-
Terra Payment Services (India) Private Limited	0%	-	-	-	0%	-	-	-	0%	-	-	-	0%	-	-	-
Comviva Technologies Colombia S.A.S	0%	0	0%	2	-1%	(7)	2%	(2)	0%	-	-	-	-1%	(7)	4%	(2)
Comviva Technologies Madagascar Sarlu.	0%	13	-	-	2%	13	-	-	0%	-	-	-	2%	13	-	-
Terrapay Services (UK) Limited	0%	-	-	-	0%	-	-	-	0%	-	-	-	0%	-	-	-
Adjustments on consolidation	-10%	(532)	-11%	(470)	-12%	(66)	76%	(68)	29%	(6)	89%	36	-13%	(72)	64%	(32)
Total	100%	5,123	100%	4,472	100%	575	100%	(90)	100%	(20)	100%	41	100%	555	100%	(49)
Minority interest in all subsidiaries	-1%	(66)	-1%	(40)	-5%	(26)	35%	(31)	0%	-	0%	-	-5%	(26)	63%	(31)

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

(Amount in ₹ 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	Investments	Turnover*	Profit/ (loss) before taxation*	Provision for taxation*#	Profit/ (loss) after taxation*	Proposed dividend	% of shareholding
1	Comviva Technologies Inc.	February 05, 2001	December 31	USD/65.17	7	12	31	12	-	45	1	-	1	-	100%
2	Comviva Technologies Nigeria Limited	March 23, 2011	-	NGN/0.207217806	142	(74)	312	244	12	72	(11)	(2)	(9)	-	100%
3	Comviva Technologies Singapore Pte. Ltd.	September 8, 2011	-	SGD/49.748	28	(10)	67	49	-	8	(4)	-	(4)	-	100%
4	Comviva Technologies FZ-LLC	February 19, 2012	-	AED/17.741	1	205	984	778	-	1,337	103	-	103	-	100%
5	Hedonmark {Management Services} Limited	November 20, 2014	-	NGN/0.207217806	1	(233)	48	281	-	11	(84)	21	(105)	-	75%
6	Comviva Technologies B.V.	April 30, 2015	-	EUR/80.478	1	(132)	1,413	1,544	338	210	(113)	(20)	(93)	-	100%
7	Terra Payment Services (Netherlands) B.V.	July 3, 2015	-	EUR/80.478	205	(144)	163	101	75	0	(13)	-	(13)	-	100%
8	Mobex Money Transfer Services Limited -refer note (I)(c) below	December 16, 2015	-	KES/0.647491307	16	(1)	16	0	-	-	(1)	(0)	(1)	-	100%
9	Terra Payment Services (Tanzania) Limited-	March 10, 2016	-	TZS/0.028925877	-	(1)	2	3	-	-	(1)	-	(1)	-	100%
10	Terra Payment Services (Uganda) Limited - refer note (I)(f) below	March 11, 2016	-	UGX/0.017733333	-	(4)	25	29	-	-	(5)	-	(5)	-	100%
11	Terra Payment Services South Africa (PTY) Ltd.- refer note (I)(a) below	October 30, 2014	-	ZAR/5.5355	-	27	28	1	-	-	(1)	-	(1)	-	100%
12	Terra Payment Services (Mauritius)	January 19, 2017	-	USD/65.17	2	(13)	145	155	-	62	(12)	-	(12)	-	100%
13	Terra Payment Services (UK) Limited -refer note (I)(j) below	August 5, 2016	-	GBP/91.864	11	(2)	41	33	-	8	(1)	-	(1)	-	100%
14	Terra Payment Services Botswana (PTY) Limited -refer note (I)(k) below	July 13, 2016	-	BWP/6.816782	0	(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/0.118923358	-	(0)	0	0	-	-	(0)	-	(0)	-	100%
16	Terra Payment Services S.A.R.L. -(DRC) -refer note (I)(i) below	July 5, 2016	-	CDF/0.040445854	1	0	1	0	-	-	1	0	1	-	100%
17	Terra Payment Services S.A.R.L. -(Senegal) -refer note (I)(g) below	June 20, 2016	-	XOF/0.123897338	0	(0)	0	0	-	-	(0)	-	(0)	-	100%
18	ATS Advanced Technology Solution (S.A.)	January 31, 2016	June 30	ARS/3.237457	0	(13)	205	218	-	474	(40)	2	(42)	-	100%
19	ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E exportacao LTDA	January 31, 2016	December 31	BRL/19.52893231	2	(50)	178	226	-	365	(61)	-	(61)	-	100%
20	Comviva Technologies Colombia S.A.S	June 17, 2016	December 31	COP/0.023380043	1	(0)	2	2	-	-	(6)	-	(6)	-	100%
21	Comviva Technologies Madagascar Sarlu.	December 12, 2016	-	MGA/0.020493711	-	13	18	5	-	17	16	3	13	-	100%
22	Terrapay Services (UK) Limited- refer note (I)(d) below	February 24, 2016	-	GBP/91.864	-	-	-	-	-	-	-	-	-	-	100%

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

(Amount in ₹ Million)

23	Comviva Technologies (Australia) Pty. Ltd - refer note (I)(l) below	August 31, 2017		AUD/49.90	0	(50)	494	544	487	-	(28)	22	(50)	-	100%
24	Comviva Technologies Mexico, S. de R.L. de C.V.-refer note (I)(b) below	February 09, 2018		MXN/3.41	-	-	-	-	-	-	-	-	-	-	100%
25	Emagine International Pty. Ltd. ^^	September 01,2017	Jun-30	AUD/49.90	-	-	-	-	-	-	-	-	-	-	100%
26	Terra Payment Services (India) Private Limited -refer note (I)(e) below	September 01,2017		INR/1	-	-	-	-	-	-	-	-	-	-	100%

*Converted at the average exchange rate.

** It includes the date of incorporation in case of subsidiary which is incorporated.

The amount also includes impact of deferred taxes.

Notes

I) Following subsidiaries are yet to commence operations as at March 31, 2018:

a) Terra Payment Services South Africa (PTY) Ltd.

b) Comviva Technologies Mexico, S. de R.L. de C.V.

c) Mobex Money Transfer Services Limited

d) Terrapay Services (UK) Limited

e) Terra Payment Services (India) Private 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

l) Comviva Technologies (Australia) Pty. Ltd.

^^Emagine International Pty. Ltd. has been acquired by Comviva Technologies (Australia) Pty. Ltd. with effect from September 01, 2017, which is not included in the above statement as the entity has June 30, 2017 as statutory year end.

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	Investments	Turnover*	Profit/ (loss) before taxation*	Provision for taxation*	Profit/ (loss) after taxation*	Proposed dividend	% of shareholding
1	Comviva Technologies Inc.	February 05, 2001	December 31	USD/67.92	7	12	30	11	-	99	2		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	-	-	200	188	-	214	(68)	-	(68)	-	100%
20	Comviva Technologies Colombia S.A.S	June 17, 2016	December 31	COP/0.02	-	-	-	-	-	-	-	-	-	-	100%

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	Investments	Turnover*	Profit/ (loss) before taxation*	Provision for taxation*	Profit/ (loss) after taxation*	Proposed dividend	% of shareholding
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 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
Morison Menon Chartered Accountants

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors submit their report together with the audited financial statements of Comviva Technologies FZ-LLC ('the Company'), for the year ended 31 March 2018.

Principal activity

The principal activity of the Company is to provide solutions for telecommunication and network.

Financial results

The financial results of the Company for the year ended 31 March 2018 are set out in the statement of profit or loss and other comprehensive income.

Events after the reporting period

There are 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:

Manoranjan Mohapatra
Kaustubh Kashyap
Phanish Bhardwaj

Auditors

The financial statements have been audited by Morison Menon Chartered Accountants, who retire and, being eligible, offer themselves for reappointment.

Signed on behalf of the board of directors:

Kaustubh Kashyap
Director

10 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COMVIVA TECHNOLOGIES FZ-LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Comviva Technologies FZ-LLC, Dubai Internet City, Dubai – U.A.E. ('the Company'), which comprise the statement of financial position as at 31 March 2018, 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 respects, the financial position of the Company as at 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 ethical requirements that are relevant to our audit of the 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.

Other Matter

The financial statements of Comviva Technologies FZ-LLC, Dubai for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 23 May 2017.

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:

- 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 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

We further report that the financial statements comply with the provisions of the Dubai Creative Clusters Private Companies Regulations 2016.

Raju Menon
Reg. No : 271
Morison Menon Chartered Accountants

Dubai
10 May 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	**31 March 2018 AED**	31 March 2017 AED
Assets			
Non-current assets			
Property and equipment	4	**307,919**	539,760
Loan to related parties	5	**3,008,728**	1,545,779
Total non-current assets		**3,316,647**	2,085,539
Current assets			
Inventories	6	**122,759**	322,082
Trade and other receivables	7	**32,362,036**	38,993,849
Due from related parties	5	**1,477,134**	1,349,355
Other current financial assets	8	**50,000**	-
Cash and cash equivalents	9	**18,142,254**	9,874,439
Total current assets		**52,154,183**	50,539,725
Total assets		**55,470,830**	52,625,264
Shareholder‘s equity and liabilities			
Shareholder‘s equity			
Share capital	10	**55,000**	55,000
Statutory reserve	11	**27,500**	27,500
Retained earnings		**11,519,137**	5,624,408
Total shareholder‘s equity		**11,601,637**	5,706,908
Non-current liabilities			
Provision for employees‘ end of service benefits	12	**720,283**	533,247
Current liabilities			
Trade and other payables	13	**42,475,570**	44,420,353
Due to a related party	5	**673,340**	1,964,756
Total current liabilities		**43,148,910**	46,385,109
Total liabilities		**43,869,193**	46,918,356
Total shareholder‘s equity and liabilities		**55,470,830**	52,625,264

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

The report of the independent auditor is set forth on pages herein.

Authorised for issue by Directors on 10 May 2018.

For Comviva Technologies FZ-LLC

Kaustubh Kashyap
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	31-March-2018 AED	31-March-2017 AED
Revenue	14	**76,182,690**	92,823,312
Cost of sales	15	**(62,087,525)**	(79,103,660)
Gross profit		**14,095,165**	13,719,652
Other income	16	**1,123,775**	197,656
Administrative and selling expenses	17	**(9,324,211)**	(10,814,408)
Profit for the year		**5,894,729**	3,102,900
Other comprehensive income		**-**	-
Total comprehensive income for the year		**5,894,729**	3,102,900

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

The report of the independent auditor is set forth on pages herein.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
Balance as at 1 April 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**
Total comprehensive income for the year	-	-	5,894,729	5,894,729
Balance as at 31 March 2018	**55,000**	**27,500**	**11,519,137**	**11,601,637**

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

The report of the independent auditor is set forth on pages herein.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	31 March 2018 AED	31 March 2017 AED
Cash flows from operating activities		
Profit for the year	**5,894,729**	3,102,900
Adjustments for :		
Bad debts written off	**464,213**	-
Provision for employees' end of service benefits	**240,369**	219,490
Depreciation	**240,332**	967,996
Provision for slow moving inventories	**161,680**	36,360
Loss on disposal of property and equipment	**1,713**	-
Reversal of excess allowance for impairment of trade receivables	**(280,158)**	-
Interest on loan to a related party	**(125,996)**	(90,616)
Reversal of accrued expenses no longer payable	**-**	(107,040)
Allowance for impairment of trade receivables	**-**	7,784
Operating cash flows before changes in working capital	**6,596,882**	4,136,874
Decrease in inventories	**37,643**	2,372,477
Decrease/(increase) in trade and other receivables	**6,447,758**	(1,539,796)
Increase in due from related parties	**(1,783)**	(347,962)
Decrease in trade and other payables	**(1,944,783)**	(733,825)
Decrease in due to a related party	**(1,291,416)**	(547,189)
Cash generated from operations	**9,844,301**	3,340,579
Employees' end of service benefits paid	**(53,333)**	-
Net cash generated from operating activities	**9,790,968**	3,340,579
Cash flows from investing activities		
Purchase of property and equipment	**(10,204)**	(362,776)
Loan to a related party (net)	**(1,462,949)**	(100,196)
Increase in other current financial assets	**(50,000)**	-
Net cash used in investing activities	**(1,523,153)**	(462,972)
Net increase in cash and cash equivalents	**8,267,815**	2,877,607
Cash and cash equivalents at beginning of year	**9,874,439**	6,996,832
Cash and cash equivalents at end of year (Note 9)	**18,142,254**	9,874,439

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

The report of the independent auditor is set forth on pages herein.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

Comviva Technologies FZ-LLC ('the Company'), Dubai Internet City, Dubai, United Arab Emirates is a 100% subsidiary of Comviva Technologies Limited, India registered on 19 February 2012 with the Dubai Technology and Media Free Zone Authority, United Arab Emirates as a Free Zone Limited Liability Company. The registered address of the Company is premises - 1401 & 1408-1409, Floor No. 14, Al Shatha Tower, P.O. Box : 500583, Dubai, United Arab Emirates.

Management considers the parent and ultimate controlling party to be Comviva Technologies Limited, India.

The principal activity of the Company is to provide solutions for telecommunication and network.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are presented in Arab Emirates Dirhams (AED) and all values are rounded to the nearest Arab Emirates Dirham. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

2.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised Standards including amendments thereto and Interpretations which became effective for the current reporting period have been adopted, wherever applicable. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

Amendments to IFRS 12: Disclosure of Interests in Other Entities

Amendments to IAS 7: Disclosure Initiative

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The following Standards, amendments thereto and Interpretations have been issued prior to 31 March 2018 but have not been applied in these financial statements as their effective dates of adoption are for future periods. It is anticipated that their adoption in the relevant accounting periods will have impact only on disclosures within the financial statements.

IFRS 9: Financial Instruments - 1 January 2018

IFRS 15: Revenue from Contracts with Customers - 1 January 2018

IFRS 16: Leases - 1 January 2019

Amendments to IFRS 1: First time adoption of IFRS - Amendments resulting from annual improvements 2014-16 cycle - 1 January 2018

Amendments to IFRS 2: Classification and Measurement of Share - based Payment Transactions - 1 January 2018

Amendments to IFRS 3 and IFRS 11: Business Combinations and Joint Arrangements -

Amendments resulting from annual improvements 2015-17 cycle - 1 January 2019

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its

Associate or Joint Venture - Date to be determined

Amendments to IAS 23: Borrowing Costs - Amendments resulting from annual improvements 2015-17 cycle - 1 January 2019

Amendments to IAS 28: Investment in Associates and Joint Ventures - Amendments resulting from annual improvements 2014-16 cycle - 1 January 2018

Amendments to IAS 28: Investment in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures - 1 January 2019

Amendments to IAS 40: Investment Property - Amendments to clarify transfers of property to or from investment property - 1 January 2018

IFRIC 22: Foreign Currency Transactions and Advance Consideration - 1 January 2018

2.4 Foreign currencies

(a) Functional and presentation currency

The financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in U.A.E. Dirhams, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at each reporting date are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs.

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. All other repairs and maintenance expenses are charged to the profit or loss during the reporting period in which they are incurred.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Computers	3
Furniture & fixtures	5
Network system	3
Office equipment	5

The assets' residual values and useful lives are reviewed at each reporting date, with the effect of any changes in estimates adjusted on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses arising on the disposal or retirement of an item of property and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in profit or loss.

2.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense in the profit or loss on a straight-line basis over the period of the lease.

2.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing them to their present location and condition.

Net realisable value represents the estimate of the selling price in the ordinary course of business, less all estimated costs of marketing and costs necessary to make the sale.

2.8 Impairment of tangible assets

At the end of each reporting period, 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. Where 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 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.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised 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 (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised 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.

2.9 Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables, related party receivables and other current financial assets are classified as loans and receivables and stated at cost or, if the impact is material, at amortized cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the profit or loss.

Current financial liabilities which comprise trade and other payables and payable to a related party are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

2.10 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that a financial asset or a group of financial assets is impaired, 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 impacted. Impairment losses are written off to the profit and loss or if previously a provision was made, it is written off against the provision.

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 reversal of previously recognised impairment loss is recognised in the profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of temporary bank overdrafts.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the profit or loss, net of any reimbursement.

2.13 Provision for employees' end of service benefits

Provision for employees' end of service benefits is made in accordance with the U.A.E. Labour Law, and is based on current remuneration and periods of service at the end of the reporting period.

2.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Revenue is reduced for rebates and other similar allowances.

Revenue is recognised based on the following specific recognition criteria:

Sale of goods

Revenue (Net of discounts) from sale of goods (comprising of hardware and software) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods or on final acceptance.

Income from services

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.

Interest income

Interest income is accrued on a time 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 the asset's net carrying amount.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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 are discussed below:

a) Depreciation of property and equipment

Management assigns useful lives and residual values to property and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

b) Impairment of assets

Assessments of net recoverable amounts of property and equipment and all financial assets other than trade and other receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

c) Impairment of trade receivables

The management regularly undertakes a review of the recovery status of amounts due from either third parties or related parties. Such review is made based on variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances. Based on the review, assumptions are made regarding the extent of impairment allowance required.

d) Inventory provisions

The Company reviews the carrying amounts of the inventories at each reporting date and assesses the likely realization proceeds taken into account, the age of inventory, estimated future demand for various items in the inventory and physical damage etc. Based on the assessment, adequate provisions are made.

4. PROPERTY AND EQUIPMENT

	Computers	Furniture & fixtures	Network system	Office equipment	Total
	AED	AED	AED	AED	AED
Cost					
At 1 April 2016	3,381,027	-	57,100	39,099	3,477,226
Additions	350,792	7,794	-	4,190	362,776
At 31 March 2017	3,731,819	7,794	57,100	43,289	3,840,002
Additions	3,804	-	-	6,400	10,204
Disposals	(2,203)	-	-	-	(2,203)
At 31 March 2018	3,733,420	7,794	57,100	49,689	3,848,003
Accumulated depreciation					
At 1 April 2016	2,271,547	-	44,051	16,648	2,332,246
Charge for the year (Note 17)	952,013	909	6,766	8,308	967,996
At 31 March 2017	3,223,560	909	50,817	24,956	3,300,242
Charge for the year (Note 17)	224,967	1,559	5,042	8,764	240,332
On disposals	(490)	-	-	-	(490)
At 31 March 2018	3,448,037	2,468	55,859	33,720	3,540,084
Carrying amount					
At 31 March 2018	**285,383**	**5,326**	**1,241**	**15,969**	**307,919**
At 31 March 2017	508,259	6,885	6,283	18,333	539,760

5. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholder, key management personnel/directors, fellow subsidiaries, associates, joint ventures and entities which are controlled directly or indirectly by the shareholder or director or over which they exercise significant management influence. Balances and transactions between the Company and its related parties are described below. Transactions with related parties were entered into on terms as agreed by the management.

Management considers the parent and ultimate controlling party to be Comviva Technologies Limited, India.

During the year, the Company entered into the following transactions with related parties:

	31 March 2018 AED	31 March 2017 AED
Comviva Technologies Limited (Parent company)		
Purchases & direct expenses (Note 15)	**2,580,981**	3,468,882
Fund transfer from the Company	**1,267,699**	1,015,490
Fund transfer to the Company	**-**	8,391
Revenue (Note 14)	**-**	813,414
Entities under common ownership and control		
Revenue (Note 14)	**110,174**	208,143
Interest on loan to related parties (Note 16)	**125,996**	90,616
Rent expenses (Note 17)	**286,984**	86,981
Loan given to a related party	**1,469,920**	-

Compensation of key managerial personnel

The key managerial remuneration represents the compensation paid or payable to key management for employee services. The key management includes directors and other members of senior management. The compensation of key management for the year is shown below:

	31 March 2018 AED	31 March 2017 AED
Salaries and allowances	**1,304,613**	-
Employees' end of service benefits	**59,937**	-
	1,364,550	-

The compensation for key managerial personnel is included in employee costs (Note 18).

The following balances were outstanding at the end of the reporting period :

Loan to related parties	31 March 2018 AED	31 March 2017 AED
Entities under common ownership and control		
Comviva Technologies Nigeria Limited	**1,538,808**	1,545,779
Comviva Technologies B.V	**1,469,920**	-
	3,008,728	1,545,779

The Company has given a loan of US$ 420,000 to Comviva Technologies Nigeria Limited on 12 April 2013 which carries an interest rate of LIBOR + 5.5%.

During the year, the Company has given a loan of US$ 400,000 to Comviva Technologies B.V on 30 September 2017 which carries an interest rate of LIBOR + 2%.

Due from related parties	**31 March 2018**	31 March 2017
	AED	AED
Entities under common ownership and control		
Comviva Technologies Nigeria Limited	**1,013,047**	910,777
Terra Payment Services (Netherlands) B.V	**438,714**	435,145
Comviva Technologies B.V	**25,373**	3,433
	1,477,134	1,349,355

Due to a related party	**31 March 2018**	31 March 2017
	AED	AED
Parent company		
Comviva Technologies Limited, India	**673,340**	1,964,756
Following are the balances due from/to related parties		
Included in trade and other receivables (Note 7)	**3,323,627**	3,004,677
Included in trade and other payables (Note 13)	**10,224,264**	7,020,345

6. INVENTORIES

	31 March 2018	31 March 2017
	AED	AED
Stock in trade (Note 15)	**320,799**	358,442
Less : Provision for slow moving inventories	**(198,040)**	(36,360)
	122,759	322,082

Movements in the provision for slow moving inventories are as follows:

	31 March 2018	31 March 2017
	AED	AED
Balance at the beginning of the year	**36,360**	-
Allowance made during the year (Note 15)	**161,680**	36,360
	198,040	36,360

7. TRADE AND OTHER RECEIVABLES

	31 March 2018	31 March 2017
	AED	AED
Trade receivables	**17,464,453**	28,790,668
Less : Allowance for impairment of trade receivables	**(449,218)**	(729,376)
	17,015,235	28,061,292
Unbilled revenue	**12,424,710**	7,006,183
Prepayments	**2,828,613**	3,580,774
Advance to employees	**67,858**	263,408
Advance to suppliers	**25,620**	60,109
Other receivables	**-**	22,083
	32,362,036	38,993,849

	31 March 2018	31 March 2017
	AED	AED
Movements in the allowance for impairment of trade receivables are as follows:		
Balance at the beginning of the year	**729,376**	721,592
Provision made during the year (Note 17)	**-**	7,784
Excess provision reversed (Note 16)	**(280,158)**	-
	449,218	729,376

The average credit period on sale of goods and rendering services is 60 days.

Trade receivables disclosed above include AED 4,913,698 (2017 : AED 11,401,269) (see below for age analysis) which are past due at the end of the reporting period but against which the Company has not recognised any allowance for doubtful receivables because there has not been a significant change in their credit quality and the amounts are still considered as good and recoverable.

An age analysis of trade receivables those were past due but not impaired is as follows:

	31 March 2018	31 March 2017
	AED	AED
61 to 180 days	**448,176**	8,148,211
181 to 365 days	**1,069,316**	1,124,453
Above 365 days	**3,396,206**	2,128,605
	4,913,698	11,401,269

An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

	31 March 2018	31 March 2017
	AED	AED
Gross value	**449,218**	729,376
Allowance	**(449,218)**	(729,376)
Carrying value	**-**	-

Trade receivables which are neither past due nor impaired amounted to AED 12,101,537 (2017: AED 16,660,023).

Trade receivables include AED 3,323,627 (2017 : AED 3,004,677) receivable from related parties (Note 5).

8. OTHER CURRENT FINANCIAL ASSETS

	31 March 2018	31 March 2017
	AED	AED
Margin deposit	**50,000**	-

9. CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
	AED	AED
Cash at bank : Current accounts	**18,142,254**	9,874,439

10. SHARE CAPITAL

	31 March 2018	31 March 2017
	AED	AED
Authorised, issued and fully paid;		
55 ordinary shares of AED 1,000 each	**55,000**	55,000

11. STATUTORY RESERVE

	31 March 2018 AED	31 March 2017 AED
Balance at the end of the year	**27,500**	27,500

In accordance with the Memorandum and Article of Association, the Company has established a statutory reserve by transferring 10% of net profit for each year until the reserve equals 50% of the issued share capital. This is discontinued since the reserve has accumulated to 50% of the paid up capital. This reserve is not available for distribution except as stipulated by the provisions of Memorandum and Articles of Association.

12. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	31 March 2018 AED	31 March 2017 AED
Balance at the beginning of the year	**533,247**	313,757
Provided during the year (Note 18)	**240,369**	219,490
Paid during the year	**(53,333)**	-
	720,283	533,247

13. TRADE AND OTHER PAYABLES

	31 March 2018 AED	31 March 2017 AED
Trade payables	**11,356,644**	11,228,664
Accrued expenses	**22,572,524**	30,031,056
Advance from customers	**4,937,977**	3,680
Deferred revenue	**2,178,189**	2,602,121
Employee benefits payable	**843,748**	554,832
Payable for capital expenditure	**326,527**	-
Other payables	**259,961**	-
	42,475,570	44,420,353

Trade payables include AED 10,224,264 (2017 : AED 7,020,345) payable to a related party (Note 5).

14. REVENUE

	31 March 2018 AED	31 March 2017 AED
Revenue from :		
Sales of goods	**2,455,623**	5,785,444
Rendering of services	**73,727,067**	87,037,868
	76,182,690	92,823,312
Analysis of revenue is as follows:		
Related parties		
Comviva Technologies Limited (Note 5)	**-**	813,414
Other related parties (Note 5)	**110,174**	208,143
Others	**76,072,516**	91,801,755
	76,182,690	92,823,312

15. COST OF SALES

	31 March 2018 AED	31 March 2017 AED
Opening inventories	**358,442**	2,730,919
Purchases	**6,275,090**	2,844,319
Provision for slow moving inventories (Note 6)	**161,680**	36,360
Less : Closing inventories (Note 6)	**(320,799)**	(358,442)
	6,474,413	5,253,156
Royalty	**53,406,873**	71,766,547
Other direct expenses	**2,206,239**	2,083,957
	62,087,525	79,103,660

The above purchases and direct expenses include AED 2,580,981 (2017 : AED 3,468,882) from a related party (Note 5).

16. OTHER INCOME

	31 March 2018 AED	31 March 2017 AED
Exchange gain	**717,621**	-
Reversal of allowance for impairment of trade receivables (Note 7)	**280,158**	
Interest on loan to related parties (Note 5)	**125,996**	90,616
Reversal of accrued expenses no longer payable	**-**	107,040
	1,123,775	197,656

17. ADMINISTRATIVE AND SELLING EXPENSES

	31 March 2018 AED	31 March 2017 AED
Employee costs (Note 18)	**5,817,828**	5,524,072
Rates and taxes	**720,227**	2,076,490
Bad debt written off	**464,213**	-
Travelling expenses	**399,250**	325,079
Rent	**390,181**	278,983
Recruitment and visa charges	**286,362**	387,385
Repairs and maintenance	**243,210**	208,872
Depreciation (Note 4)	**240,332**	967,996
Legal and professional fees	**125,682**	491,573
Advertisement and sale promotion	**190,056**	85,518
Communication	**179,198**	107,329
Insurance	**140,948**	46,328
Bank charges	**28,404**	32,701
Allowance for impairment of trade receivables (Note 7)	**-**	7,784
Freight and forwarding charges	**18,076**	44,653
Loss on disposal of property and equipment	**1,713**	-
Exchange loss	**-**	209,977
Other expenses	**78,531**	19,668
	9,324,211	10,814,408

The above rent includes AED 286,984 (2017 : AED 86,981) paid to a related party (Note 5).

18. EMPLOYEE COSTS

	31 March 2018 AED	31 March 2017 AED
Salaries and allowances	**5,568,920**	4,978,719
End of service benefits (Note 12)	**240,369**	219,490
Other benefits	**8,539**	325,863
	5,817,828	5,524,072

The above employee costs include compensation paid for key managerial personnel (Note 5).

The entire employee costs have been allocated to administrative and selling expenses (Note 17).

19. FINANCIAL INSTRUMENTS

The net carrying amounts of the financial assets and financial liabilities at the end of the reporting period are classified below:

	Loans and receivables	
	31 March 2018 AED	31 March 2017 AED
Financial assets		
Trade and other receivables (excluding prepayments, unbilled revenue and advance to suppliers) (Note 7)	**17,083,093**	28,346,783
Loan to related parties (Note 5)	**3,008,728**	1,545,779
Due from related parties (Note 5)	**1,477,134**	1,349,355
Other current financial assets (Note 8)	**50,000**	-
Cash and cash equivalents (Note 9)	**18,142,254**	9,874,439
	39,761,209	41,116,356

	At amortised cost	
	31 March 2018 AED	31 March 2017 AED
Financial liabilities		
Trade and other payables (excluding advance from customers and deferred revenue) (Note 13)	**35,359,404**	41,814,552
Due to a related party (Note 5)	**673,340**	1,964,756
	36,032,744	**43,779,308**

20. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while providing maximum return to stakeholders through the optimisation of the debt and equity balance and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy on capital risk management remains unchanged from the previous year.

The capital structure of the Company consists of equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties and related parties, net of cash and cash equivalents.

21. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management. The management identifies and evaluates financial risks on regular basis to minimise the adverse impact over the Company's operation.

(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. Market risk comprises of three types of risk : interest rate risk, currency risk and other price risk, such as equity risk and commodity price risk. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(i) Foreign currency risk

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.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the loan to related parties.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables and committed transactions) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Company deals only with highly reputed local and international banks. In respect of major customers, credit risk is managed by assessing the credit quality of these major customers, taking into account their financial position, past experience and other factors including regular follow up.

(c) Liquidity risks

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Company's remaining contractual maturity for its financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Less than 1 year	
	31 March 2018	31 March 2017
	AED	AED
Trade and other payables (excluding advance from customers and deferred revenue) (Note 13)	**35,359,404**	41,814,552
Due to a related party (Note 5)	**673,340**	1,964,756
	36,032,744	43,779,308

22. FAIR VALUE

The fair value of a particular asset or liability 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 the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

23. CONTINGENT LIABILITIES

As at the end of the reporting period the following contingent liabilities were outstanding :

	31 March 2018 AED	31 March 2017 AED
Letter of guarantee	**50,000**	-

24. COMPARITIVE FIGURES

The previous year figures have been reclassified and regrouped wherever necessary to conform with the current year presentation.

COMVIVA TECHNOLOGIES NIGERIA LIMITED

CORPORATE INFORMATION

Directors:	Vipul Sharma	- (Indian)
	Anil Kumar Krishnan	- (Indian)
	Ayan Chatterjee	- (Indian)
Chief Finance Officer:	Olabisi Fayombo	
Registered No:	RC 943437	
Registered Office:	Plot 52, Ahmadu Bello Way, Victoria Island, Lagos.	
Secretaries:	Alpha-Genasec Limited Kresta Laurel Complex, 376 Ikorodu Road, Maryland, Lagos.	
Auditors:	Baker Tilly Nigeria (Chartered Accountants) Kresta Laurel Complex, 376, Ikorodu Road, Maryland, Lagos.	
Banker:	Standard Chartered Bank Limited	

REPORT OF THE DIRECTORS

The directors hereby submit their report and the financial statements of the Company for the year ended 31 March, 2018.

1.	**Results for the year**	**₦'000**
	Loss before taxation	(55,313)
	Taxation	10,459
	Retained loss for the year	**(44,854)**

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 software 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 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	
	2018	**2017**
Comviva Technologies Limited		
(Represented by Manoranjan Mohapatra)	**683,916,186**	683,916,186
Ambar Sur	**1**	1

As at 31 March, 2018 Comviva Technologies Limited, India had 683,916,186 ordinary shares of ₦1 each. The Company has 99.99% foreign equity participation as at 31 March, 2018.

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
16 May, 2018

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, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, 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, 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of chartered accountant 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.

By Order of the Board

ADEOYE, Joshua Oludayo
FRC/2014/ICSAN/00000008037
For: ALPHA GENASEC LIMITED
Company Secretary
LAGOS, Nigeria

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2018

		31 March- 18	31 March -17
Assets	**Note**	**₦**	**₦**
Non- current assets			
Property, plant and equipment	4	**23,418,752**	42,269,574
Assets in transit/progress	5	**1,496,016**	-
Investment	6	**57,116,039**	57,116,039
Deferred tax asset	21.1	**31,295,258**	22,829,338
Total non-current assets		**113,326,065**	122,214,951
Current assets			
Trade and other receivables	7	**417,212,255**	412,910,522
Due from related parties	13.1	**903,078,754**	846,902,728
Prepayments	8	**9,128,733**	9,653,651
Cash and cash equivalents	9	**60,804,739**	109,690,987
Total current assets		**1,390,224,481**	1,379,157,888
Total assets		**1,503,550,546**	1,501,372,839
Liabilities			
Current liabilities			
Trade and other payables	10	**213,735,051**	191,109,212
Borrowing	11	**105,000,000**	105,000,000
Employee benefits	12	**14,611,487**	13,787,395
Current tax liabilities	20.2	**117,038,583**	117,038,583
Total current liabilities		**612,122,175**	426,935,190
Non-current liabilities			
Due to related parties	13.2	**725,882,871**	700,174,429
Deferred tax liabilities	21.2	**133,552**	2,126,681
Total non-current liabilities		**564,145,817**	702,301,110
Total liabilities		**1,176,267,992**	1,129,236,300
Net assets/(liabilities)		**327,282,554**	372,136,539
Equity			
Share capital	14.2	**683,916,187**	683,916,187
Revenue reserve	15	**(356,633,633)**	(311,779,648)
Total equity		**327,282,554**	372,136,539

The financial statements were approved by the Board of Directors and signed on its behalf by:

Director/CEO Director **Chief Finance Officer**

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2018

	Note	31-March-18 ₦	31-March-17 ₦
Revenue	16	**346,757,651**	449,831,123
Less: Cost of sales	17	**92,609,076**	116,378,111
Gross profit		**254,148,575**	333,453,012
Other operating expenses	18	**(325,855,396)**	(395,657,827)
Operating loss		**(71,706,821)**	(62,204,815)
Foreign exchange loss		**(19,782,239)**	(240,291,091)
Other income	19	**36,176,026**	13,103,320
Loss before tax		**(55,313,034)**	(289,482,586)
Income tax expense	20.1	**-**	-
Deferred tax	21.3	**10,459,049**	10,272,666
Loss after tax		**(44,853,985)**	(279,209,920)
Loss per share of ₦ 1		**(0.07)**	(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, 2018

	Share capital ₦	Revenue reserve ₦	Total ₦
31 March, 2016	683,916,187	(32,569,728)	651,346,459
Total comprehensive income for the year			
Loss for the year	-	(279,209,920)	(279,209,920)
31 March, 2017	683,916,187	(311,779,648)	372,136,539
Total comprehensive income for the year			
Loss for the year	-	(44,853,985)	(44,853,985)
31 March, 2018	683,916,187	(356,633,633)	327,282,553

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018

		31-March-18	31-March-17
Cash flow from operating activities:	**Note**	**₦**	₦
Operating loss before working capital changes	22	**(73,231,842)**	(280,214,105)
Working capital changes	23	**(10,928,018)**	(422,931,140)
Income tax paid	20.2	**-**	-
Net cash outflow from on operating activities		**(84,159,860)**	(703,145,245)
Cash flow from investing activities:			
Acquisition / (Disposal)of property, plant and equipment		**-**	(62,295)
Proceed from Assets disposed		**593,603**	-
Assets in progress		**(1,496,017)**	1,093,244
Interest income		**36,176,026**	12,965,803
Net cash inflow from investing activities		**35,273,612**	13,996,752
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		**(48,886,248)**	89,767,693
Cash and cash equivalent at 1 April		**109,690,987**	19,923,294
Cash and cash equivalent at 31 March	9	**60,804,739**	109,690,987

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, 2018

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 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 year in which the estimate is revised if it affects only that year or in the year of the revision and the future years if the revision affects both current and future years.

- **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 2018 or later years:

Standard/Interpretation	Title	Applicable for financial years beginning on/after
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments	In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments in response to diversity in practice for various issues in circumstances in which there is uncertainty in the application of the tax law. The Interpretation is applicable for annual periods beginning on or after January 1, 2019
IFRS 9	Financial Instruments	Another revised version of IFRS 9 was issued in July 2014. The effective date of the standard is for years beginning on or after 1 January, 2018.
IFRS 15	Revenue from Contracts with Customers	Issued in May 2015. Applies to an entity's first annual IFRS financial statements for a year beginning on or after 1 January 2018
IFRS 16	Leases	New standard which replaces IAS 17 Leases. The effective date of the standard is for years beginning on or after 1 January, 2019.

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.

l. 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, 2017	4,116,686	86,312,768	9,317,128	15,225,871	27,851,400	142,823,853
Additions	-	-	-	-	-	-
Disposal	-	(489,908)	-	(419,619)	(1,744,844)	(2,654,371)
At 31 March, 2018	**4,116,686**	**85,822,860**	**9,317,128**	**14,806,252**	**26,106,556**	**140,169,482**
Depreciation:						
At 1 April, 2017	4,116,686	78,509,000	4,374,103	4,364,268	9,190,223	100,554,280
Adjustment/Disposal	-	(855,166)	-	(153,860)	(675,319)	(1,684,345)
For the year	-	6,227,072	3,105,709	2,975,238	5,572,776	17,880,795
At 31 March, 2018	**4,116,686**	**83,880,906**	**7,479,812**	**7,185,646**	**14,087,680**	**116,750,730**
Carrying amounts:						
At 31 March, 2018	-	1,941,954	1,837,316	7,620,606	12,018,876	23,418,752
At 31 March, 2017	**-**	**7,803,768**	**4,943,025**	**10,861,603**	**18,661,177**	**42,269,574**

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, 2018, the Company's total capital commitment amount is Nil (2017: ₦1,060,350) in respect of company's IT equipment.

	31-March-18	31-March-17
5. Assets in transit / progress	₦	₦
Advance for capital	**1,496,016**	-
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	**46,930,088**	92,966,087
Less: Provision for impairment	**-**	-
	46,930,088	92,966,087
Other receivables		
Sundry receivables (7.1)	**366,427,673**	319,944,435
Employee receivables	**3,854,496**	-
	417,212,257	412,910,522

Trade receivables disclosed above are carried at cost less allowance for doubtful debts.

The average credit period taken on services rendered is 60 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-18	31-March-17
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	**-**	-
31-90 days	**0**	92,966,087
91-365 days	**21,124,236**	-
> 365 days	**-**	-
Not due :-	**25,811,092**	-
	46,930,088	92,966,087

7.1	**Sundry receivables**	**₦**	₦
	WHT receivables	**285,343,298**	247,029,449
	Unbilled domestic debtors	**53,459,356**	40,281,956
	Self-assessment tax deposit	**23,288,462**	23,288,462
	Advances for travel	**1,051,471**	7,071,719
	VAT receivable	**1,221,030**	996,316
	Imprest account	**1,836,440**	790,258
	Advances to suppliers	**-**	254,205
	Advance for capital Goods	**100,000**	100,000
	Interest receivables	**127,616**	127,616
	Fnf Clearance account	**-**	4,454
		366,427,673	319,944,435

8.	**Prepayments**		
	Rent	**4,359,646**	4,359,646
	Insurance	**38,378**	14,982
	Other Prepayment	**4,730,709**	5,279,023
		9,128,733	9,653,651

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-18	31-March-17
Balance held with banks in Nigeria:	₦	₦
Cash at bank	**60,804,739**	109,690,987

		31-March-18	31-March-17
10.	**Financial liabilities measured at amortised cost**	₦	₦
10.1	Trade and other payables – current		
	Sundry vendors	**165,853,091**	120,660,361
	Deferred income	**7,292,580**	3,105,154
	Accruals (10.2)	**40,589,380**	67,343,697
		213,735,051	191,109,212

(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-18	31-March-17
10.2	**Accrued expenses**	₦	₦
	Interest accrued	**21,110,141**	7,910,140
	PAYE	**3,642,452**	1,521,464
	VAT	**740,840**	4,591,615
	Travelling	**632,064**	3,496,005
	Other expenses	**14,463,883**	49,824,473
		40,589,380	67,343,697

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**	105,000,000

This represents unsecured loan facility granted by Tech Mahindra Limited to the Company in 2017. Out of outstanding amount of ₦ 105 million on 31 March 2018. ₦ 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.

12. Employee benefits

Defined contribution Pension Plan	**1,401,077**	1,595,825
Employees payables	**279,287**	516,222
Salary payables	**2,268,663**	319,065
Staff and consultative incentive (including provisions)	**10,662,460**	11,356,283
	14,611,487	13,787,395

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-18	31-March-17
13.1	**Amount from related parties (current)**	**₦**	₦
	Intercompany/subsidiary transfer	**62,978,754**	26,802,728
	Loan to HSML	**840,100,000**	820,100,000
		903,078,754	846,902,728
13.2	**Amount due to related parties (non-current)**	**₦**	₦
	Comviva Technologies Limited India	**531,015,161**	518,772,989
	Comviva Technologies Limited Dubai	**194,734,159**	181,401,440
		725,749,319	700,174,429

14. Share capital

14.1 Authorised:

1,000,000,000 (2016 - 10,000,000) ordinary shares of ₦1 each	**1,000,000,000**	1,000,000,000

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:

683,916,187 (2016 – 10,000,000) ordinary Shares of ₦1 each	**683,916,187**	683,916,187

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

1 April	**(311,779,648)**	(32,569,728)
Add: Transferred from income statement	**(44,853,985)**	(279,209,920)
31 March	**(356,633,633)**	(311,779,648)

16. Revenue

a) Analysis by product:

Sales revenue share	**64,311,212**	276,100,034
IT software service	**101,198,515**	97,425,430
Customization and Implementation	**67,052,301**	64,837,695
AMC Services	**82,527,354**	19,665,070
POC Revenue –Software Services	**31,668,269**	(8,197,106)
	346,757,651	449,831,123

Revenue is derived in Nigeria from sale and development of computer soft wares and programmes.

b) Analysis by geographical area

Wholly derived from Nigeria	**346,757,651**	449,831,123

17. Cost of sales

	31-March-18	31-March-17
	₦	₦
COGS account	**-**	833,966
Royalty -domestic	**86,640,430**	112,020,814
Royalty –exports	**-**	700,596
Purchase software services	**1,921,814**	313,600
Specific project related claims	**-**	829
Commission on sales	**4,046,832**	2,508,306
	92,609,076	116,378,111

18. Other operating expenses

Staff cost	**178,594,537**	207,615,937
Repairs and maintenance	**22,748,980**	19,083,265
Interest charges	**22,003,790**	15,110,631
Office rent	**12,936,000**	13,130,895
Legal and professional fees	**11,691,009**	21,226,681
Audit fee	**11,340,000**	8,563,881
Employers' contributions to staff pension	**9,936,629**	11,506,043
Insurance	**7,774,160**	5,263,424
Potages and communication	**7,407,000**	9,949,058
Seminar, Conferences and workshop	**6,637,730**	682,500
Travelling	**3,997,106**	12,764,393
Contract software development outsource	**3,223,490**	2,584,084
Staff welfare	**3,056,733**	890,275
House-keeping	**2,590,907**	4,530,458
Security	**1,598,227**	1,977,238
Loss on sale of sale of assets	**943,725**	-
Printing and stationery	**765,970**	385,803
Bank charges	**449,359**	1,401,094
Rent and taxes	**130,000**	-
Others admin expenses	**113,000**	56,318
Membership subscription	**25,000**	56,867
Advertisement and business promotion	**11,249**	16,586,555
Share capital increase	**-**	13,630,000
Accommodation expenses	**-**	3,699,687
ITF and operating levy	**-**	1,287,727
Professional fee on Share capital increase	**-**	1,150,000
Bad and doubtful debt	**-**	114,174
Electricity and water	**-**	110,600
Late returns penalty	**-**	55,000
Conference expenses	**-**	10,955
Depreciation	**17,880,795**	22,234,284
	325,855,396	395,657,827

19. Other income

This comprised:

Interest received	**36,176,026**	12,965,803
Profit on asset disposed	**-**	18,654
Miscellaneous income	**-**	28,863
	36,176,026	13,013,320

20. Taxation

20.1 Income tax expense

	31-March-18	31-March-17
	₦	₦
Company income tax	**-**	-
Education tax (2% of assessable profit)	**-**	-
Deferred tax (21.3)	**(10,459,049)**	(10,272,666)
	(10,459,049)	(10,272,666)

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%.

20.2 Taxation under the statement of financial position:

Income taxes payable		
At 1 April	**117,038,583**	117,038,583
Provision for the year	**-**	-
	117,038,583	117,038,583
Paid during the year	**-**	(18,359,904)
Payment in the year	**-**	
At as 31 March	**117,038,583**	117,038,583

20.3 The income tax expense for the year can be reconciled to the accounting loss as follows:-	**Effective tax** **₦**	**rate** %
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-18	31-March-17
	₦	₦
21.1 Deferred tax assets		
Balance at 1 April	**22,829,338**	15,776,743
Charge for the year	**8,465,920**	7,052,595
At end of the year	**31,295,258**	22,829,338
21.2 Deferred tax liability		
Balance at 1 April	**2,126,681**	5,346,752
Charge/realised for the year	**(1,993,129)**	(3,220,071)
At end of the year	**133,552**	2,126,681
21.3 Deferred tax		
Asset	**8,465,920**	7,052,595
Liability	**1,993,129**	3,220,071
Charge for the year	**10,459,049**	10,272,666

		31-March-18	31-March-17
		₦	₦
22.	**Operating loss before working capital changes:**		
	Loss after tax	**(44,853,985)**	(279,209,920)
	Add back:		
	Taxation expense	**10,459,049**	(10,272,666)
	Interest Income	**(36,176,026)**	(12,965,803)
		(91,489,060)	(302,448,389)
	Adjustment for items not involving movement of cash:		
	Loss on Assets disposed	**763,997**	-
	Adjustments on depreciation	**(387,573)**	-
	Depreciation	**17,880,794**	22,234,284
		(73,231,842)	(280,214,105)
23.	**Working capital changes**		
	Increase in receivables	**(59,952,840)**	(751,923,077)
	Increase in payables	**49,024,822**	328,991,937
		(10,928,018)	(422,931,140)

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 N200,000	**-**	-
₦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	**-**	-

(ii) Staff number and costs

The average number of persons employed (excluding Directors) in the Company during the year was as follows:

Administrative Department	**6**	5
Sales Department	**19**	18
Others (specified	**-**	-
	25	23

The aggregate payroll costs of these persons were as follows: Staff cost, including staff bonus	**168,657,908**	196,149,633
Employees Benefit (Pension and Gratuity contribution)	**9,936,628**	11,466,304
	178,594,536	207,615,937

(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
₦200,001 ₦300,000	**?**	7
₦300,001 ₦400,000	**?**	1
₦400,001 ₦500,000	**?**	1
₦500,001 and above	**?**	2
	?	**23**

25. Contingent liability

There may be a contingent liability of ₦…. million (2017: ₦ 50.2 million) 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, 2018.

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, 2018.

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, 2018 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 16 May, 2018.

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH, 2018

	2018		2017	
	₦000	%	₦000	%
Earnings	**462,844**	**583,141**		
Bought-in materials and services	**(288,308)**	**(425,143)**		
Value added	**174,536**	**100**	157,998	100
Applied as follows:				
In payment of employees -				
Salaries, wages, bonus and				
Other benefits	**207,615**	**119**	218,175	138
In payment to Government -				
Taxation	**-**	**-**	-	-
Retained for future maintenance				
Of assets -				
Depreciation charge for the year	**22,234**	**13**	19,924	13
Retained for expansion of business -				
Deferred tax credit	**(10,459)**	**(6)**	(10,750)	(7)
Loss absorb in the business	**(44,854)**	**(26)**	(69,351)	(44)
	174,536	**100**	157,998	100

FIVE-YEAR FINANCIAL SUMMARY

Years ended 31 March	2018	2017	2016	2015	2014
	₦000	₦000	₦000	₦000	₦000
Assets employed					
Property plant and equipment	**23,418**	42,269	64,441	12,440	29,044
Investment	**57,116**	57,116	57,116	57,116	-
Assets in transit/progress	**1,496**	-	1,093	-	-
Deferred tax asset	**31,295**	22,829	22,829	15,777	-
Non-current assets	**113,326**	122,214	138,427	69,556	29,044
Current assets	**1,390,224**	1,379,158	536,019	592,032	636,956
Creditors due within one year	**(612,122)**	(426,935)	(338,372)	(275,229)	(297,385)
Total assets less current liabilities	**891,428**	1,074,437	336,074	386,359	368,615
Less: Creditors due after one year	**(564,146)**	(702,301)	(358,644)	(339,577)	(266,822)
Net assets/ (liabilities)	**327,282**	372,136	(22,570)	46,782	101,793
Financed by					
Share capital	**683,916**	683,916	10,000	10,000	10,000
Revenue reserve	**(356,634)**	(311,780)	(32,570)	36,782	91,793
	327,282	372,136	(22,570)	46,782	101,793
Profit or loss account					
Revenue	**346,757**	449,831	576,144	449,194	452,535
(Loss)/profit before taxation	**(55,313)**	(289,483)	(80,101)	(43,235)	122,149
Taxation	**10,459**	10,273	10,750	(11,776)	(43,986)
(Loss)/profit after taxation	**(44,854)**	(279,210)	(69,351)	(55,011)	78,163
Per share data:					
(Loss)/earnings per share	**(₦0.07)**	(₦0.40)	(₦6.94)	(₦5.50)	₦7.82
Net assets/(liabilities) per share	**₦0.48**	₦0.54	(₦2.26)	₦4.68	₦10.18

HEDONMARK (MANAGEMENT SERVICES) LIMITED

Directors:	Emmanuel Ikazoboh	Nigerian
	Vipul Sharma	Indian
	Sriram Gopalakrishnan	Indian
	Srinivas Nidugondi	Indian
Chief Finance Officer:	**Olabisi Fayombo**	
Registered No:	RC 603677	
Registered Office:	Plot 52, Ahmadu Bello Way, Victoria Island, Lagos.	
Secretaries:	Cityside Solicitors, Legal, Corporate, Property & Immigration Consultant, 7, Asiata Solarin Crescent, Off Kudirat Abiola Way, Oregun Road, Ikeja, Lagos.	
Auditors:	Baker Tilly Nigeria (Chartered Accountants) Kresta Laurel Complex, 376, Ikorodu Road, Maryland, Lagos.	
Banker:	Stanbic IBTC Bank Plc.	

REPORT OF THE DIRECTORS

The directors hereby submit their report and the financial statements of the company for the year ended 31 March, 2018.

1. Results for the year

	₦'000
Loss before taxation	**(406,930)**
Taxation	**(74,565)**
Loss for the year	**(481,495)**

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 decreased loss of ₦ 407 million from ₦782 million in the preceding year representing 48% decrease. 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	
	2018	2017
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, 2018 Hedonmark (Management Services) Limited had 2,500,000 paid up ordinary shares of ₦1 each as at 31 March, 2018.

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

16 May, 2018

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

HEDONMARK (MANAGEMENT SERVICES) 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, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, 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 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 within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of chartered accountant 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

16 May, 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2018

	Note	31 March - 18	31 March - 17
Assets:		₦	₦
Non-current assets			
Property, plant and equipment	4	**303,083**	427,039
Deferred tax asset	21.1	**172,362,579**	271,426,441
Total non-current assets		**172,665,662**	271,853,480
Current assets			
Inventories	5	**13,290,105**	32,630,401
Trade and other receivables	6	**3,289,404**	912,773
Prepayments	7	**1,280,520**	493,044
Cash and cash equivalents	8	**42,635,339**	107,627,627
Total current assets		**60,495,368**	141,663,845
Total assets		**233,161,030**	413,517,325
Liabilities			
Current liabilities			
Trade and other payables	9	**237,679,768**	176,526,180
Employee benefits	10	**5,456,593**	6,348,667
Current tax liabilities	20.2	**6,279**	6,279
Total current liabilities		**243,142,640**	182,881,126
Non-current liabilities			
Borrowing	11	**1,049,300,000**	820,100,000
Due to related parties	13	**62,972,675**	26,796,649
Deferred tax liabilities	21.2	**10,518**	134,463
Total non-current liabilities		**1,112,283,193**	847,031,112
Total liabilities		**1,355,425,833**	1,029,912,238
Net Liabilities		**(1,122,264,803)**	(616,394,913)
Equity			
Share capital	14	**2,500,000**	2,500,000
Revenue reserve	15	**(1,124,764,803)**	(618,894,913)
Total equity		**(1,122,264,803)**	(616,394,913)

The financial statements were approved by the Board of Directors on 16 May, 2018 and signed on its behalf by:

Director/CEO **Director** **Chief Finance Officer**

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2018

	Note	31-March-18 ₦	31-March-17 ₦
Revenue	16	**53,692,221**	38,135,434
Other income	17	**25,000,000**	520
		78,692,221	38,135,954
Directs costs	18	**(27,002,969)**	(16,515,194)
Gross profit		**51,689,252**	21,620,760
Administrative expenses	19	**(458,568,265)**	(804,237,691)
		(406,879,013)	(782,616,931)
Loss on foreign exchange		**(50,960)**	(1,870)
Loss before tax		**(406,929,973)**	(782,618,801)
Income tax expense	20.1	**-**	-
Deferred tax	20.1	**(98,939,917)**	271,291,978
Loss after tax		**(505,869,890)**	(511,326,823)
Loss per share of ₦ 1		**(202.35)**	(204.53)

The accounting policies and notes on pages herein form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2018

	Share capital ₦	Revenue reserve ₦	Total ₦
31 March, 2016	2,500,000	(107,568,090)	(105,068,090)
Loss for the year	-	(511,326,823)	(511,326,823)
31 March, 2017	2,500,000	(618,894,913)	(616,394,913)
Loss for the year	**-**	**(505,869,890)**	**(505,869,890)**
31 March, 2018	**2,500,000**	**(1,124,764,803)**	**(1,122,264,803)**

The accounting policies and notes on pages herein form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018

		31-March-18	31-March-17
Cash flow from operating activities:	**Note**	**₦**	₦
Operating loss before working capital changes	22	**(406,696,267)**	(782,394,761)
Working capital changes	23	**112,613,729**	152,291,970
Income tax paid	20.2	**-**	-
Net cash outflows from on operating activities		**(294,082,538)**	(630,102,791)
Cash flow from investing activities:			
Acquisition of Property Plant and Equipment		**(109,750)**	-
Interest Received		**-**	520
Net cash inflow/ (outflow) from investing activities		**(109,750)**	520
Cash flow from financing activities:			
Borrowing		**229,200,000**	717,000,000
Net cash inflow from financing activities		**229,200,000**	717,000,000
Net increase in cash and cash equivalent		**(64,992,288)**	86,897,729
Cash and cash equivalent at 1 April		**107,627,627**	20,729,898
Cash and cash equivalent at 31 March	8	**42,635,339**	107,627,627

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, 2018

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 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 year in which the estimate is revised if it affects only that year or in the year of the revision and the future years if the revision affects both current and future years.

- 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 2018 or later years:

Standard/Interpretation	Title	Applicable for financial years beginning on/after
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments	In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments in response to diversity in practice for various issues in circumstances in which there is uncertainty in the application of the tax law. The Interpretation is applicable for annual periods beginning on or after January 1, 2019.
IFRS 9	Financial Instruments	Another revised version of IFRS 9 was issued in July 2014. The effective date of the standard is for years beginning on or after 1 January, 2018.
IFRS 15	Revenue from Contracts with Customers	Issued in May 2015. Applies to an entity's first annual IFRS financial statements for a year beginning on or after 1 January 2018
IFRS 16	Leases	new standard which replaces IAS 17 Leases. The effective date of the standard is for years beginning on or after 1 January, 2019.

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) 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 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

Deemed cost	Office Equipment ₦	Plant & Machinery ₦	Computer equipment ₦	Total ₦
At 1 April, 2017	**-**	**4,956,324**	**673,680**	**5,630,004**
Additions	**109,750**	**-**	**-**	**109,750**
At 31 March, 2018	**109,750**	**4,956,324**	**673,680**	**5,739,754**
Depreciation:				
At 1 April, 2017	**-**	**4,956,314**	**246,651**	**5,202,965**
For the year	**9,146**	**-**	**224,560**	**233,706**
At 31 March, 2018	**9,146**	**4,956,314**	**471,211**	**5,436,671**
Carryingamounts:				
At 31 March, 2018	**100,604**	**10**	**202,469**	**303,083**
At 31 March, 2017	-	10	427,029	427,039

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, 2018, the company's total capital commitment amount is ₦ Nil (2017: ₦ Nil).

		31-March-18	31-March-17
5.	**Inventories**	**₦**	₦
	Talk time (Airtime)	**13,290,105**	32,630,401
6.	**Trade and other receivables**		
	Other receivables		
	Sundry receivables (6.1)	**2,767,230**	395,599
	Employee receivables	**522,174**	517,174
		3,289,404	912,773

The Company does not hold any collateral for these balances.

6.1	**Sundry receivables**		
	Advance to suppliers	**1,507,292**	123,571
	Deposit-Rent	**100,000**	100,000
	Impress account	**1,000,000**	120,090
	VAT recovery account	**108,000**	-
	Self-Assessment tax	**51,938**	51,938
		2,767,230	395,599
7.	**Prepayments**		
	Rent	**375,001**	368,853
	Insurance	**49,808**	-
	Internet access and colocation charges	**855,711**	124,191
		1,280,520	493,044

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:

This comprises:

Balance held with banks in Nigeria:

	31-March-18	31-March-17
	₦	₦
Cash at bank	**42,635,339**	107,627,627

9. Financial liabilities measured at amortised cost

9.1 Trade and other payables – current

Sundry payables	**236,774,515**	176,027,562
Accrual: PAYE	**905,253**	498,618
	237,679,768	176,526,180

The directors consider that the carrying amount of payables approximates to the fair value.

10. Employee benefits

Defined contribution Pension Plan	**640,394**	476,480
Leave Encashment	**922,005**	1,083,320
PLI/SIP Payable	**1,291,230**	3,314,698
Staff Variables Payable	**1,012,751**	1,012,751
Sick/Casual leave	**366,336**	461,418
Payroll Provision	**1,223,876**	-
	5,456,593	6,348,667

11. Borrowing

Loan from Tech M	**209,200,000**	-
Loan from Comviva Nigeria Limited	**840,100,000**	820,100,000
	1,049,300,000	820,100,000

This represent unsecured revolving credit facility in the sum of ₦1,500,000,000 granted by Comviva Technologies Nigeria Limited to the Company through addendum signed agreement dated 10 January 2018 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 payable 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:

13. Amount due to related parties (non-current)

Inter Subsidiary Nigeria/HMSL	**13,083,371**	13,083,371
Inter Company Nigeria-HMSL-Interest Payable	**49,889,304**	13,713,278
	62,972,675	26,796,649

		31-March-18	31-March-17
		₦	₦
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	**(618,894,913)**	(107,568,090)
	Add: Transferred from income statement	**(505,869,890)**	(511,326,823)
	31 March	**(1,124,764,803)**	(618,894,913)
16.	**Revenue**		
a)	**Analysis by product**		
	Sales revenue share-Domestic	**53,692,221**	38,135,434
	The revenue is derived in Nigeria from recharge card vending.		
b)	**Analysis by geographical area**		
	Wholly derived from Nigeria	**53,692,221**	38,135,434
17.	**Other income**		
	This comprised:		
	Excess Provision written off	**25,000,000**	-
	Miscellaneous income	**-**	520
		25,000,000	520
18.	**Direct cost**		
	Marketing Consultancy & Contract Pay	**7,007,967**	16,215,194
	Contract software development & Expenses	**19,995,002**	300,000
		27,002,969	16,515,194
19.	**Administrative expenses**		
	Advert and sales promotion	**275,507,694**	682,215,346
	Interest expenses	**60,940,334**	12,959,724
	Staff cost	**49,754,951**	51,523,608
	Bank charges	**33,775,585**	15,503,446
	Retainership expenses	**14,517,391**	17,250,000
	Legal and professional fees	**6,731,862**	484,949
	Office rent	**4,493,852**	2,427,801
	Audit fee	**3,348,530**	3,150,000
	Foreign Travelling	**3,174,520**	368,646
	Membership and subscription	**1,789,697**	16,809,091
	Rate and taxes	**1,658,872**	6,000
	Potages and communication	**1,359,385**	370,597
	Donation	**500,000**	-
	Repairs and Maintenance	**271,330**	789,600
	Travelling	**160,050**	-
	Insurance	**130,192**	-
	Conference expenses	**100,000**	40,400
	Printing and stationery	**83,965**	113,923
	Miscellaneous	**36,350**	-
	Depreciation	**233,705**	224,560
		458,568,265	804,237,691

		31-March-18 ₦	31-March-17 ₦
20.	**Taxation**		
20.1	**Income tax expense**		
	Company income tax	**-**	-
	Education tax (2% of assessable profit)	**-**	-
		-	-
	Deferred tax (21.3)	**(98,939,917)**	271,291,978
		(98,939,917)	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.

20.2	**Taxation under the statement of financial position:**		
	Income taxes payable		
	At 1 April	**6,279**	6279
	Provision for the year	**-**	-
		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-18 ₦	31-March-17 ₦
21.1	**Deferred tax assets**		
	Balance at 1 April	**271,426,441**	-
	Charge / (absorbed) for the year	**(99,063,862)**	271,426,441
	At end of the year	**172,362,579**	271,426,441
21.2	**Deferred tax liability**		
	Balance at 1 April	**134,463**	-
	Charge / realised for the year	**(123,945)**	134,463
	At end of the year	**10,518**	134,463
21.3	**Deferred tax**		
	Asset	**(99,063,862)**	271,426,441
	Liability	**123,945**	(134,463)
	Charge for the year	**(98,939,917)**	271,291,978
22.	**Operating loss before working capital changes:**		
	Loss after tax	**(481,495,443)**	(511,326,823)
	Add back/deduct:		
	Taxation expense	**74,565,470**	(271,291,978)
	Interest Income	**-**	(520)
		(406,929,973)	(782,619,321)
	Adjustment for items not involving movement of cash:		
	Depreciation	**233,706**	224,560
		(406,696,267)	(782,394,761)

		31-March-18	31-March-17
23.	**Working capital changes**	**₦**	₦
	(Increase)/ Decrease in inventory	**19,340,296**	(23,719,948)
	Decrease/ (Increase) in receivables	**(5,664,107)**	1,769,728
	Increase in payables	**98,937,540**	174,242,190
		112,613,729	152,291,970

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	**-**	-
		-	-

(ii) Staff number and costs

	Number	Number
The average number of persons employed (excluding Directors) in the company during the year was as follows:		
Administrative Department	**2**	3
Sales Department	**4**	7
Others (specified)	**-**	-
	6	10

The aggregate payroll costs of these persons were	**₦**	₦
as follows: Staff cost, including staff bonus	**47,130,059**	48,625,636
Employees Benefit (Pension and Gratuity contribution)	**2,624,892**	2,897,972
	49,754,951	51,523,608

(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	**3**	5
₦200,001 - ₦300,000	**-**	4
₦300,001- ₦400,000	**2**	-
₦400,001 - ₦500,000	**-**	-
₦500,001 - and above	**1**	1
	6	10

25. Contingent liability

There are no pending litigations and as such, no contingent liabilities at the year-end (2017: ₦ 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, 2018.

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, 2018.

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, 2018 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 16 May 2018.

OTHER NATIONAL DISCLOSURES

HEDONMARK (MANAGEMENT SERVICES) LIMITED

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH, 2018

	2018		2017	
	₦000	%	₦000	%
Gross income	**78,692**		38,136	
Deduct:				
Bought-in materials and services	**(435,633)**		(769,007)	
Value added	**(356,941)**	**100**	(730,871)	100
Applied as follows:				
To Employees -				
Salaries and Benefits	**49,755**	**14**	51,524	7
To Government				
Taxation	**-**	**-**	-	-
Retained for expansion of business -				
Depreciation	**234**	**-**	224	-
Deferred Tax (absorbed)/Utilised	**74,565**	**21**	(271,292)	(37)
Loss absorbed	**(481,495)**	**(135)**	(511,327)	(70)
	(356,941)	**100**	(730,871)	100

Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the distribution of that wealth among the employees, providers of finance, Government and that retained for the future creation of more wealth.

FOUR-YEAR FINANCIAL SUMMARY

Years ended 31 March	2018 ₦000	2017 ₦000	2016 ₦000	2015 ₦000
Non-Current assets				
Property plant and equipment	**303**	427	651	800
Deferred tax assets	**172,362**	271,426	-	-
	172,665	271,853	651	800
Current assets	**60,495**	141,664	32,816	-
Total assets	**233,161**	413,517	33,467	800
Current Liabilities	**(243,143)**	(182,881)	(21,598)	(3,437)
Total assets current liabilities	**9,982**	230,636	11,869	(2,637)
Non Current Liabilities	**(1,112,283)**	(847,031)	(116,937)	-
Net assets / (liabilities)	**(1,122,265)**	(616,394)	(105,068)	(2,637)
Financed by				
Share capital	**2,500**	2,500	2,500	2,500
Revenue reserve	**(1,124,765)**	(618,895)	(107,568)	(5,137)
	(1,122,265)	(616,395)	(105,068)	(2,637)
Profit or loss account				
Revenue	**53,692**	38,135	576,144	274,783
Loss before taxation	**(406,930)**	(782,619)	(80,100)	28,322
Taxation	**(98,940)**	271,292	10,749	(28,668)
Loss after taxation	**(505,870)**	(511,327)	(69,351)	(346)
Per share data:				
(Loss)/earnings per share	**(₦202.35)**	(₦204.53)	(₦27.74)	(₦0.14)
Net liabilities per share	**(₦448.91)**	(₦246.56)	(₦42.03)	(₦1.06)

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
AAA Assurance PAC.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD. ("the Company") for the financial year ended 31 March 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) 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 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Manish Goenka

Manoranjan Mohapatra

Suresh Bhat Hosdrug

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects, is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 ("the Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations.

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, AAA Assurance PAC, has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Manish Goenka	**Suresh Bhat Hosdrug**
Director	**Director**

Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, 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 financial period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial period 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

Management is responsible for the other information. The other information comprises the Director's statement set out on 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.

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 director's 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 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:

- 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 the director 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.

AAA Assurance PAC
Public Accountants and Chartered Accountants

Singapore

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	**2018**	2017
		S$	S$
ASSETS			
Current assets			
Cash and cash equivalents	7	**403,351**	338,202
Trade receivables	8	**607,038**	644,565
Other receivables	9	**48,687**	43,096
Total current assets		**1,059,076**	1,025,863
Non- current assets			
Plant and equipment	10	**248,079**	303,224
Intangible assets	11	**18,909**	18,456
Deferred tax assets	12	**23,847**	23,847
Total non-current assets		**290,835**	345,527
Total assets		**1,349,911**	1,371,390
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		**-**	4,460
Accrued expenses		**124,286**	67,786
Amount due to immediate holding company	13	**864,762**	856,301
Total current liabilities		**989,048**	928,547
EQUITY			
Share Capital	14	**561,000**	561,000
Accumulated losses		**(200,137)**	(118,157)
Equity attributable to the owners of the Company		**360,863**	442,843
Total liabilities and equity		**1,349,911**	1,371,390

The annexed notes form an integral part of the audited financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	**2018**	2017
		S$	S$
Revenue	4	**173,165**	157,330
Other income		**16,882**	1,395
Depreciation and amortisation expense	10,11	**(88,712)**	(62,350)
Other operating expense		**(146,029)**	(160,741)
Finance cost		**(37,286)**	(34,389)
Loss before tax	5	**(81,980)**	(98,755)
Income tax expense	6	**-**	23,847
Loss for the year, representing total comprehensive income for the year		**(81,980)**	(74,908)

The annexed notes form an integral part of the audited financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital	Accumulated Losses	Total
	S$	S$	S$
At 1 April 2016	**61,000**	**(43,249)**	**17,751**
Loss for the year, Representing Total Comprehensive Loss for the year	-	(74,908)	(74,908)
Issue of shares representing transaction with owners recognizes directly in equity	500,000	-	500,000
At 31 March 2017	**561,000**	**(118,157)**	**442,843**
Loss for the year, Representing Total Comprehensive Loss for the year	-	(81,980)	(81,980)
At 31 March 2018	**561,000**	**(200,137)**	**360,863**

The annexed notes form an integral part of the audited financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	S$	S$
Cash flows from operating activities		
Loss before Tax	**(81,980)**	(98,755)
Adjustments:		
Finance costs	**37,286**	34,389
Depreciation expense	**81,831**	59,455
Amortisation expense	**6,881**	2,895
Operating cash flows before movements in working capital	**44,018**	(2,016)
Other receivables	**(5,591)**	(29,704)
Trade receivables	**37,527**	(2,885)
Trade payables	**(4,460)**	4,460
Amount due to immediate holding company	**5,382**	26,221
Accruals	**56,500**	(33,515)
Net cash generated from / (used in) operating activities	**133,376**	(37,439)
Cash Flows from investing activities		
Purchase of plant and equipment	**(26,686)**	(362,679)
Purchase of intangible assets	**(7,334)**	(21,351)
Net cash used in investing activities	**(34,020)**	(384,030)
Cash Flows from financing activities		
Finance costs	**(37,286)**	(34,389)
Proceeds of issue of ordinary shares	**-**	500,000
Amount due to immediate holding company	**3,079**	114,614
Net cash (used in) / from financing activities	**(34,207)**	580,225
Net increase in cash and cash equivalents	**65,149**	158,756
Cash and cash equivalents at beginning of the financial year	**338,202**	179,446
Cash and cash equivalents at end of the financial year	**403,351**	338,202

The annexed notes form an integral part of the audited financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1. Corporate Information

COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD. (the "Company") is incorporated and domiciled in Singapore with its registered office at 180B Bencoolen Street #12-05, The Bencoolen, Singapore 189648.

The principal activities of the Company are those of wholesale of computer software and telecommunications equipment.

There have been no significant change in the nature of these activities during the financial year.

Holding Company and Ultimate Holding Company

The company is wholly owned by Comviva Technologies Limited, a company incorporated in India. The company's ultimate holding company is Tech Mahindra Limited, a company incorporated in India.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S$). The Company's functional currency is United States Dollars. All financial information presented in Singapore Dollars has been rounded to the nearest one-dollar, unless otherwise stated.

2.2 Adoption of New and Revised Standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2017 including the amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have material effect on the financial performance or position of the Company.

2.3 Standards Issued But Not Yet Effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2017, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The following standards that have been issued and potentially relevant to the Company but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019
Improvements to FRSs (December 2016)	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019

Except for FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 is described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Company has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Company adopts FRS 109 in 2018.

Impairment

FRS 109 requires the Company to record expected credit losses on all of its loans and trade receivables either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables upon application of the expected credit loss model, the Company expects that due to unsecured nature of its loan and receivables, more loss allowance would be recognised than is under current FRS.

2.4 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) 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.

(ii) 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.

2.5 Employee benefits

Defined Contribution Plans

The Company makes contributes to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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 measured reliably.

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.

2.6 Borrowing Cost

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.

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

2.7 Taxes

(i) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legal enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.8 Plant and Equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price 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. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computers	2.5-5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Intangible Assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful live and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method 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 is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software was acquired separately and is amortised on a straight line basis over its finite useful life of 2.5-5 years.

2.10 Financial Instruments

a) Financial Assets

Initial Recognition and Measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

Loans and Receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

b) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, 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 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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 Cash and Cash Equivalents

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.

2.13 Related Party

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Company if that person:

   (i) Has control or joint control over the Company;

   (ii) Has significant influence over the Company; or

   (iii) Is a member of the key management personnel of the Company or of parent of the Company.

b) An entity is related to the Company if any of the following applies:

(i) The entity and the Company 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a) above;

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(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.

Key Management Personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

2.14 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated 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 an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where 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.

2.15 Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital

2.16 Functional Currency and Foreign Currency Translations

Functional Currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the “functional currency”). The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

Foreign Currency Transactions and Balances

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rates ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating money items at the reporting period are recognised in profit or loss.

3. Significant Accounting Judgements and Estimates

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.

Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Branch's plant and equipment as at 31 March 2018 was S$248,079 (2017: S$303,224).

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. Revenue

	2018	2017
	S$	S$
Service income	**173,165**	157,330

Revenue represents net invoiced value of goods sold and services rendered during the financial year.

5. Loss before Tax

Loss before tax has been arrived at after charging/(crediting):

	2018	2017
	S$	S$
Depreciation and amortization expense	**88,712**	62,350
Legal and professional fees	**10,000**	17,963
Foreign exchange (gain)/losses	**(16,882)**	8,360

6. Income Tax Expense

	2018	2017
	S$	S$
Deferred tax benefit	**-**	(23,847)

Domestic income tax is calculated at 17% (2017: 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:

Reconciliation between tax expense and the product of accounting loss multiplied by the applicable tax rate for the financial year ended were as follows:

	2018	2017
	S$	S$
Loss before tax	**(81,980)**	(98,755)
Tax calculated at tax rate of 17% (2017: 17%)	**(13,937)**	(16,788)
Deferred tax benefits previously not recognised	**13,937**	(7,059)
Tax benefit for the year	**-**	(23,847)

The realisation of the future income tax benefits from tax loss carry forwards 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.

7. Cash and Cash Equivalents

	2018	2017
	S$	S$
Cash at bank	**403,351**	338,202

8. Trade Receivables

	2018	2017
	S$	S$
Outside parties	**168,509**	79,570
Immediate holding company	**438,529**	564,995
	607,038	644,565

The average credit period on sales of goods and services rendered is 30 days. (2017: 30 days).

No interest is charged on the outstanding balance.

9. Other Receivables

	2018	2017
	S$	S$
Prepayments	**611**	6,191
Other receivables	**48,076**	36,905
	48,687	43,096

10. Plant and Equipment

	Computers	Total
	S$	S$
COST		
As at 1 April 2016	**-**	-
Additions	**362,679**	362,679
As at 31 March 2017	**362,679**	362,679
Additions	**26,686**	26,686
At 31 March 2018	**389,365**	389,365
ACCUMULATED DEPRECIATION		
As at 1 April 2016	**-**	-
Charge for the year	**59,455**	59,455
As at 31 March 2017	**59,455**	59,455
Charge for the year	**81,831**	81,831
As at 31 March 2018	**141,286**	141,286

	Computers	Total
	S$	S$
CARRYING AMOUNT		
As at 31 March 2018	**248,079**	248,079
As at 31 March 2017	**303,224**	303,224

11. Intangible Assets

	Software	Total
	S$	S$
COST		
As at 1 April 2016	**-**	-
Additions	**21,351**	21,351
As at 31 March 2017	**21,351**	21,351
Additions	**7,334**	7,334
At 31 March 2018	**28,685**	28,685
ACCUMULATED AMORTISATION		
As at 1 April 2016	**-**	-
Charge for the year	**2,895**	2,895
As at 31 March 2017	**2,895**	2,895
Charge for the year	**6,881**	6,881
As at 31 March 2018	**9,776**	9,776
CARRYING AMOUNT		
As at 31 March 2018	**18,909**	18,909
As at 31 March 2017	**18,456**	18,456

12. Deferred Tax Assets

	2018	2017
	S$	S$
Deferred tax assets	**23,847**	23,847

13. Amount Due to Immediate Holding Company

	2018	2017
	S$	S$
Trade	**74,638**	80,020
Non-trade	**790,124**	776,281
	864,762	856,301

The amount due to related party are unsecured, interest free and repayable upon demand.

14. Share Capital

	2018	2017	**2018**	2017
	No. of Shares		**S$**	**S$**
Issued and Fully Paid Ordinary Shares	**561,000**	561,000	**561,000**	561,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

15. Fair Values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

16. Financial Instruments by Category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	Loans and Receivables	Liabilities at Amortised Cost	Total
	S$	S$	S$
2018			
Financial Assets			
Cash and cash equivalents	**403,351**	**-**	**403,351**
Trade receivables	**607,038**	**-**	**607,038**
Other receivables	**48,687**	**-**	**48,687**
Financial Liabilities			
Accrued expenses	**-**	**124,286**	**124,286**
Amount due to immediate holding company	**-**	**864,762**	**864,762**

	Loans and Receivables	Liabilities at Amortised Cost	Total
2017	S$	S$	S$
Financial Assets			
Cash and cash equivalents	338,202	-	338,202
Trade receivables	644,565	-	644,565
Other receivables	43,096	-	43,096
Financial Liabilities			
Trade payable		4,460	4,460
Accrued expenses		67,786	67,786
Amount due to immediate holding company	-	856,301	856,301

17. Financial Risk Management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with immediate holding company comprising 77% (2017: 88%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company finances its working capital requirements through a combination of funds generated from operation. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2018		
	Carrying amount S$	**Contractual cash flows S$**	**One year or less S$**
Financial Assets			
Cash and cash equivalents	**403,351**	**403,351**	**403,351**
Trade receivables	**607,038**	**607,038**	**607,038**
Other receivables	**48,687**	**48,687**	**48,687**
Total undiscounted financial assets	**1,059,076**	**1,059,076**	**1,059,076**
Financial Liabilities			
Accrued expenses	**124,286**	**124,286**	**124,286**
Amount due to immediate holding company	**864,762**	**864,762**	**864,762**
Total undiscounted financial liabilities	**(989,048)**	**(989,048)**	**(989,048)**
Total net undiscounted financial assets	**70,028**	**70,028**	**70,028**

	2017		
	Carrying amount S$	Contractual cash flows S$	One year or less S$
Financial Assets			
Cash and cash equivalents	338,202	338,202	338,202
Trade receivables	644,565	644,565	644,565
Other receivables	43,096	43,096	43,096
Total undiscounted financial assets	1,025,863	1,025,863	1,025,863
Financial Liabilities			
Trade payable	4,460	4,460	4,460
Accrued expenses	67,786	67,786	67,786
Amount due to immediate holding company	856,301	856,301	856,301
Total undiscounted financial liabilities	(928,547)	(928,547)	(928,547)
Total net undiscounted financial assets	97,316	97,316	97,316

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company does not expect any significant 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 financial year.

(ii) Foreign exchange risk

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.

18. Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2018 and 31 March 2017.

19. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the directors' statement.

Detailed Profit or Loss Account for the year ended 31 March 2018

	2018	2017
	S$	S$
Revenue		
Revenue from operations	**173,165**	157,330
Other income	**16,882**	1,395
Depreciation and amortisation expense	**(88,712)**	(62,350)
Other operating expenses:		
Cost of hardware equipment and other items sold	**12,108**	46,812
Royalty and software charges	**61,636**	78,618
Freight and forwarding charges	**8,323**	1
Rates and taxes	**402**	628
Software charges- others	**49,277**	-
Legal and professional fees	**10,000**	17,962
Credit loss allowance on account receivable (net)	**3,286**	6,178
Miscellaneous expenses	**997**	2,182
Exchange gain/loss	**-**	8,360
	(146,029)	(160,741)
Finance cost	**(37,286)**	(34,389)
Loss before tax	**(81,980)**	(98,755)

The above statement does not form part of the audited financial statements.

COMVIVA TECHNOLOGIES B.V. NETHERLANDS

Board of Directors
Ms. Jantina Catharina Van De Vreede
Mr. Sandeep Phadke
Mr. Syed Tanvir Hussain

Registered Office
Maanplein 7 2516 CK,
The Hague, The Netherlands

Bankers
BNP PARIBAS S.A. - THE NETHERLANDS

BALANCE SHEET AS AT MARCH 31, 2018

Amount in EURO

Particulars				Note No.	As at March 31, 2018	As at March 31, 2017
I	**Assets**					
A	**Non current assets**					
	(a)	Property, Plant and Equipment		3(i)	**40,753**	1,667
	(b)	Other Intangible assets		3(ii)	**2,185,298**	227,901
	(c)	Investments		4	**4,200,685**	4,131,188
	(d)	Financial Assets				
		(i)	Loans	5	**6,707,431**	2,741,576
	(e)	Advance Income tax (net)			**383,803**	93,390
	(f)	Deferred tax assets		6	**348,566**	86,551
	Total non-current assets				**13,866,536**	7,282,273
B	**Current Assets**					
	(a)	Inventories		7	**16,325**	-
	(b)	Financial Assets				
		(i)	Trade receivables	8	**197,444**	790,328
		(ii)	Cash and cash equivalents	9	**770,922**	1,024,308
		(iii)	Other balances with bank	10	**-**	83,964
		(iv)	Others financial assets	11	**2,680,018**	1,701,423
	(c)	Other current assets		12	**22,391**	11,164
	Total current assets				**3,687,100**	3,611,187
	Total Assets				**17,553,636**	10,893,460
II	**Equity and Liabilities**					
A	**Equity**					
	(a)	Equity Share capital		13	**10,001**	10,001
	(b)	Other Equity		14	**(1,638,518)**	(403,822)
					(1,628,517)	(393,821)
B	**Liabilities**					
1	**Non Current Liabilities**					
	(a)	Provisions		15(i)	**4,061**	-
	Total non-current liabilities				**4,061**	-
2	**Current Liabilities**					
	(a)	Financial Liabilities				
		(i)	Borrowings	16	**14,819,093**	9,362,413
		(ii)	Trade Payables	17	**3,931,017**	1,714,318
		(iii)	Others financial liabilities	18	**405,976**	5,591
	(b)	Other current liabilities		19	**20,779**	204,959
	(c)	Provisions		15(ii)	**1,227**	-
	Total current liabilities				**19,178,092**	11,287,281
	Total Equity and Liabilities				**17,553,636**	10,893,460
C	**See accompanying notes forming part of the financial statements**			1-23		

For and on behalf of Comviva Technologies B.V. Netherlands

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 , 2018

Amount in EURO

	Particulars	Note No.		For the year ended March 31, 2018	For the year ended March 31, 2017
I.	**Revenue from operations**	20		**2,791,370**	3,423,928
II.	**Other income**	21		**997,072**	(230,604)
III.	**Total income (I+II)**			**3,788,442**	3,193,324
IV.	**Expenses**				
	(a) Employee benefits expense	22		**91,330**	213,351
	(b) Subcontracting cost			**892,355**	230,306
	(c) Finance costs			**285,972**	85,090
	(d) Depreciation and Amortization expense	3		**320,925**	124,484
	(e) Other expenses	23		**3,694,571**	3,284,414
	Total expenses			**5,285,153**	3,937,645
V.	**Profit/(Loss) before tax**			**(1,496,711)**	(744,321)
VI.	**Tax expenses**				
	(a) Current tax		**-**		(58,666)
	(b) Deferred tax		**(262,015)**		(86,551)
				(262,015)	(145,217)
VII.	**Profit/(Loss) after tax**			**(1,234,696)**	(599,104)
VII.	**Profit/(loss) for the Year**			**(1,234,696)**	(599,104)

VIII. **See accompanying notes forming part of the financial statements**

For and on behalf of Comviva Technologies B.V. Netherlands

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 3 - Other Intangible assets

Amount in EURO

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at 1st April, 2017	Additions during the period	Disposals during the period	**As at March 31, 2018**	As at 1st April, 2017	For the period	On disposal for the period	**As at March 31, 2018**	**As at March 31, 2018**	As at 31st March, 2017
A. Intangible Assets (Other than internally generated)								**145,031**		
Intangible Assets - Customer rights	372,932	-	-	**372,932**	145,031	189,199	-	**334,230**	**38,702**	227,901
Intellectual Property Rights	-	2,270,388	-	**2,270,388**	-	124,313	-	**124,313**	**2,146,075**	-
Computer software	-	567	-	**567**	-	44	-	**44**	**523**	-
B. Tangible Assets(Computers)	1,835	46,454	-	**48,289**	168	7,369	-	**7,537**	**40,753**	1,667
Total	**374,767**	**2,317,409**	**-**	**2,692,176**	**145,199**	**320,925**	**-**	**466,125**	**2,226,052**	**229,568**

Amount in EURO

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Note 4 - Non-current investments :		
TRADE (UNQUOTED)		
Investments in Equity Instruments of subsidiaries		
ATS Advanced Technology solutions do brasil industria, comercio, importaca~o Ltda -Brazil	**548,091**	548,091
ATS advanced Technologies (S.A.) Argentina	**3,526,828**	3,526,828
Comviva Technologies Colombia S.A.S.	**118,973**	56,269
Comviva Technologies (Australia) Pty Ltd	**6,793**	-
Total	**4,200,685**	4,131,188
Note 5 - Loan :		
Loan To Subsidiaries :-		
ATS - Argentina	**1,642,474**	1,898,959
ATS - Brazil	**728,808**	842,617
Comviva - Australia	**3,563,061**	-
Terra Netherlands BV	**773,088**	-
Total	**6,707,431**	2,741,576
Note 6 - Deferred tax assets (net) :		
Break up of deferred tax assets		
Nature of timing difference		
-Others	**348,566**	86,551
	348,566	86,551
Note 7 - Inventories :		
Others - Stock of IT equipments and purchased software (Consumed in IT projects)	**16,325**	-
	16,325	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

		Amount in EURO
Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Note 8 - Trade receivables :		
Trade Receivables (Unsecured)		
Over Six Months		
- Considered good	**197,444**	790,328
- Considered doubtful	**-**	-
	197,444	790,328
Total	**197,444**	790,328
Note 9 - Cash and cash equivalents :		
Balances with banks:		
- In current accounts	**770,922**	1,024,308
	770,922	1,024,308
Note 10 - Other balances with bank :		
Earmarked balances with bank		
-Balance held under Escrow account	**-**	83,964
	-	83,964
Note 11 - Other Financial assets :		
Current financial assets		
Unbilled Revenue	**2,291,981**	1,531,775
Dues from Subsidiary (Net)	**388,037**	169,648
Total	**2,680,018**	1,701,423
Note 12 - 0ther current assets		
- Advance to suppliers		
Considered good	**612**	-
Considered doubtful	**-**	-
	612	-
Provision for doubtful advances	**-**	-
	612	-
Balance with Government authorities	**9,056**	9,386
Prepaid expenses	**12,723**	1,778
	22,391	11,164

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	**Amount in EURO**	Number	Amount in EURO
Note 13 - Share capital :				
(a) Authorised :				
10001 Equity shares of Euro 1 each	**10,001**	**10,001**	10,001	10,001
(b) Issued, subscribed and fully paid up :				
10001 Equity shares of Euro 1 each fully paid up	**10,001**	**10,001**	10,001	10,001
Total	**10,001**	**10,001**	10,001	10,001
Note 14 - Other Equity :				
Surplus in the statement of profit and loss				
Opening balance	**(403,822)**		195282	
Add: profit/(loss) for the period/year	**(1,234,696)**		(599,104)	
Closing balance		**(1,638,518)**		(403,822)
Total		**(1,638,518)**		(403,822)

Amount in EURO

Particulars	As at March 31, 2018	As at March 31, 2017
Note 15 - Provisions		
(i) Long-term provisions		
Provision for employee benefits		
- Compensated absences	**4,061**	-
Total	**4,061**	-
(ii) Short-term provisions		
Provision for employee benefits		
- Compensated absences	**1,227**	-
Total	**1,227**	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in EURO

Particulars	As at March 31, 2018	As at March 31, 2017
Note 16 -Short Term Borrowings :		
Unsecured Loan		
From bank	**14,819,093**	9,362,413
Total	**14,819,093**	9,362,413
Note 17 - Trade payables :		
Expenses payables other than Accrued Salaries and Benefits	**3,929,001**	1,712,653
Accrued Salaries and Benefits	**2,016**	1,665
Total	**3,931,017**	1,714,318
Note 18 - Other Financials liabilities:		
Dues to Subsidiary - Dubai	**339,792**	895
Interest accrued but not due	**66,184**	4,696
	405,976	5,591
Note 19 - Other Current liabilities :		
Unearned revenue	**17,271**	204,720
Statutory remittances	**3,509**	239
Total	**20,779**	204,959

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in EURO

		For the year ended March 31, 2018	For the year ended March 31, 2017
Note 20 - Revenue from operations :			
Income from Comviva Product and related managed support			
Licence Fee with Implementation and other services	**1,789,694**		2,777,714
Revenue sharing arrangements	**343,684**		-
Annual maintenance contract services	**657,992**		759,034
		2,791,370	3,536,748
Income from sale of equipments and software (third party)		**-**	-112,820
Total		**2,791,370**	3,423,928
Note 21 - Other income :			
Interest income		**155,469**	43,132
Exchange gain/loss (net)		**841,603**	(334,590)
Miscellaneous Income		**0**	60,854
Total		**997,072**	(230,604)
Note 22. Employee benefits expense :			
Salaries, wages and bonus		**83,060**	211,224
Contribution to provident and other funds		**7,594**	1,836
Staff Welfare Expenses		**676**	291
Total		**91,330**	213,351
Note 23. Operating and other expense:			
Cost of hardware equipment and other items sold		**3,132,887**	3,177,331
Travelling and conveyance		**20,662**	16,382
Freight and forwarding charges		**15,517**	651
Recruitment Expenses		**2,507**	1,836
Rates and taxes		**3,970**	-
Insurance		**4,968**	7,767
Repairs and maintenance:			
Machinery and computers	**-**		160
Building	**-**		-
Others	**-**		698
		-	858
Advertising and sales promotion		**55,104**	11,199
Communication costs		**8,489**	1,942
Legal and professional fees		**428,634**	56,055
Conference expenses		**2,025**	-
Miscellaneous expenses		**19,808**	10,393
Total		**3,694,571**	3,284,414

TERRA PAYMENT SERVICES (NETHERLANDS) B.V.

Board of Directors
Ms. Jantina Catharina Van De Vreede
Mr. Sandeep Phadke
Mr. Syed Tanvir Hussain

Registered Office
Maanplein 7 2516 CK,
The Hague, The Netherlands

Bankers
BNP PARIBAS S.A. - THE NETHERLANDS

BALANCE SHEET AS AT MARCH 31, 2018

Amount in EURO

Particulars				Note No.	As at March 31, 2018	As at March 31, 2017
I	**Assets**					
A	**Non current assets**					
	(a)	Property, Plant and Equipment		3	**794**	1,589
	(b)	Investments		4	**931,896**	702,394
		(i)	Other financial Assets	5	**810**	936
	Total non-current assets				**933,500**	704,919
B	**Current Assets**					
	(a)	Financial Assets				
		(i)	Trade receivables	6	**518**	0
		(ii)	Cash and cash equivalents	7	**4,901**	422,974
		(iii)	Others financial assets	6A	**1,026,503**	36,021
	(b)	Other current assets		8	**59,323**	22,476
	Total current assets				**1,091,245**	481,472
	TOTAL ASSETS				**2,024,745**	1,186,390
II	**Equity and Liabilities**					
A	**Equity**					
	(a)	Equity Share capital		9	**2,549,554**	400,001
	(b)	Other Equity		10	**(1,785,802)**	530,157
					763,752	930,158
B	**Liabilities**					
1	**Non Current Liabilities**					
	(a)	Financial Liabilities				
		(i)	Borrowings	11	**773,636**	-
	Total non-current liabilities				**773,636**	-
2	**Current Liabilities**					
	(a)	Financial Liabilities				
		(i)	Trade Payables	12	**105,464**	145,170
		(ii)	Others financial liabilities	13	**381,893**	111,061
	Total current liabilities				**487,357**	256,232
	TOTAL EQUITY AND LIABILITIES				**2,024,745**	1,186,390
C	**See accompanying notes forming part of the financial statements**			1-15		

For and on behalf of Terra Payment Technologies (Netherlands) B. V.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 , 2018

Amount in EURO

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I.	Revenue from operations		896	-
II.	Other income	14	(34,700)	(27,593)
III.	Total income (I+II)		(33,804)	(27,593)
IV.	Expenses			
	(a) Operating expenses	15	123,134	1,275,836
	(b) Finance costs		8,674	360
	(c) Depreciation and Amortization expense	3	794	794
	Total expenses		132,602	1,276,990
V.	Profit/(Loss) before tax		(166,406)	(1,304,584)
VI.	Tax expenses		-	-
VII.	Profit/(loss) for the period		(166,406)	(1,304,584)
VIII.	See accompanying notes forming part of the financial statements	1-15		

For and on behalf of Terra Payment Technologies (Netherlands) B. V.

NOTES TO THE FINANCIAL STATEMENTS

Note 3 - Property, Plant and Equipment

Amount in EURO

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at 1st April, 2017	Additions during the year	Disposals during the Period	**As at March 31, 2018**	As at 1st April, 2017	For the Period	On disposal for the Period	**As at March 31, 2018**	**As at March 31, 2018**	As at 1st April, 2017
A. Tangible Assets										
Computers	2,383	-	-	**2,383**	794	794	-	**1,589**	**794**	1,589
Total	**2,383**	**-**	**-**	**2,383**	**794**	**794**	**-**	**1,589**	**794**	**1,589**

Amount in EURO

Particulars	As at March 31,2018	As at March 31,2017
Note 4 - Non-current investments :		
Investment in Terra Payment Services S.A.R.L. (DRC)	**18,082**	18,082
Investment in Terra Payments UK Limited	**301,645**	301,645
Terra Payment Services Botswana (Pty) Limited	**11**	11
Investment in Terra Payment Services S.A.R.L. - Senegal	**1,530**	1,530
Investment in Terra Payment Services South Africa (PTY) Ltd.*	**368,702**	368,702
Investment in Terra Payment Services (Uganda) Limited	**12,424**	12,424
Investment in Terra Payment Service (Mauritius)	**27,055**	-
Investment in Mobex Money Transfer Services Limited	**202,447**	-
Total	**931,896**	702,394
*Application Money Pending Allotment		
Note 5 - Other financial Assets :		
Security deposits	**810**	936
Total	**810**	936
Note 6 - Trade receivables :		
Trade Receivables (Unsecured)		
- Considered good	**518**	-
Total	**518**	-
Note 6A - Others financial assets :		
Loan given - Inter Entity/Company	**383,390**	5,428
Inter Entity/Company Receivables	**118,026**	30,592
Cost Allocation recoverable	**524,709**	-
Unbilled Revenue	**378**	-
	1,026,503	36,020
Note 7 - Cash and cash equivalents :		
Balances with banks:		
- In current accounts	**4,901**	422,974
	4,901	422,974

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at March 31,2018	As at March 31,2017
		Amount in EURO
Note 8 - Other Current Assets :		
- Advance to suppliers		
Considered good	**8,169**	82
Considered doubtful	**-**	-
	8,169	82
Provision for doubtful advances	**-**	-
	8,169	82
- Loans and advances to employees	**14,220**	10,812
Balance with Government authorities	**8,907**	3,213
Prepaid expenses	**28,027**	8,370
	59,323	22,476

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	Amount in EURO	Number	Amount in EURO
Note 9 -Equity Share capital :				
(a) Authorised :				
Equity shares of Euro 1 each	**2,549,554**	**2,549,554**	400,001	400,001
(b) Issued, subscribed and fully paid up :		**2549554.21**		
Equity shares of Euro 1 each fully paid up	**2,549,554**	**2,549,554**	400,001	400,001
Total	**2,549,554**	**2,549,554**	**400,001**	**400,001**
Note 10 - Other Equity :				
Share application money pending allotment				2,149,553
Surplus in the statement of profit and loss				
Opening balance	**(1,619,396)**		(314,812)	
Add: profit/(loss) for the period/year	**(166,406)**		(1,304,584)	
Closing balance		**(1,785,802)**		(1,619,397)
Total		**(1,785,802)**		530,157

NOTES TO THE FINANCIAL STATEMENTS

Amount in EURO

	As at March 31,2018	As at March 31,2017
Note 11 - Long Term Borrowings :		
(i) Long-term borrowings		
Unsecured Borrowings		
- Loan from Group Company	773,636	-
Total	773,636	-

	As at March 31,2018	As at March 31,2017
Note 12 - Trade payables :		
Expenses payables other than Accrued Salaries and Benefits	92,812	88,180
Accrued Salaries and Benefits	12,652	56,990
Total	105,464	145,170
Note 13 - Other Financials liabilities:		
Inter Entity/Company Payables	381,893	111,061
	381,893	111,061

Amount in EURO

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Note 14 - Other income :			
Exchange gain/loss (net)		(41,071)	(27,593)
Interest Income - Inter Company		6371	0
Total		(34,700)	(27,593)
Note 15. Other Expenses :			
Consultant Fees and bonus		430,738	644,346
Staff Welfare Expenses		77	4,720
Travelling and conveyance		33,178	70,304
Insurance		-	-
Repairs and maintenance:			
Machinery and computers	173		9
Others	10,637		-
		10,810	9
Advertising and sales promotion		82,922	48,082
Communication costs		39,174	27,936
Legal and professional fees		42,234	410,558
Miscellaneous expenses		8,709	69,881
Cost Allocation to Terra Entities		(524,709)	-
Total		123,134	1,275,836

TECH MAHINDRA BUSINESS SERVICES LIMITED

Board of Directors
Mr. Sujit Baksi
Mr. Ritesh Idnani
Mr. Manoj Bhat
Mr. Birendra Sen
Mrs. Suchitra Kerkar

Company Secretary
Mr. Abhijit Tikekar

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 Thirteenth Annual Report together with the audited Accounts of the Company for the year ended March 31, 2018.

FINANCIAL SUMMARY / RESULTS

(Figures in ₹)

For the year ended	**31st March, 2018**	31st March, 2017
Income	**7,199,138,220**	7,250,218,171
Expenditure	**5,730,497,135**	5,779,876,337
Depreciation	**2,60,135,423**	250,421,653
Profit/(Loss) Before Tax & Extra Ordinary items	**1,208,505,662**	1,219,920,181
Provision for Taxation	**431,320,890**	410,159,395
Deferred Taxes Charge/ (Credit)	**(31,772,687)**	2,008,033
Profit/ (Loss) after Tax	**808,957,459**	807,752,753
Profit /(Loss) Carried forward to Balance Sheet	**808,957,459**	807,752,753

DIVIDEND

The Board of Directors declared an Interim Dividend of @ 600/- per equity share on the Face Value of ₹ 10/- during the financial year 2017-18. The dividend pay-out was ₹ 722 Mn including dividend distribution tax. Your Directors are of the opinion that the said Interim Dividend be treated as final dividend for the financial year 2017-18.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION & PROTECTION FUND

Since there is no unpaid/unclaimed Dividend as on 31st March, 2018, the provisions of Section 125 of the Companies Act, 2013, read with rules framed there under, do not apply.

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 2017-18 is ₹ 7,036 Mn against the previous year ₹ 7,076 Mn. The profit before tax is ₹ 1,208 Mn against the previous year ₹ 1,219 Mn. The Minimum Revenue Commitment (MRC) accrual during the year is ₹ 24 Mn against the previous year ₹ 60 Mn.

The head count of the Company was 6783 in March 2018 vis a vis 7011 in March 2017.

During the year the Company has earned a dividend income of ₹ 41 Mn. The Company invests all its surplus funds in debt and arbitrage 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 have resigned as Statutory Auditors of the Company with effect from July 2, 2018. Considering that M/s B S R & Co. LLP, Chartered Accountants, [ICAI Firm Registration No. 101248W/W-100022] are the auditors of the parent company, the Board, subject to the approval of the members in the ensuing Annual General Meeting, has appointed M/s B S R & Co. LLP, Chartered Accountants, [ICAI Firm Registration No. 101248W/W-100022] as Statutory Auditors for the period of five years with effect from Financial Year 2018-19 i.e. from the conclusion of the ensuing Annual General Meeting till the conclusion of the Sixth Annual General Meeting for the Financial Year 2022-2023.

The Company has received a certificate from M/s. B S R & Co. LLP, Chartered Accountants to the effect that they are willing and are eligible for appointment in terms of Section 141 of the Companies Act, 2013.

Your Directors recommend the appointment of M/s. B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of your Company at the ensuing Annual General Meeting.

Your Directors also place on record sincere thanks to M/s. Deloitte Haskins & Sells LLP for their valuable contribution.

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 March 31, 2018 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.

Mr. Nikhilesh Panchal and Mrs. Ujjwala Apte, Independent Directors, tendered their resignation from the Board of Directors with effect from August 8, 2017.

The Board was restructured, pursuant to the provisions of the section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Ritesh Idnani, Mr. Manoj Bhat, Mr. Birendra Sen, and Mrs. Suchitra S. Kerkar, were appointed as additional Directors, with effect from October 31, 2017 .

Mr. C.P. Gurnani and Mr. Milind Kulkarni resigned as Directors with effect from November 1, 2017.

Pursuant to the provisions of Section 152(6)(c) of the Companies Act 2013, Mr. Sujit Baksi, Director is liable to retire by rotation and being eligible offers himself for reappointment.

BOARD AND COMMITTEES OF BOARD

The Ministry of Corporate Affairs by its Notification dated July 13, 2017 amended Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014. The provisions in respect of appointment of independent directors on the board of unlisted wholly owned subsidiary Company are no more applicable.

Also such unlisted wholly owned subsidiary Company need not constitute/have Audit Committee and Nomination & Remuneration Committee of the Board.

Consequent to above amendments and resignation of 2 independent directors, the Audit Committee and the Nomination & Remuneration Committee of the Board of directors were not mandatory and their functions were taken over by the Board and thus these Committees stood dissolved with effect from October 31, 2017.

For the Financial Year 2017-18, the Company held 5 (Five) meetings of the Board of Directors. 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.

STATEMENT OF COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS

Your Directors state that the Company has complied with the applicable Secretarial Standards during the year under review.

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.

POLICY FOR PREVENTION OF SEXUAL HARASSMENT

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Directors state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 ₹ 7,036 Mn. (Previous Year – ₹ 7,076 Mn.) while the outgoings were ₹ 595 Mn. (Previous Year – ₹ 491 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.

For and on behalf of the Board of Directors

Sujit Baksi	**Manoj Bhat**
Director	**Director**

Place: Mumbai
Date: July 9, 2018

ANNEXURE 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[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 49073333
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 - 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. Promoters									
(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	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
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):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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 Promoter

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	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

Sl. 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):

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 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:

Sl. 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				
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	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
• 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)	-	-	-	-

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

(Figures in ₹)

S. No.	Particulars of Remuneration	Name of Directors							Total Amount
1	Independent Directors	Mr. Nikhilesh Panchal*	Mrs. Ujjwala Apte*	-	-	-	-	-	-
	Fee for attending board / committee meetings	40,000	35,000	-	-	-	-	-	75,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**40,000**	**35,000**	**-**	**-**	**-**	**-**	**-**	**75,000**
2	Other Non-Executive Directors	Mr. C P Gurnani*	Mr. Sujit Baksi	Mr. Milind Kulkarni*	Mr. Ritesh Idnani**	Mr. Manoj Bhat**	Mr. Birendra Sen**	Mrs. Suchitra Kerkar**	-
	Fee for attending board / committee meetings	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**40,000**	**35,000**	**-**	**-**	**-**	**-**	**-**	**75,000**
	Total Managerial Remuneration	-	-	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	-

*Resigned during the year

** Appointed during the year

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	**-**	**-**	**-**	**-**

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: Mumbai
Date: July 9, 2018

Sujit Baksi
Director

Manoj Bhat
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 2017-18

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.**

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:**

Mr. Manoj Bhat, Mr. Birendra Sen and Mrs. Suchitra Kerkar

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 2014-15: INR 1,903 Mn

FY 2015-16: INR 1,273 Mn

FY 2016-17: INR 1,087 Mn

The average net profit before tax comes to: INR 1,421 Mn

4. Prescribed CSR Expenditure (two per cent, of the amount as in item 3 above).

INR 28.42 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 28.42 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 programs: (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs-wise**	**Amount spent on the projects or programs 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 & livelihood enhancement project)	**Programme** - ARISE - ARISE+ - SMART - SMART +	**Budget** **(INR Mn.)** 10.44 3.44 13.18 1.39 28.45 Mn (Grand total)	**Spent (Unspent) (INR Mn.)** 10.44 (0.00) 3.44 (0.00) 13.18 (0.00) 1.39 (0.00) 28.45 Mn (0.00)	**Spent (Unspent) (INR Mn.)** 28.45 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 Kandivali (Mumbai) SAPREM (Mumbai), Sheild Foundation (Mumbai) Deep Griha Society (Pune), Nirman Organization(Pune) Deep Griha Society-Center 1&2 (Pune) **-SMART +** Helen Keller Institute for Deaf and Deaf-Blind (Mumbai),

* **Total Amount Received from TMBSL:**	**₹ 28.45 Mn**
TMF Spent:	**₹ 28.45 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 28.45 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.

For and on behalf of the Board of Directors

Place: Mumbai	**Sujit Baksi**	**Manoj Bhat**
Date: July 9, 2018	**Director**	**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 17- March 18	April 17 - March 18 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 – ₹163 Million - Paid by TMBSL on TML behalf Value – ₹ 94 Million - Revenue billing for TESCO by TMBSL to TML – ₹ 347 Million	Value – ₹ 28 million
(e)	Date(s) of approval by the Board, if any:	April 25, 2017	April 25, 2017
(f)	Amount paid as advances, if any:	Nil	Nil

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

Place: Mumbai
Date: July 9, 2018

Sujit Baksi — **Director**

Manoj Bhat — **Director**

ANNEXURE 4

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[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 practices by Tech Mahindra Business Services Limited (Hereinafter called “the Company”).

Secretarial Audit was conducted for the period from 1st April 2017 to 31st March 2018, 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 2018, 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 2018 according to the provisions of:

(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’) and the rules made there under 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 (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;

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.

(VI) Other applicable laws:

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 July 1, 2015 and as revised effective 1st October 2017.

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 the Board of Directors of the company is duly constituted with proper balance of executive directors, non-executive directors and independent 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.

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 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: 4266 CP: 3068

Place: Pune
Date: May 22, 2018

INDEPENDENT AUDITORS' 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 March 31, 2018, 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 and the Order issued under section 143(11) of the Act.

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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, 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 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 Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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.

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: May 22nd, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' 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, 2018 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 of the Company 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, 2018, based on the criteria for internal financial control over financial reporting 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: May 22nd, 2018

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 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.

(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 and hence reporting under 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.

(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, Goods and Service 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, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable other than following: -

Statement of Arrears of Statutory Dues outstanding for more than six months:

Name of Statute	**Nature of Dues**	**Amount (₹ In million)**	**Period to which the amount relates**	**Due Date**	**Date of payment**
THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952	Provident Fund	0.02	July 2017	August 15, 2017	Not paid
THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952	Provident Fund	0.04	August 2017	September 15, 2017	Not paid

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax, Goods and Service Tax which have not been deposited as on March 31, 2018 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	33	47
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2008-09	273	225
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2009-10	417	148
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2010-11	148	109
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2011-12	289	391
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2012-13	88	124
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2007-08 to 2012-13	32	Nil
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2012-13 to 2014-15	16	Nil
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 and 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 to the Company.

(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 to the Company.

(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 to its directors and hence provisions of section 192 of the Act are not applicable to the Company.

(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: May 22nd, 2018

BALANCE SHEET AS AT MARCH 31, 2018

₹ in Million

		Note No	As at March 31, 2018	As at March 31, 2017
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4	**357**	388
	(b) Capital Work-In-Progress		**-**	14
	(c) Intangible Assets	5	**47**	38
	(d) Financial Assets			
	(i) Investments	6	**5**	-
	(ii) Other Financial Assets	7	**146**	176
	(e) Advance Income Taxes (Net of Provisions)	8	**880**	480
	(f) Deferred Tax Assets (net)	9	**136**	88
	(g) Other Non-current Assets	10	**1,132**	1,115
	Total Non-Current Assets		**2,703**	2,299
2	**Current Assets**			
	(a) Financial Assets			
	(i) Investments	11	**975**	1,992
	(ii) Trade Receivables	12	**1,490**	727
	(iii) Cash and Cash Equivalents	13	**103**	42
	(iv) Other Financial Assets	14	**26**	42
	(b) Other Current Assets	15	**234**	370
	Total Current Assets		**2,828**	3,173
	TOTAL ASSETS		**5,531**	5,472
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	16	**10**	10
	(b) Other Equity	17	**3,854**	3,799
	Total equity		**3,864**	3,809
	LIABILITIES			
1	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Other Financial Liabilities	18	**2**	-
	(b) Provisions	19	**76**	76
	Total Non-Current Liabilities		**78**	76
2	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade Payables	20	**627**	485
	(ii) Other Financial Liabilities	21	**38**	9
	(b) Provisions	22	**92**	92
	(c) Current Tax Liabilities (Net)	23	**281**	464
	(d) Other Current Liabilities	24	**551**	537
	Total Current Liabilities		**1,589**	1,587
	TOTAL EQUITY AND LIABILITIES		**5,531**	5,472
	See accompanying notes to the financial statements	1 to 46		

As per our report of even date attached
For **Deloittee & Sells LLP**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Pune
Date: May 22, 2018

For Tech Mahindra Business Services Limited

Birendra Sen
Director

Suchitra Kerkar
Director

Abhijit Tikekar
Company Secretary
Place: Mumbai
Date: May 22, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million except earnings per Share)

Statement of Profit and Loss				Note No.	For the Year Ended March 31,2018	March 31,2017
I	Revenue from Operations				**7,036**	7,076
II	Other Income			25	**163**	174
III	Total Income (I + II)				**7,199**	7,250
IV	**EXPENSES**					
	(a)	Employee Benefits Expense		26	**4,277**	4,329
	(b)	Finance Costs		27	**-**	32
	(c)	Depreciation and Amortisation Expense		4 & 5	**260**	250
	(d)	Other Expenses		28	**1,454**	1,420
	Total Expenses				**5,991**	6,031
V	**Profit Before Tax (III - IV)**				**1,208**	1,219
VI	**Tax Expense**					
	(1)	Current Tax			**431**	410
	(2)	Deferred Tax			**(31)**	2
	Total Tax Expense				**400**	412
VII	**Profit After Tax (V - VI)**				**808**	807
VIII	**Other Comprehensive Income**					
	A	(i)	Items that will not be reclassified to profit or loss			
			Remeasurements of the defined benefit liabilities / (asset)		**0**	(6)
		(ii)	Income tax relating to items that will not be reclassified to profit or loss		**(0)**	(2)
	B	(i)	Items that will be reclassified to profit or loss			
			Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		**(48)**	85
		(ii)	Income tax on items that will be reclassified to profit or loss		**17**	-
		Total Other Comprehensive Income (A + B)			**(31)**	77
IX	**Total Comprehensive Income (VII + VIII)**				**777**	884
	Earnings per Equity Share					
	Basic and Diluted [In ₹] [Face Value ₹10]				**808**	807

See accompanying notes to the financial statements

As per our report of even date attached
For **Deloittee & Sells LLP**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Pune
Date: May 22, 2018

For Tech Mahindra Business Services Limited

Birendra Sen
Director

Suchitra Kerkar
Director

Abhijit Tikekar
Company Secretary
Place: Mumbai
Date: May 22, 2018

STATEMENT OF CHANGES IN EQUITY

a. Equity Share Capital

Particulars	Number of Shares	Equity Share Capital (₹ in Million)
Balance at April 1, 2016	1,000,000	10
Changes in equity share capital during the year	-	-
Balance at March 31, 2017	**1,000,000**	**10**
Balance at April 1, 2017	1,000,000	10
Changes in equity share capital during the year	-	-
Balance at March 31, 2018	**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, 2017	666	3,094	39	3,799
Profit for the year	-	808	-	808
Other Comprehensive Income	-	(0)	(31)	(31)
Total Comprehensive income	**666**	**3,902**	**8**	**4,576**
Interim Dividend	-	(600)	-	(600)
Tax on Dividend	-	(122)	-	(122)
Balance at March 31, 2018	**666**	**3,180**	**8**	**3,854**

₹ 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	-	807	-	807
Other Comprehensive Income	-	(8)	85	77
Total Comprehensive income	**666**	**3,094**	**39**	**3,799**
Balance at March 31, 2017	**666**	**3,094**	**39**	**3,799**

As per our report of even date attached
For **Deloittee & Sells LLP**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Pune
Date: May 22, 2018

For Tech Mahindra Business Services Limited

Birendra Sen
Director

Suchitra Kerkar
Director

Abhijit Tikekar
Company Secretary
Place: Mumbai
Date: May 22, 2018

STATEMENT OF CASH FLOW AS AT MARCH 31, 2018

₹ in Million

		For the year ended	
		March 31, 2018	March 31, 2017
A.	**Cash flow from Operating Activities:**		
	Profit before taxation	**1,208**	1,219
	Adjustments for:		
	Depreciation and Amortization Expenses	**260**	250
	Interest Income	**(0)**	(0)
	Interest Expenses	**-**	32
	Dividend Income	**(41)**	(52)
	(Profit)/Loss on Property, Plant and Equipment (net)	**(8)**	(2)
	Unrealised Foreign Exchange loss / (gain) (net)	**(9)**	14
	Net gain on Sale of Current Investment carried at FVTPL	**(45)**	2
	Net Gain / (Loss) on financial assets carried at FVTPL	**(0)**	(30)
	Sundry balances written back	**(0)**	(14)
	Operating profit before working capital changes	**1,365**	1,419
	Adjustments for changes in working capital:		
	- (Increase)/Decrease in Trade Receivables	**(751)**	266
	- (Increase)/Decrease in Loans and Advances	**164**	759
	- Increase/(Decrease) in Trade and Other Payables	**123**	(158)
	Cash generated from operations	**901**	2,285
	- Taxes Paid	**(1,014)**	(548)
	Net cash flow from / (used in) operating activities (A)	**(113)**	1,738
B.	**Cash flow from Investing activities:**		
	Purchase of Property, plant and Equipment and Intangible assets (Including Capital Work-in-progress)	**(214)**	(237)
	Purchase of Investments	**(5,811)**	(7,492)
	Redemption of Investment	**6,915**	6,702
	Investment in Government Bonds	**(5)**	-
	Interest Received	**(0)**	0
	Proceeds from Sale of fixed assets	**9**	2
	Net cash flow from / (used in) investing activities (B)	**894**	(1,025)
C.	**Cash flow from financing activities:**		
	Interim Dividend (including tax on dividend) paid	**(722)**	-
	Repayment of Loan	**-**	(900)
	Interest paid	**-**	(28)
	Net cash flow from / (used in) financing activities (C)	**(722)**	(928)
D.	**Exchange differences on translation of foreign currency cash and cash equivalents (D)**	**2**	(1)
	Net Increase /(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)+(D)	**61**	(216)
	Cash and Cash Equivalents at beginning of the year	**42**	258
	Cash and Cash Equivalents at end of the year	**103**	42
	Cash and Cash Equivalents comprises of		
	Cash in hand	**0**	0
	Balances with Banks:		
	- Current Accounts	**100**	41
	- Deposits Accounts	**3**	1
	Cash and cash equivalents as per Balance Sheet	**103**	42

As per our report of even date attached
For **Deloittee & Sells LLP**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Pune
Date: May 22, 2018

For Tech Mahindra Business Services Limited

Birendra Sen
Director

Suchitra Kerkar
Director

Abhijit Tikekar
Company Secretary
Place: Mumbai
Date: May 22, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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) prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 in 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.

3. New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should 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. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The standard permits two possible methods of transition:
• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

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, 2017	243	1,016	75	108	200	11	1,653
Additions	27	116	9	38	11	-	201
Deletion	(6)	(88)	(14)	(7)	(0)	(1)	(116)
Balance as at 31 March, 2018	264	1,044	70	139	211	10	1,738
II. Accumulated depreciation							
Balance as at 1 April, 2017	191	728	72	88	180	6	1,265
Depreciation for the year	31	155	4	21	17	3	231
Deletion	(5)	(88)	(14)	(7)	(0)	(1)	(115)
	217	795	62	102	197	8	1,381
Balance as at 31 March, 2018	**47**	**249**	**8**	**37**	**14**	**2**	**357**

₹ 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							
Balance as at 1 April, 2016	161	607	68	82	154	3	1,075
Depreciation for the year	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**

Note 5: Intangible Assets

₹ in Million

Description of Assets	Computer Software	Total
I. Gross Block		
Balance as at 1 April, 2017	596	596
Additions	38	38
Deletion	-	-
Balance as at 31 March, 2018	634	634
II. Accumulated depreciation		
Balance as at 1 April, 2017	558	558
Depreciation for the year	29	29
Deletion	-	-
Balance as at 31 March, 2018	587	587
Balance as at 31 March, 2018	**47**	**47**

₹ in Million

Description of Assets	Computer Software	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		
Balance as at 1 April, 2016	512	512
Depreciation for the year	46	46
Deletion	-	-
Balance as at 31 March, 2017	558	558
Balance as at 31 March, 2017	**38**	**38**

Note 6: Non-Current Investment

₹ in Million

Particular	As at March 31, 2018	As at March 31, 2017
Investments in Government Bonds - Quoted		
5.25% National Highways Authority of India Bonds-54EC Capital Gain Bonds (Series XVII)	**5**	-
TOTAL	**5**	-

Note 7: Non Current - Other Financial Assets

Security Deposits	**146**	162
Foreign currency derivative assets	**-**	14
TOTAL	**146**	176

Note 8:Advance Income Taxes (Net of provisions)

Advance Income Taxes [Net of provisions : March 31 2018 : ₹2,998 Millions (March 31,2017 : ₹2,129 Millions)]	**880**	480
TOTAL	**880**	480

Note 9: Deferred Tax Assets (Net)

Deferred Tax arising on account of temporary differences on :		
Depreciation	**87**	59
Gratuity, Leave Encashment and Bonus	**60**	61
Fair Valuation of Mutual Fund	**(28)**	(32)
Hedging Reserve	**17**	-
MTM loss debited to statement of profit and loss	**(0)**	-
TOTAL	**136**	88

Note 10: Other Non-Current Assets

Prepaid Expenses	**842**	1,035
Balances with government authorities	**290**	80
TOTAL	**1,132**	1,115

Note 11: Current Investment

₹ in Million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Investment in Mutual Funds - Unquoted (Carried at fair value through Profit and Loss)		
Nil (As at March 31, 2017 : 220,171), units of ₹Nil (As at March 31, 2017: ₹ 100.195) each fully paid up of Birla Sun Life Cash Plus -Daily Dividend - Direct Plan	**-**	22
Nil (As at March 31, 2017: 4,233), units of ₹Nil (As at March 31, 2017: ₹ 1007.50) each fully paid up Reliance Money Manager Fund - Diect Plan Daily Dividend Plan	**-**	4
Nil (As at March 31, 2017: 14,392), units of ₹Nil (As at March 31, 2017: ₹ 11.19) each fully paid Reliance Medium Term Fund - Direct Monthly Dividend Plan	**-**	0
Nil (As at March 31, 2017: 25,198,119), units of ₹Nil (As at March 31, 2017: ₹ 10.28) each fully paid Reliance Banking & PSU Debt Fund - Direct Monthly Dividend Plan	**-**	259
2204 (As at March 31, 2017: 369,191), units of ₹4239.94 (As at March 31, 2017: ₹1528.74) each fully paid up Reliance - Liquid fund-Treasury Plan Direct Plan Growth Option-LFAG	**9**	564
Nil (As at March 31, 2017: 962,820), units of ₹Nil (As at March 31, 2017: ₹ 105.73) each fully paid up ICICI Prudential Flexible Income – Direct Plan - Daily Dividend	**-**	102
364,858 (As at March 31, 2017: Nil), units of ₹ 257.137 (As at March 31, 2017: ₹Nil) each fully paid up of ICICI Prudential Liquid - Direct Plan-Growth	**94**	-
10,000,000 (As at March 31, 2017: 10,000,000), units of ₹ 14.11 (As at March 31, 2017: ₹ 13.16) each fully paid up of Reliance Fixed Horizon Fund - XXV - Series 27 - Direct Plan Growth Plan	**141**	132
Nil (As at March 31,2017: 5,522,879),units of ₹ Nil (As at March 31, 2017: ₹ 10.11) each fully paid ICICI Prudential Ultra Short Term – Direct Plan - Daily Dividend	**-**	56
Nil (As at March 31, 2017: 10,000,000), units of ₹Nil (As at March 31, 2017: ₹ 12.96) each fully paid up of ICICI Prudential FMP Series 73 - 407 Days Plan C Direct Plan Cumulative	**-**	130
Nil (As at March 31,2017: 4490),units of ₹Nil (As at March 31, 2017 : ₹100.685) each fully paid ICICI Prudential Liquid Plan Direct Daily Dividend	**-**	0
Nil (As at March 31, 2017: 4,244,193), units of ₹Nil (As at March 31, 2017: ₹ 11.80) each fully paid up of Birla Sun Life Short Term Fund-Monthly Dividend Direct Plan	**-**	50
Nil (As at March 31, 2017: 1,291,152), units of ₹Nil (As at March 31, 2017: ₹ 107.77) each fully paid up of Birla Sun Life Treasury Optimizer plan Monthly Dividend DirectPlan	**-**	139
Nil (As at March 31, 2017: 38,778,957), units of ₹ Nil (As at March 31, 2017: ₹ 10.11) each fully paid up of ICICI Prudential Banking & PSU Debt Fund -Direct Weekly Dividend Plan	**-**	404
10,000,000 (As at March 31, 2017: 10,000,000), units of ₹13.98 (As at March 31, 2017: ₹ 13.03) each fully paid up of Birla Sun Life -Fixed Term Plan - Series KJ (1499 days) – Growth Direct	**140**	130
16,719,487 (As at March 31, 2017: Nil), units of ₹18.30 (As at March 31, 2017: ₹Nil) each fully paid up Reliance - Arbitrage Advantage Fund-Direct Growth Plan Growth Option -AFAG	**306**	-
10,521,960 (As at March 31, 2017: Nil), units of ₹23.67 (As at March 31, 2017: ₹Nil) each fully paid up of ICICI Prudential Equity Arbitrage Fund - Direct Plan - Dividend	**249**	-
31,584 (As at March 31, 2017:Nil), units of ₹1124.37 (As at March 31, 2017: ₹Nil) each fully paid up of Mahindra Liquid Fund Direct DDR	**36**	-
95 (As at March 31, 2017:Nil), units of ₹1124.37 (As at March 31, 2017: ₹Nil) each fully paid up of Mahindra Liquid Fund Direct DDR	**0**	-
TOTAL	**975**	1,992

Note 12: Trade Receivables

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Secured, considered good	-	-
Unsecured, considered good (for outstanding related party balance refer note 39)	1,490	727
Doubtful	-	-
Less: Allowance for Credit Losses	-	-
TOTAL	**1,490**	727

Note 13: Cash and Cash Equivalents

Cash on hand	0	0
Balances with banks		
(i) In Current Account	100	41
(ii) In Deposit Account	3	1
TOTAL	**103**	42

Note 14: Current - Other Financial Assets

Security Deposits	12	0
Interest accrued on deposits	0	0
Foreign currency derivative assets	6	36
Other Receivables from related party (Refer note 39)	8	6
TOTAL	**26**	42

Note 15: Other Current Assets

Prepaid Expenses	209	181
Balances with government authorities	12	178
Other Advances	13	11
TOTAL	**234**	370

Note 16: Equity Share Capital

Share Capital	As at March 31, 2018 Number	₹ Million	March 31, 2017 Number	₹ Million
Authorised				
67,650,000 (March 31, 2017: 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, 2017: 1,000,000) Equity Shares of ₹10 each	**1,000,000**	**10**	1,000,000	10
(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

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

Equity Shares:

Particulars	**March 31, 2018 Number**	**₹**	March 31, 2017 Number	₹
Shares outstanding at the beginning of the year	**1,000,000**	**10,000,000**	1,000,000	10,000,000
Shares issued during the year	**-**	**-**	-	-
Bonus shares issued during the year	**-**	**-**	-	-
Shares outstanding as at end of the year	**1,000,000**	**10,000,000**	1,000,000	10,000,000

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, 2018 ₹ in million**	As at March 31, 2017 ₹ in million
Equity Shares :		
Tech Mahindra Limited, the holding company		
999,994 (March 31, 2017 999,994) Equity shares of ₹10 each fully paid	**10**	10
Tech Mahindra Limited j/w Vishwanath Kini		
1 (March 31, 2017: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Atanu Sarkar		
1 (March 31, 2017: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Manoj Bhat		
1 (March 31, 2017: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Manoj Joshi		
1 (March 31, 2017: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Aniruddha Gadre		
1 (March 31, 2017: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited j/w Anil Khatri		
1 (March 31, 2017: 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

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 17: Other Equity

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Redemption Reserve	**666**	666
Hedging Reserve		
Opening balance	**39**	(46)
Change in fair value of forward contract (Net)	**(31)**	85
Closing Balance	**8**	39
Surplus in Statement of Profit and Loss		
Opening Balance	**3,094**	2,295
Add: Transferred from Other Comprehensive Income	**0**	(8)
Add: Net Profit for the year ended	**808**	807
Less: Interim Dividend	**600**	-
Less: Tax on Dividend	**122**	-
Closing Balance	**3,180**	3,094
TOTAL	**3,854**	3,799

Note 18: Non-Current Liabilities - Other Financial Liabilities

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Foreign currency Derivative Liabilities	2	-
TOTAL	2	-

Note 19: Non-Current Liabilities - Provisions

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
- Gratuity	76	76
TOTAL	76	76

Note 20: Trade Payables

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Creditors for supplies / services		
- Due to Micro,Small and Medium Enterprises (Refer note: 45)	-	-
- Other than due to Micro,Small and Medium Enterprises	400	255
Creditors for accrued wages and salaries	227	230
TOTAL	627	485

Note 21: Other Financial Liabilities

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Foreign currency Derivative Liabilities	16	-
Creditors for capital supplies / services	22	9
TOTAL	38	9

Note 22: Provisions

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Gratuity	42	41
Compensated absences	50	51
TOTAL	92	92

Note 23: Current Tax Liabilities (Net)

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for income tax [Net of Taxes paid : March 31.2018 ₹589 Millions (March 31,2017 ₹844 Millions)]	281	464
TOTAL	281	464

Note 24: Other Current Liabilities

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Revenues	20	27
Statutory Dues	98	98
Customer Payables	432	412
Other credit balances	1	0
TOTAL	551	537

Note 25: Other Income

₹ in Million

Particulars	For the year ended March 31, 2018	March 31, 2017
Interest income		
- Bank Deposits	**0**	0
- Other financial assets	**12**	10
Dividend Income on current investment carried at FVTPL	**41**	52
Net Gain / (Loss) on sale of current investments carried at FVTPL	**45**	(1)
Profit on sale of property, plant and equipment (net)	**8**	2
Forex gain / (Loss)	**57**	67
Net Gain / (Loss) on financial assets carried at FVTPL	**0**	30
Sundry Balances Written Back	**0**	14
TOTAL	**163**	174

Note 26: Employee Benefits Expense

₹ in Million

Particulars	For the year ended March 31, 2018	March 31, 2017
Salaries and wages, including bonus	**4,006**	4,097
Contribution to provident and other funds	**117**	112
Gratuity	**19**	22
Staff welfare expenses	**135**	98
TOTAL	**4,277**	4,329

Note 27: Finance Cost

₹ in Million

Particulars	For the year ended March 31, 2018	March 31, 2017
Interest on loan from related parties (Refer note 39)	**-**	32
TOTAL	**-**	32

Note 28: Other Expenses

₹ in Million

Particulars	For the year ended March 31, 2018	March 31, 2017
Power & Fuel	**135**	138
Rent	**431**	403
Repairs and maintenance - Machinery	**24**	21
Repairs and maintenance - Lease Premises	**29**	15
Repairs and maintenance - Others	**178**	195
Insurance charges	**41**	41
Legal and other professional fees	**69**	64
Advertisement, Promotion & Selling Expenses	**6**	9
Travelling Expenses	**46**	29
Expenditure on corporate social responsibility (CSR)	**28**	29
Other General Expenses	**74**	66
Network Costs	**10**	21
Recruitment Expenses	**46**	45
Training	**10**	18
Transportation Charges	**315**	314
Communication	**10**	11
Miscellaneous Expenses	**2**	1
TOTAL	**1,454**	1,420

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, 2018 ₹ 78 million (March 31, 2017: ₹ 58 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	47
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	225
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	148
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	109
5	Income-tax	A.Y 2012-13	Income tax order on account of Transfer Pricing Adjustment	680	391
6	Income-tax	A.Y 2013-14	Income tax order on account of Transfer Pricing Adjustment	212	124
7	Service Tax	F.Y 2007-08 to 2012-13	Non-payment of service tax for receiving import services (reverse charge basis) for the period 2007-08 to 2012-13.	32	-
8	Service Tax	F.Y 2012-13 to 2014-15	Non-payment of service tax on amount received against Notice Pay from employees.	4	-
9	Service Tax	F.Y 2012-13 to 2014-15	Non-payment of service tax on amount received against non-reversal of Cenvat credit under Rule 6(3) of the Cenvat Credit Rules.	12	-
10	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	-
11	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 ₹47 million against the outstanding demand. The department has given a stay for the payment of balance amount till the disposal of the appeal by the Tribunal. The Tribunal hearing is scheduled on October 1, 2018.

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 ₹ 225 million against the said order under protest and the department has given a stay for the balance amount till disposal of the appeal by the ITAT. The Tribunal hearing is scheduled on October 1, 2018.

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 ₹ 148 million against said order under protest and the department has given a stay for the balance amount till disposal of the appeal by the ITAT. The Tribunal hearing is scheduled on October 31, 2018.

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 ₹ 109 million against the said order under protest and the department has given a stay for the balance amount till disposal of the appeal by the ITAT. The Income Tax Appellate Tribunal hearing is scheduled on September 12, 2018.

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 12, 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 paid an amount of ₹ 391 million against the said order under protest and the department has given a stay for the balance amount till disposal of the appeal by the ITAT. The Income Tax Appellate Tribunal hearing is scheduled on September 6, 2018.

Assessment Year 2013-14

The assessing officer had passed draft assessment order making adjustments of ₹ 1,664 million mainly on account of transfer pricing adjustments against which the Company filed an objection with the Dispute Resolution Panel (DRP). On June15, 2017 the AO, in accordance with the order of the DRP, passed the final order and had raised a demand of ₹ 212 million. The Company has filed an appeal against the order of AO to Income Tax Appellate Tribunal, Mumbai. The company has paid an amount of ₹ 124 million against the demand under protest and the department has given a stay for the balance amount till disposal of the appeal by the ITAT. The Income Tax Appellate Tribunal hearing is yet to be scheduled.

iv. Service Tax

a) 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.

b) The company has received show cause cum demand notice from Commissioner of Service Tax for Non-payment of Service tax ₹4 million towards amount received against Notice Pay from employees and towards non-reversal of Cenvat credit under Rule 6(3) of the Cenvat Credit Rules ₹ 12 million for the period 2012-13 to 2014-15. The company has filed the reply against show cause notice for no payment of service tax towards amount received against Notice Pay from employees on July 25, 2017.

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.

Telecom Disputes Settlement and Appellate Tribunal (TDSAT) vide an order dated July 1, 2015 had directed DOT to recalculate the demand amount and issue fresh demand notice to the Company after adjusting the amount deposited by the Company. Aggrieved by the order of TDSAT, DOT has filed Special Leave Petition (SLP) in the Supreme Court on November 20, 2015 and the same is pending for hearing on next hearing date granted by the Supreme Court is February 5, 2018.

Pending appeal hearing in Supreme Court, TDSAT on September 25, 2017 reheard the matter and passed an order directing the DOT to abide by its order date July 31, 2015 to recalculate the penalty amount after adjusting the amount deposited by the Company and refund the excess amount within 3 weeks from the date of this order. The DOT is yet to implement the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) order dated September 25, 2017.

On December 4, 2017 The Hon'ble Supreme Court directed the DOT to calculate the amount which has to be refunded to the TMBSL within one month from December 4, 2017. The amount shall be refunded along with the same interest rate as the appellant would impose on the penalty amount whatever would be the outcome of the appeal. However no date has been allocated for hearing as on date.

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 ₹ Nil (March 31, 2017: ₹ 1 million).

30. Details of employee benefits as required by the IND AS 19 – Employee Benefits are as under:

i. Defined Contribution Plan

Contribution to Defined Contribution Plans recognized as expenses for the year ended are as under:

Amount in ₹ Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employer's Contribution to Provident Fund	**74**	77
Employer's Contribution to Employee's State Insurance	**3**	1

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 the year ended March 31, 2018	For the year ended March 31, 2017
Defined benefit obligation at the beginning of the year	**116**	106
Interest cost	**7**	8
Current Service Cost	**13**	13
Benefit Paid	**(18)**	(17)
Actuarial (Gain)/ loss arising from changes in demographic assumptions	**0**	3
Actuarial (Gain)/ loss arising from changes in financial assumptions	**2**	-
Actuarial (Gain)/ loss arising from experience adjustments	**2**	3
Projected benefit obligation, at the end of the year	**118**	116

b) Components of expenses recognized in the Statement of Profit and Loss:

Amount in ₹ Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest cost	**7**	8
Service cost	**13**	13
Total	**20**	21

c) Experience Adjustments

Amount in ₹ Million

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31,2015	March 31, 2014
Defined Benefit Obligation at the end of the year	**(118)**	(116)	(106)	(95)	(92)
Plan Assets at the end of the year	**-**	-	-	-	-
Surplus / (Deficit)	**(118)**	(116)	(106)	(95)	(92)
Experience Adjustment On Plan liabilities gain / (Loss)	**(2)**	(3)	(7)	(6)	(3)
Experience Adjustment On Plan Assets Gain /(Loss)	**-**	-	-	-	-
Actuarial Gain / (Loss) due to change on assumption	**(2)**	(3)	(0)	(3)	2

d) Components of expenses recognized in other comprehensive income

in ₹ Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Actuarial (Gain)/ loss arising from changes in demographic assumptions	**0**	3
Actuarial (Gain)/ loss arising from changes in financial assumptions	**(2)**	3
Actuarial (Gain)/ loss arising from experience adjustments	**2**	-
Total	**0**	6

e) Accrued and Vested Benefit Obligation

Amount in ₹ Million

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Accrued benefit obligation	**98**	95
Vested benefit obligation	**112**	110

f) Actuarial Assumptions

Particulars	As at	
	March 31, 2018	March 31, 2017
Discount Rate (per annum)	**7.1%**	6.6%
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.

g) 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, 2018.

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, 2018.

h) Expected benefit payments for the year ending

Amount in ₹ Million

March 31, 2019	43
March 31, 2020	30
March 31, 2021	23
March 31, 2022	18
March 31, 2023	15
March 31, 2024 to March 31, 2028	53

31. Payment to auditors (net of taxes for which input credit is availed)

Amount in ₹ Million

Particulars	**For year ended March 31, 2018**	For year ended March 31, 2017
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, 2018**	For year ended March 31, 2017
Capital Goods	**102**	183

33. Expenditure in Foreign Currency:

Amount in ₹ Million

Particulars	**For year ended March 31, 2018**	For year ended March 31, 2017
Traveling and Conveyance	**23**	11
Employee Benefits	**482**	408
Professional Fees	**15**	6
Rent	**23**	23
Repair & Maintenance	**19**	11
Others	**33**	32
Total	**595**	491

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, 2018**	For year ended March 31, 2017
Income from Operations	**7,036**	7,076

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, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Trade Payable	**USD 0**	USD 0	**13**	7
Trade Payable	**EUR 0**	EUR 0	**6**	5
Trade Payable	**GBP 0**	-	**1**	-
Trade Receivables	**AUD 3**	AUD 2	**149**	118
Trade Receivables	**EUR 2**	EUR 2	**120**	121
Trade Receivables	**GBP 3**	GBP 4	**315**	339

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 2.9 (i) to the financial statements.

Financial Assets and Liabilities

The carrying value of financial instruments by categories as of March 31, 2018 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	975	-	-	5	980	980
Trade Receivables	-	-	-	1,490	1,490	1,490
Cash and Cash equivalents	-	-	-	103	103	103
Other Financial Assets	-	-	6	166	172	172
Total	975	-	6	1,764	2,645	2,645
Liabilities:						
Trade Payables	-	-	-	626	626	626
Other Financial liabilities	-	-	18	22	40	40
Total	**-**	**-**	**18**	**648**	**666**	**666**

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	168	218	218
Total	1,992	-	50	937	2,979	2,979
Liabilities:						
Trade Payables	-	-	-	485	485	485
Other Financial liabilities	-	-	-	9	9	9
Total	**-**	**-**	**-**	**494**	**494**	**494**

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, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Mutual fund units	975	-	-	975
Derivative Financial Assets	-	6	-	6
Total	975	6	-	981
Financial Liabilities:				
Other Financial Liabilities	-	18	-	18
Total	**-**	**18**	**-**	**18**

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	1,992	50	-	2,042
Financial Liabilities:				
Derivative 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, 2018

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	625	-	-	-	625
Borrowings	-	-	-	-	-
Other financial liabilities	38	-	-	-	38
Total	**663**	**-**	**-**	**-**	**663**
Derivative financial liabilities	16	-	-	-	16
Total	**16**	**-**	**-**	**-**	**16**

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
Other financial liabilities	9	-	-	-	9
Total	**494**	**-**	**-**	**-**	**494**
Derivative financial liabilities	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

The following are outstanding currency exchange forward contracts, which have been designated as cash flow hedges as of:

March 31, 2018

Foreign Currency	No of contracts	Amount of contracts (In million)	Fair value (₹ in million) (Gain)/Loss
AUD / INR	1	3	2
EUR / INR	29	5	(8)
GBP / INR	2	8	(7)

March 31, 2017

Foreign Currency	No of contracts	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)

The movement in Hedging Reserve for derivatives designated as Cash Flow Hedges is as follows:

Amount ₹ in Million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Credit /(Debit) balance at the beginning of the year	**39**	46
Changes in the fair value of the effective portion of cash flow Hedges	**(48)**	3
Tax impact on effective portion of outstanding cash flow hedges	**17**	-
Gains/(Losses) transferred to the statement of profit and loss on occurrence of forecasted hedge transactions	**(4)**	(10)
Credit / (Debit) balance at the end of the year	**8**	39

Net loss on derivative instruments of ₹6 million recognized in Hedging Reserve as at March 31, 2018, is expected to be transferred to the statement of profit and loss by March 31, 2019.

37. Earnings Per Share is calculated as follows:

₹ in Million except earnings per share

Particulars	For the ended March 31, 2018	For the ended March 31, 2017
Net Profit / (Loss) attributable to shareholders	**808**	807
Equity Shares outstanding as at end of the year ended (in nos.)	**1,000,000**	1,000,000
Weighted average Equity Shares outstanding as at the year end 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 ₹)	**808**	807
Earnings Per Share (Diluted) (in ₹)	**808**	807

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 centre services. As the Company is engaged in only one business segment, the Balance Sheet as at March 31, 2018 and Statement of Profit and Loss for the year ended 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	- [-]*	7,036 [7,076]*	7,036 [7,076]*
2	Carrying amount of segment asset (Gross)	2,831 [3,469]*	2,700 [2,003]*	5,531 [5,472]*
3	Additions to tangible and intangible assets	214 [214]*	25 [10]*	239 [224]*

* Figures in bracket refer to balances as at March 31, 2017.

Two of the customers (excluding related parties) have revenues of ₹ 6,197 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, 2018 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, 2018:

Amount in ₹ Million

Nature of Transactions	Name of the Party	**For the year ended March 31, 2018**	For the yearended March 31, 2017
Revenue	Tech Mahindra Limited	**347**	260
Deferred Revenue	Tech Mahindra Limited	**(4)**	7
Repayment of short term loan	Tech Mahindra Limited	**-**	900
Interest on loan	Tech Mahindra Limited	**-**	32
Employee Stock Options granted to the Employees	Tech Mahindra Limited	**11**	19
Purchase /(Sale) of Fixed Assets	Tech Mahindra Limited	**-**	(0)
Reimbursement of Expenses (Net)-Paid / (Receipt)	Tech Mahindra Limited	**61**	2
Dividend Paid	Tech Mahindra Limited	**600**	-
Donation	Tech Mahindra Foundation	**28**	29

Related Party Balances as at March 31 2018

Amount in ₹ Million

Balances As on	Name of the Party	**As at March 31, 2018**	As at March 31, 2017
Trade Payables	Tech Mahindra Limited	**70**	8
Trade Receivable	Tech Mahindra Limited	**45**	28
Other Receivable	Tech Mahindra Limited	**9**	6
Deferred Revenue	Tech Mahindra Limited	**(4)**	(1)

40. Income Tax Expense

Amount in ₹ Million

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Current Tax:		
In respect of current year	**431**	410
Deferred Tax		
In respect of current year	**(31)**	2
Total Income Tax Expense recognised	**400**	412

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, 2018**	For the year ended March 31, 2017
Profit before income taxes	**1,208**	1,219
Enacted tax rates in India	**34.61%**	34.61%
Income tax expense calculated at 34.608%	**418**	422
Effect of income that is exempt from tax	**(14)**	(18)
Effect of expenses that are not deductible in determining taxable profit	**6**	18
Effect of IND AS adjustments	**0**	(10)
Effect of income chargeable under capital gain tax, but exempt u/s 54EC due to investment in Government Bonds	**(10)**	-
Income tax expense recognised in profit or loss	**400**	412

The tax rate used for the above reconciliations are the rates as applicable for the respective year ended payable by corporate entities in India on taxable profits under the India tax laws.

41. 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, 2018**	(Charge)/Asset created during the year ended March 31, 2018	As at March 31, 2017
Deferred Tax Assets			
Depreciation	**87**	28	59
Gratuity	**41**	-	41
Bonus	**2**	-	2
Leave Encashment	**17**	(1)	18
Fair valuation of Mutual funds	**(28)**	4	(32)
Hedging Reserve	**17**	17	-
MTM loss debited to statement of profit and loss	**0**	0	-
Total	**136**	48	88

42. Tech Mahindra Limited has given stock option to certain employees of the company. Tech Mahindra Limited has charged ₹11 million relating to stock option granted to the employees of the company which is accounted as ESOP cost.

43. Corporate Social Responsibility :

a) Gross amount required to be spent by the Company ₹28 million during the year ended.

b) Amount spent during the year ₹28 million.

44. The Board of Directors at the board meeting held on July 24, 2017 has approved the interim dividend of ₹ 600 per equity share, which was paid on July 26, 2017 amounting to ₹ 600 million as per the provisions of section 115-O of the Income Tax Act, 1961 the company has calculated dividend distribution tax and accordingly has paid dividend distribution tax of ₹122 million.

45. 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”.

46. Amount less than ₹ 0.50 million has been rounded off and shown as ₹ 0 million.

For **Tech Mahindra Business Services Limited**

Birendra Sen
Director

Suchitra Kerkar
Director

Abhijit Tikekar
Company Secretary

Place: Mumbai
Dated: May 22nd , 2018

TECH MAHINDRA TECHNOLOGIES INC.

Board of Directors
Mr. Arvind Malhotra
Mr. Manish Vyas
Mr. Lakshmanan Chidambaram

Registered Office
1220 N., Market Street,
806, Wilmington,
Delaware, USA 19801

India Branch Office
TMTC SEZ building, C/o. Tech Mahindra Limited
Bahadurpally, Medchal District
Hyderabad, INDIA - 500043

Bankers
HSBC Bank, USA and INDIA

HO Auditors
Chugh CPA's LLP,
California, USA

India Branch Auditors
M. Bhaskara Rao & Co.,
Chartered Accountants
Somajiguda, Hyderabad – 500 082

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2018.

For the year ended March 31,	**2018 US$**	2017 US$
Income	**32,942,918**	18,620,486
Profit/(Loss) before tax	**2,036,191**	518,880
Profit/(Loss) after tax	**1,182,835**	332,035

Review of Operations:

During the year under review, your company recorded an income of US$ 32,942,918, an increase of 75% over the previous year income of US$ 18,620,486. Profit after tax for the current year was increased to US$ 1,182,835 compared with previous year by US$ 332,033.

During last year the Company has established an international branch in India at Hyderabad and transactions for this are included in these consolidated financial statements.

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

President, Director and CEO

Date: May 16, 2018

Place: Delaware

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of Tech Mahindra Technologies, Inc.

We have audited the accompanying consolidated financial statements of Tech Mahindra Technologies Inc., a Delaware corporation, which comprise the consolidated balance sheets as of March 31, 2018 and 2017 and the related consolidated statements of income, stockholder's equity, and cash flows for the years ended March 31, 2018 and 2017, 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 did not audit the financial statements of India Branch of Tech Mahindra Technologies Inc, which statements reflect total assets and revenues constituting 11 percent and 2 percent, respectively, of the related consolidated totals. 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 India Branch of Tech Mahindra Technologies Inc, is based solely on the report of the other auditors.

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, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra Technologies Inc. as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the years ended March 31, 2018 and 2017, in accordance with accounting principles generally accepted in the United States of America.

Chugh CPA's LLP

Cerritos, California

Date: May 16, 2018

TECH MAHINDRA TECHNOLOGIES INC.

CONSOLIDATED BALANCE SHEETS MARCH 31, 2018 AND 2017

	2018	2017
	$	$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**826,002**	683,891
Accounts receivable	**2,642,772**	2,966,330
Receivable from related party	**2,149,929**	2,150,169
Prepaid expenses and other current assets	**910,597**	221,264
Deferred tax asset	**97,054**	92,007
TOTAL CURRENT ASSETS	**6,626,354**	6,113,661
NON CURRENT ASSETS		
Capital Work in Progress	**119,925**	-
TOTAL ASSETS	**6,746,279**	6,113,661
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	**10,584**	667
Accounts payable to related party	**1,225,431**	3,746,532
Accrued expenses and other current liabilities	**1,704,509**	647,399
Deferred tax liability	**-**	5,589
Provision for income taxes	**1,053,915**	220,032
TOTAL CURRENT LIABILITIES	**3,994,439**	4,620,219
NON CURRENT LIABILITIES		
Long Term Provision	**53,922**	-
Other Non Current Liabilities	**24,276**	-
TOTAL CURRENT LIABILITIES	**78,198**	-
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	**1,677,171**	493,442
Accumulated Other Comprehensive Income (Loss)		
Unrealized loss from foreign currency translation	**(894)**	-
Remeasurement of defined benefit plan	**(2,635)**	-
TOTAL STOCKHOLDER'S EQUITY	**2,673,642**	1,493,442
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**6,746,279**	6,113,661

See independent auditors' report and accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2018
	$	$
REVENUE	32,542,918	18,624,206
LESS: COST OF REVENUE	(28,783,688)	(17,513,041)
GROSS PROFIT	3,759,230	1,111,165
LESS: OPERATING EXPENSES		
Selling, general and administrative expenses	1,722,146	(592,285)
INCOME FROM OPERATIONS	2,037,084	518,880
LESS: PROVISION FOR INCOME TAXES		
Income tax - current	784,445	220,033
Income tax - deferred	(10,633)	(33,188)
Foreign tax	79,544	-
	853,356	186,846
NET INCOME	1,183,728	332,035

See independent auditors' report and accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2018

	Common Stock		Additional Paid In Capital	Accumulated Earnings (Deficit)	Total Stockholder's Equity
	Shares	Amount			
		$	$	$	$
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	493,443	1,493,443
Net Income				1,183,728	1,183,728
Other Comprehensive Income(Loss)					
Unrealized loss from foreign currency translation				(894)	(894)
Remeasurement of defiend benefit plan				(2,635)	(2,635)
Balance at March 31, 2018	100,000	1,000	999,000	1,673,642	2,673,642

See independent auditors' report and accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**1,183,728**	332,035
Adjustments to reconcile net income to net cash provided by operating activities:		
Other Comprehensive Income (Loss)		
Unrealized loss from foreign currency translation	**(894)**	-
Remeasurement of defiend benefit plan	**(2,635)**	-
Deferred tax	**(10,636)**	(33,186)
(Increase) decrease in assets:		
Account receivable	**323,558**	(691,143)
Accounts receivable from related party	**240**	(1,650,295)
Prepaid expenses and other current assets	**(689,333)**	(145,181)
Work in progress	**(119,925)**	-
Increase (decrease) in liabilities:		
Accounts payable	**9,917**	(637)
Accounts payable to related party	**(2,521,101)**	1,327,966
Accrued expenses and other current liabilities	**1,057,110**	317,616
Provision for Income Taxes	**833,884**	220,032
Long term provisions	**53,922**	-
Other Non Current Liabilities	**24,276**	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**142,111**	(322,793)
Net increase (decrease) in Cash and cash equivalents	**142,111**	(322,793)
Cash and cash equivalents, beginning of year	**683,891**	1,006,684
Cash and cash equivalents, end of year	**826,002**	683,891
Supplementary disclosures:		
Income taxes paid	**622,510**	138,874

See independent auditors' report and accompanying notes to consolidated financial statements

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 AND 2019

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. On January 11, 2017, the company has established an international branch in India, the transactions for this are included in these consolidated 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 consolidated financial statements.

Basis of Accounting

The Company uses the accrual method of accounting for both financial and income tax reporting.

Basis of Presentation and Consolidation

The consolidated 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. The consolidated financial statements include the foreign branch in India. All inter-company balances and transactions have been eliminated.

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, 2018, 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, 2018 and March 31, 2017, there were no cash equivalents.

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 consolidated 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 2014-2017. 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 consolidated 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 consolidated 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.

The Company also performs time bound fixed price engagements, under which revenue is recognized 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.

Employee Benefits:

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. Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur.

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.

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, 2018, the Company had one major customer who accounted for 69% and 45% of revenue and accounts receivable, respectively. For the year ended March 31, 2017, similarly, the Company had one major customer which accounted for 48% and 51% of revenue and accounts receivable, respectively.

Major Subcontractors

For the year ended March 31, 2018 and 2017, the Company had one major supplier which is related party described in Note 4 Related Party transactions. For the year ended March 31, 2018, this supplier represents approximately 55% and 3% of cost of revenue and accounts payable, respectively. For the year ended March 31, 2017, this supplier accounted for 88% and 75% 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, 2018 and 2017 are as follows:

	2018	2017
	$	**$**
Service Received/Operating Expense from:		
Satyam Venture Engineering Services	**4,146,200**	8,866,850
(for consulting and other operating expenses)		
Tech Mahindra America Inc.	**1,062,327**	582,734
(for other operating expenses)		
Tech Mahindra Limited	**3,521,546**	1,249,122
(for consulting and other operating expenses)		
Service Provided to:		
Tech Mahindra Limited	**22,561,640**	8,445,717
(for consultants and other operating expenses)		

Related party accounts receivable and payable as at March 31, 2018 and March 31, 2017 as follows:

	2018	2017
	$	$
Accounts receivable:		
Tech Mahindra Limited	**2,149,654**	2,150,169
Accounts payable:		
Satyam Venture Engineering Services	**$49,264**	2,741,443
(Includes provision of $0 and 41,462 respectively)		
Tech Mahindra Limited	**1,277,340**	764,538
(Includes provision of $217,126 and $ 56,166)		
Tech Mahindra Americas Inc.	**115,269**	240,550
	1,441,873	2,891,994

5. Income Taxes

Deferred tax assets and liability consist of the following as of March 31, 2018 and 2017:

	2018	2017
	$	$
Deferred Tax Assets:		
Net operating loss carryover	**-**	1,606
Discount	**6,514**	-
Foreign tax credit	**2,632**	-
State deferred tax	**26,705**	-
Vacation accrual	**61,203**	90,401
Total Deferred Tax Assets	**97,054**	92,007
Deferred Tax Liability:		
State Tax Deferred	**-**	5,589
		-
Net Deferred Tax Assets	**97,054**	86,418

Income tax (benefit)/expense consisted of the following as of March 31, 2018 and 2017:

	2018	2017
	$	$
Current Income Tax		
- Federal	**565,527**	180,265
- State	**218,918**	39,768
- Foreign tax	**79,544**	
	863,989	220,033

	2018	2017
	$	$
Deferred Income Tax		
- Federal	**368**	26,463
- State	**10,265**	6,725
	10,633	33,188

6. Long Term Provisions

The Company has obtained a conditional funding contract for the development of a commercial product for a 24-month period effective February 1, 2017. As per the contract the Company will periodically receive funds up to a maximum of $ 270,000. The Company has to return the same with time value based on 5% of the gross sale value realised from marketing this product expected to be refunded over a period of 5 years after completion of development of product. During the year ended March 31, 2018 the Company has received an initial funding of $53,922. This liability has been recorded as a long-term provision on the Balance Sheet.

7. Work in Progress

As described in Note 6 above, the Company has obtained a contract for the development of a commercial product. All costs incurred till the completion of this project are capitalized and reported as Work in Progress on the Balance Sheet.

8. 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, 2018 and 2017, the Company did not make any contribution to the plan.

9. Employee Benefit

A. Current and Non-current breakup:

Current liability	$ 3,556
Non-current liability	24,276
Total Liability	$ 27,832

B. Changes in defined benefit obligation:

Defined benefit obligation(DBO) at the end of prior period	$ -
Service cost	1,082
Interest cost on the DBO	464
Acquisitions (credit)/ cost	23,657
Net (gain)/loss	2,629
DBO at end of current period	$ 27,832

C. Expected benefit payments for the year ending March 31:

2018	$ 3,730
2019	4,196
2020	4,974
2021	5,906
2022	6,062
2023 to 2027	2,471

D. Amounts recognized in statement of Profit & Loss:

Service Cost	$ 1,088
Net interest on net defined benefit liability / (asset)	466
Cost recognized in P&L	$ 1,554

E. Amounts recognized in Other Comprehensive income (OCI):

Net Gain/(Loss)	$ 2,635
Cumulative (Gain)/ Loss Recognized via OCI at Prior Period End	-
Cumulative (Gain)/ Loss Recognized via OCI at Current Period End	$ 2,635

Employee Benefit (continued)

F. The Principal Assumptions used for the purposes of the actuarial valuation as follows

Discount Rate(s)	7.40%
Expected Rate(s) of salary increase	
Top Management	4.00%
Middle Management	4.00%
Other Staff	8.00%

10. 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, 2018 and March 31, 2017, the Company accrued total $ 313,010 and $ 222,263 respectively, of unused vacation and sick leave. This accrued compensated absence account is included in the accrued expenses and other liabilities account.

11. 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.

12. Commitments

The Company entered 3 years non-cancelable operating lease agreement for its branch office in Hyderabad, India. The lease agreement expires on March 1, 2020.

Future lease payments are as follows:

Year ended December 31	
2018	$ 721,596
2019	721,596
2020	120,266
	$ 1,563,458

For the year ended March 31, 2018, the total rent expense associated with this lease is $181,159 which is included in selling, general and administrative expenses.

13. Contingencies

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's activities.

14. Subsequent Events

Subsequent events have been evaluated through May 16, 2018, which is the date the consolidated financial statements were available to be issued.

TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD.

Board of Directors
Mr. Manish Goenka
Mr. Suresh Bhat
Mr. Hrishikesh Mahesh Pandit (appointed on 23 June 2017)
Mr. Chong Li Khuen
Mr. 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 PLT

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 2018.

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
Revenue from opeartions	**120,634,956**
Profit for the year	**2,397,824**

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:

Mr. Manish Goenka

Mr. Suresh Bhat

Mr. Hrishikesh Mahesh Pandit (appointed on 23 June 2017)

Mr. Chong Li Khuen

Mr. Sabrina Ong Lee Leigh

Mr. Anil Mohanial Khatri (resigned on 23 June 2017)

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 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 except for any benefit which may be deemed to have arisen by virtue of the transactions with related companies as disclosed in Note 15 to the financial statements.

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 re-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 2018 is as disclosed in Note 6 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors,

HRISHIKESH MAHESH PANDIT **SURESH BHAT**

May 22, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD. (Incorporated in Malaysia)

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 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 March 2018, 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 - 03194/06/2019 J
Chartered Accountant

Kuching
Date: May 22, 2018

(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2018

	Note	2018 RM	2017 RM
Revenue	5	**120,634,956**	165,410,354
Cost of services		**(68,552,279)**	(106,097,706)
Gross profit		**52,082,677**	59,312,648
Other income		**1,545,156**	540,151
Administrative expenses		**(51,143,784)**	(29,188,234)
Profit before tax	6	**2,484,049**	30,664,565
Tax expense	8	**(86,225)**	(8,900)
Profit for the year, representing total comprehensive income for the year		**2,397,824**	30,655,665

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

STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-current Asset			
Property, plant and equipment	9	**1,082,300**	5,542,923
Current Assets			
Trade and other receivables	10	**41,304,235**	70,506,822
Cash and bank balances	11	**48,110,399**	12,425,107
Total Current Assets		**89,414,634**	82,931,929
TOTAL ASSETS		**90,496,934**	88,474,852
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	14	**10,654,000**	10,654,000
Retained earnings		**58,245,970**	55,848,146
TOTAL EQUITY		**68,899,970**	66,502,146
Non-current Liability			
Other payables	13	**288,130**	691,730
Current Liabilities			
Trade payables	12	**4,169,339**	1,407,481
Other payables and accrued expenses	13	**16,858,911**	19,653,359
Tax liabilities		**280,584**	220,136
Total Current Liabilities		**21,308,834**	21,280,916
TOTAL LIABILITIES		**21,596,964**	21,972,706
TOTAL EQUITY AND LIABILITIES		**90,496,934**	88,474,852

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

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

	Note	Share capital	Distributable - Retained earnings	Total
		RM	RM	RM
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 2017/1 April 2017		10,654,000	55,848,146	66,502,146
Total comprehensive income for the year		-	2,397,824	2,397,824
At 31 March 2018		**10,654,000**	**58,245,970**	**68,899,970**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	Note	2018 RM	2017 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		**2,484,049**	30,664,565
Adjustments for:			
Allowance for doubtful debts	6	**13,967,764**	98,905
Depreciation of property, plant and equipment	9	**993,650**	2,093,235
Leave encashment expenses	13	**635,556**	743,828
Net unrealised foreign exchange loss/(gain)	6	**2,577,414**	(811,390)
Property, plant and equipment written off	9	**3,572,746**	-
Operating Profit Before Working Capital Changes		**24,231,179**	32,789,143
Changes in working capital:			
Decrease/(Increase) in trade and other receivables		**12,911,818**	(40,325,829)
Increase/(Decrease) in:			
Trade payables		**2,790,446**	(226,785)
Other payables and accrued expenses		**(3,289,829)**	15,244,893
Cash Generated From Operations		**36,656,116**	7,481,422
Leave encashment paid	13	**(543,776)**	(664,058)
Tax paid		**(25,775)**	(349,451)
Net Cash From Operating Activities		**36,074,063**	6,467,913
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	**(118,273)**	(6,080,257)
Proceeds from disposals of property, plant and equipment		**12,500**	-
Net cash outflow on acquisition of business	19	**-**	(1,147,741)
Cash Used In Investing Activities		**(105,773)**	(7,227,998)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**35,968,290**	(760,085)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**12,425,107**	13,035,627
Effect of foreign exchange differences		**(282,998)**	149,565
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**48,110,399**	12,425,107

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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.

The Company is a wholly-owned subsidiary of Tech Mahindra Limited, a Company incorporated in India and produces financial statements available for public use.

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 22 May 2018.

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 January 1, 2017 as follows:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRSs	Annual Improvements to MFRSs 2014-2016

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 new and revised Standards and Issues Committee Interpretations (“IC Interpretations”) which were in issue but not yet effective and not early adopted by the Company are as listed below.

MFRS 9	Financial Instruments[1]
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[1]
MFRS 16	Leases[2]
MFRS 17	Insurance Contracts[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[1]
Amendments to MFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to MFRS 119	Employee Benefits[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 128	Long-term Interests in Associates and Joint Ventures[2]
Amendments to MFRS 140	Transfers of Investment Property[1]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
IC Interpretation 23	Uncertainty over Income Tax Payments[2]
Amendments to MFRSs	Annual Improvements to MFRSs 2014-2016[1]
Amendments to MFRSs	Annual Improvements to MFRSs 2015-2017[2]

[1] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

[2] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

[3] Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

[4] Effective for annual periods beginning on or after a date to be determined.

The directors are currently assessing the impact of adoption of these MFRSs. As at the date of authorisation of issue of the financial statements, this assessment process is still on-going. Thus, the impact of adoption cannot be determined and estimated reliably now until the process is complete, except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. MFRS 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 MFRS 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.

Key requirements of MFRS 9:

- All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is 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 in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. 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 MFRS 139. Under MFRS 9, 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 any entity's risk management activities have also been introduced.

Based on analysis of the Company's financial assets and financial liabilities as at December 31, 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Company's financial statements as follows:

Classification and measurement

Based on the Company's assessment, the financial assets held by the Company as at December 31, 2017 will be reclassified to the following classification:

	2018	Existing classification under	New classification under
Financial assets	**RM**	MFRS 139	MFRS 9
Loans and receivables:			
Trade and other receivables	**41,304,235**	(i)	(ii)
Cash and bank balances	**48,110,399**	(i)	(ii)

(i) Loans and receivables

(ii) Amortised cost

All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under MFRS 139.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of MFRS 15 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 MFRS 15, 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 MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Company anticipate that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Company completes a detailed review.

MFRS 16 Leases

MFRS 16 specifies how a MFRS reporter will recognise, measure, present and disclose leases. The standard 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. Lessors continue to classify leases as operating or finance, with MFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors of the Company anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Company performs a detailed review.

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 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:

(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:

	2018	2017
	RM	RM
Currency		
1 United States Dollar (USD)	**3.8660**	4.4229
1 Singapore Dollar (SGD)	**2.9512**	3.1685
1 Indian Rupee (INR)	**0.0593**	0.0681
1 Euro (EUR)	**4.7742**	4.7426
1 Australian Dollar (AUD)	**2.9603**	3.3895

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

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.

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.

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.

Effective interest method

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.

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 2018, the carrying amount of trade receivables was RM21,838,619 (2017: RM 53,905,604) and allowance for doubtful debts has been made as stated in Note 10.

5. REVENUE

	2018	2017
	RM	RM
Rendering of services	**120,634,956**	165,410,354

6. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	2018	2017
	RM	RM
After charging/(crediting):		
Staff costs (Note 7)	**51,465,359**	57,193,601
Depreciation of property, plant and equipment (Note 9)	**993,650**	2,093,235
Foreign exchange losses/(gains):		
Unrealised	**2,577,414**	(811,390)
Realised	**5,300**	1,048,749
Leave encashment expenses (Note 13)	**635,556**	743,828
Allowance for doubtful debts (Note 10)	**13,967,764**	98,905
Auditors' remuneration	**26,000**	26,000
Property, plant and equipment written off (Note 9)	**3,572,746**	-

7. STAFF COSTS

	2018 RM	2017 RM
Salaries and allowances	**45,369,757**	50,984,952
Defined contribution plan	**2,716,258**	3,468,804
Other staff-related expenses	**3,379,345**	2,739,845
	51,465,359	57,193,601

8. TAX EXPENSE

	2018 RM	2017 RM
Current year income tax	**86,225**	8,900

The Company was awarded MSC Malaysian Status and is eligible for income tax exemption on statutory income from 31 May 2014 to 31 May 2019.

The Income Tax (Exemption) (No. 2) Order 2017 [P.U. (A) 117/2017) gazetted on April 10, 2017 enacted the incremental portion chargeable income as compared to the immediate preceding year of assessment enjoys reduced income tax rate as follows with effect on years of assessment 2017 and 2018.

% 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 9.99%	1	23
10% to 14.99%	2	22
15% to 19.99%	3	21
20% and above	4	20

Following this, the applicable tax rates to be used for the measurement of any applicable deferred tax will be at the abovementioned expected rates.

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:

	2018 RM	2017 RM
Profit before taxation	**2,484,049**	30,664,565
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	**596,172**	7,359,496
Tax effect of expenses not deductible for tax purposes	**3,554,452**	502,376
Tax-exempt income	**(4,064,399)**	(7,852,972)
	86,225	8,900

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 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/ 1 April 2017	**469,897**	**8,286,617**	**576,894**	**255,783**	**66,193**	**9,655,384**
Additions	13,957	99,516	-	-	4,800	118,273
Disposals	-	(1,509,488)	-	-	-	(1,509,488)
Written off	-	(3,784,102)	-	-	-	(3,784,102)
Balance as of 31 March 2018	**483,854**	**3,092,542**	**576,894**	**255,783**	**70,993**	**4,480,067**
Accumulated depreciation						
Balance as of 1 April 2016	54,091	1,307,486	387,556	251,554	18,539	2,019,226
Depreciation charge for the year	88,127	1,924,472	63,287	4,229	13,120	2,093,235
Balance as of 31 March 2017/ 1 April 2017	**142,218**	**3,231,958**	**450,843**	**255,783**	**31,659**	**4,112,461**
Depreciation charge for the year	93,445	832,969	54,036	-	13,200	993,650
Disposals	-	(1,496,988)	-	-	-	(1,496,988)
Written off	-	(211,356)	-	-	-	(211,356)
Balance as of March 31,2018	**235,663**	**2,356,583**	**504,879**	**255,783**	**44,859**	**3,397,766**
Net carrying amount						
At 31 March 2017	327,679	5,054,659	126,051	-	34,534	5,542,923
At 31 March 2018	**248,191**	**735,960**	**72,015**	**-**	**26,134**	**1,082,300**

Included in property, plant and equipment of the Company are fully depreciated assets which are still in use, with a total cost of RM Nil (2017: RM 838,096).

10. TRADE AND OTHER RECEIVABLES

	2018 RM	2017 RM
Trade receivables:		
External	**32,938,917**	52,603,734
Immediate holding Company	**4,311,541**	2,745,945
Total trade receivables	**37,250,458**	55,349,679
Less: Allowance for doubtful debts	**(15,411,839)**	(1,444,075)
Net trade receivables	**21,838,619**	53,905,604
Other receivables:		
Accrued income	**11,929,503**	14,851,030
Staff loan and advances	**224,715**	206,351
Other receivables:		
External	**7,292,999**	1,827,022
Related Company	**18,399**	-
Total other receivables	**19,465,616**	16,884,403
Less: Allowance for doubtful debts	**-**	(283,185)
Net other receivables	**19,465,616**	16,601,218
Total trade and other receivables	**41,304,235**	70,506,822

The currency exposure profile of trade and other receivables of the Company is as follows:

	2018 RM	2017 RM
Ringgit Malaysia	**33,150,282**	52,650,929
Euro	**1,568,674**	679,943
United States Dollar	**6,481,890**	17,175,950
GBP	**103,390**	-
	41,304,235	70,506,822

(a) Trade receivables

Trade receivables are usually settled on 30 to 90 days.

The ageing analysis of the trade receivables is as follows:

	2018 RM	2017 RM
Neither past due nor impaired	**13,343,004**	12,348,164
Past due, not impaired		
Past due 1 - 30 days	**4,110,583**	21,876,320
Past due 31 - 60 days	**265,538**	512,887
Past due 61 - 90 days	**626,587**	1,415,161
Past due 91 - 120 days	**340,510**	724,771
Past due 120 days and above	**3,152,396**	17,028,301
	8,495,615	41,557,440
Past due and impaired	**15,411,839**	1,444,075
	37,250,458	55,349,679

In determining the recoverability of a trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

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 not 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:

	2018 RM	2017 RM
At beginning of year	**1,444,075**	3,208,766
Transfer from Tech Mahindra (Malaysia) Sdn. Bhd. (Note 19)	**-**	2,532,838
Bad debts written off during the year	**-**	(4,113,249)
Allowance/(Reversal) for the year (Note 6)	**13,967,764**	(184,280)
At end of year	**15,411,839**	1,444,075

The aging analysis of the Company's trade receivables that are impaired is as follows:

	2018 RM	2017 RM
Past due 120 days and above	**15,411,839**	1,444,075

(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 amount due from related Company is unsecured, interest free and repayable on demand.

	2018 RM	2017 RM
At beginning of year	**283,185**	-
Allowance for the year	**-**	283,185
Bad debts written off during the period	**(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:

	2018 RM	2017 RM
Cash at bank	**48,110,399**	12,425,107

The foreign currency profile of cash and cash equivalents is as follows:

	2018 RM	2017 RM
Ringgit Malaysia	**45,613,187**	7,899,349
United States Dollars	**2,497,212**	4,525,758
	48,110,399	12,425,107

12. TRADE PAYABLES

	2018 RM	2017 RM
Amount due to immediate holding Company:		
Tech Mahindra Limited	**2,782,673**	647,001
	2,782,673	647,001
External trade payables	**1,386,666**	760,480
	4,169,339	1,407,481

Trade payables are usually settled on 30 to 60 days.

Amount due to immediate holding Company is unsecured, interest-free and repayable upon demand.

The currency exposure profile of trade payables of the Company is as follows:

	2018	2017
	RM	RM
Ringgit Malaysia	**3,748,859**	613,380
Indian Rupee	**33,880**	6,936
United States Dollar	**386,600**	787,165
	4,169,339	1,407,481

13. OTHER PAYABLES AND ACCRUED EXPENSES

	2018	2017
	RM	RM
Current		
Other payables	**9,238,185**	8,223,964
Accrued expenses	**6,443,476**	10,747,525
Provision for leave encashment	**1,177,250**	681,870
	16,858,911	19,653,359
Non-current liabilities		
Provision for leave encashment	**288,130**	691,730

Other payables are mainly due to lease and goods and services tax payable. Accrued expenses arose mainly from accrued project expenses.

Movement in provision for leave encashment:

	2018	2017
	RM	RM
Balance at beginning of the year	**1,373,600**	1,293,830
Charge for the year (Note 6)	**635,556**	743,828
Leave encashment paid	**(543,776)**	(664,058)
Balance at end of the year	**1,465,380**	1,373,600

The currency exposure profile of other payables and accrued expenses is as follows:

	2018	2017
	RM	RM
Ringgit Malaysia	**15,652,054**	19,206,045
United States Dollar	**1,161,600**	420,774
Indian Rupees	**38,414**	26,540
Australian Dollar	**6,843**	-
	16,858,911	19,653,359

14. SHARE CAPITAL

	Number of ordinary shares			
	2018	2017	**2018**	2017
			RM	RM
Authorised:				
Ordinary shares	**-**	25,000,000	**-**	25,000,000
Issued and fully paid:				
Ordinary shares	**10,654,000**	10,654,000	**10,654,000**	10,654,000

The Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM1 each. The new Companies Act 2016, which came into operation on January 31, 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

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:

	2018 **RM**	2017 RM
Revenue		
Service income charged to immediate holding Company	**48,844,498**	57,085,707
Other income charged to related Company	**42,506**	-
Reimbursement of expenses		
Charged to/(by) immediate holding Company	**7,504,969**	4,473,479

16. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

The fair value of the financial instruments of the Company as at 31 March 2018 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). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

(c) 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) 2018 RM	Increase/ (Decrease) in the Company's results) 2017 RM
Effects on profit before taxation:		
USD		
- strengthened by 5%	**371,545**	1,024,688
- weakened by 5%	**(371,545)**	(1,024,688)
EUR		
- strengthened by 5%	**78,434**	33,997
- weakened by 5%	**(78,434)**	(33,997)
INR		
- strengthened by 5%	**(3,615)**	(1,674)
- weakened by 5%	**3,615**	1,674
AUD		
- strengthened by 5%	**(342)**	-
- weakened by 5%	**342**	-
GBP		
- strengthened by 5%	**25,847**	-
- weakened by 5%	**(25,847)**	-

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.

All financial liabilities in 2018 and 2017 are repayable on demand or due within 1 year from the end of the reporting period.

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
2018			
Financial assets			
Trade and other receivables	**41,304,235**	**41,304,235**	**-**
Cash at bank	**48,110,399**	**48,110,399**	**-**
At 31 March 2018	**89,414,634**	**89,414,634**	
Financial liabilities			
Trade payables	**4,169,339**	**-**	**4,169,339**
Other payables and accrued expenses	**17,147,041**	**-**	**16,858,911**
At 31 March 2018	**21,316,380**	**-**	**21,028,250**
2017			
Financial assets			
Trade and other receivables	70,506,822	70,506,822	-
Cash at bank	12,425,107	12,425,107	-
At 31 March 2017	82,931,929	82,931,929	-
Financial liabilities			
Trade payables	1,407,481	-	1,407,481
Other payables and accrued expenses	20,345,089	-	19,653,359
At 31 March 2017	21,752,570	-	21,060,840

19. BUSINESS COMBINATION

During the year ended 31 March 2017, there was a business transferred from Tech Mahindra (Malaysia) Sdn Bhd. to the Company via Purchase Agreement dated 1 June 2016. As per the Purchase Agreement, the completion date was 30 June 2016. In accordance with the Purchase Agreement, the purchase price for the sale of assets was RM 2,282,182 which is based on carrying value of net assets transferred from Tech Mahindra (Malaysia) Sdn Bhd as of 30 June 2016. The net assets transferred are approximate its fair value.

Assets acquired and liabilities recognised at the date of acquisition are as follow:

	2017 RM
Current Assets	
Cash and cash equivalents	**1,134,441**
Trade and other receivables	**2,137,345**
Total Current Assets	**3,271,786**
Non-Current Assets	
Equipment	**705**
Total Non-Current Assets	**705**
Total Assets	**3,272,491**
Liabilities	
Amount due to holding corporation	**(339,804)**
Taxation	**(453,389)**
Amount due to affiliated corporation	**(197,116)**
Total Liabilities	**(990,309)**
Net assets acquired	**2,282,182**
Less: Cash & bank balances	**(1,134,441)**
Cash flow on acquisition, net of cash acquired	**1,147,741**

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 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2018 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,

HRISHIKESH MAHESH PANDIT	**SURESH BHAT**

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 Oaths and Declaration Act (Cap 211).

SURESH BHAT

Subscribed and solemnly declared by
the abovenamed **SURESH BHAT** in
SINGAPORE this

Before me,

NOTARY PUBLIC

TECH MAHINDRA (SHANGHAI) CO., LTD.

Board of Directors
Mr. Achutuni Sreenivasa Murthy
Mr. Ravikanth Karne
Mr. Amitava Ghosh

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.

DIRECTORS' REPORT

Your directors present their report together with the audited accounts of your company for the year ended December 31, 2017.

Financial Results(Local Currency RMB):

For the years ended December 31	**2017 RMB**	2016 RMB
Income	**169,904,361.54**	186,232,373.72
Profit/(Loss) before tax	**(8,049,972.03)**	17,593,038.25
Profit/(Loss) after tax	**(8,049,972.03)**	12,159,005.22

Review of Operations:

During the year under review, your company recorded an income of RMB 169,904,361.54, a decrease 8.77% over the previous year. Loss after tax was RMB 8,049,972.03, a decrease of 166.21% over the last year. The Company continues to invest in strengthening its marketing infrastructure in China.

Outlook for the Current Year:

Business has been encouraging in China and the Company is optimistic of the future.

Acknowledgments:

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 **Tech Mahindra (Shanghai) Co., Ltd.**

Amitava Ghosh	**Ravikant Karne**	**Achutuni Sreenivasa Murthy**
Director	**Director**	**Director**

Place: Shanghai
Date : March 30, 2018

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORSOF TECH MAHINDRA (SHANGHAI) CO., LTD.

1. Opinion

We have audited the financial statements of Tech Mahindra (Shanghai) Co., Ltd.(the Company), which comprise the statement of financial position as at December 31, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises and the China "Accounting System for Business Enterprises".

2. Basis for Opinion

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

3. Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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 intendsto liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

4. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not finding a material misstatement resulting from fraud is higher than for one resulting from error.

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

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

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall not express unqualified opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

____

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 30, 2018

BALANCE SHEET AS AT 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Notes	2017.12.31	2016.12.31
Current assets:			
Cash at bank and in hand	5	**20,522,866.26**	21,481,264.28
Accounts receivable	6	**78,188,868.25**	100,208,177.00
Prepayments	7	**756,568.08**	3,044,502.02
Interest receivable		**76,367.12**	-
Other receivables	8	**776,101.94**	1,389,506.11
Other current assets		**636,432.64**	-
Total current assets		**100,957,204.29**	126,123,449.41
Non-current assets:			
Fixed assets - cost	9	**6,624,239.87**	5,400,045.20
Less: Accumulated depreciation	10	**4,902,477.40**	3,918,228.73
Fixed assets - net	11	**1,721,762.47**	1,481,816.47
Net book value of fixed assets	12	**1,721,762.47**	1,481,816.47
Long-term deferred expenses (deferred assets)	13	**3,471,834.05**	915,478.78
Total non-current assets		**5,193,596.52**	2,397,295.25
TOTAL ASSETS		**106,150,800.81**	128,520,744.66
LIABILITIES AND OWNER'S EQUITY			
Current liabilities			
Accounts payable	14	**45,610,097.20**	44,358,783.41
Advances	15	**1,766,955.71**	11,765,645.66
Accrued payroll		**3,383,156.64**	2,702,043.91
Taxes payable	16	**1,233,317.91**	3,521,573.62
Incl.: Tax payable	16	**1,192,694.45**	3,449,531.62
Other payables	17	**10,372,643.18**	14,338,095.86
Total current liabilities		**62,366,170.64**	76,686,142.46
Non-current liabilities			
Total non-current liabilities		**-**	-
TOTAL LIABILITIES		**62,366,170.64**	76,686,142.46
Owner's equity			
Paid-in capital	18	**102,818,436.17**	102,818,436.17
Undistributed profits	19	**(59,033,806.00)**	(50,983,833.97)
Total owner's equity		**43,784,630.17**	51,834,602.20
TOTAL LIABILITIES AND OWNER'S EQUITY		**106,150,800.81**	128,520,744.66

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 2017

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

	Notes	**Year ended 2017.12.31**	Year ended 2016.12.31
Total operating revenues		**169,904,361.54**	186,232,373.72
Incl.: Operating revenues		**169,904,361.54**	186,232,373.72
Incl.: Revenues from main operation	20	**169,904,361.54**	186,232,373.72
Less: Total operating costs		**177,976,019.23**	168,916,618.16
Incl.: Operating costs		**134,424,201.48**	144,682,409.57
Incl.: Costs of main operation		**134,424,201.48**	144,682,409.57
Operating tax and its additions		**453,131.62**	483,701.41
Selling and distribution expenses		**5,224,951.93**	5,856,887.69
General and administrative expenses		**37,421,963.64**	18,431,433.60
Finance expenses	21	**451,770.56**	(537,814.11)
Operating Profit		**(8,071,657.69)**	17,315,755.56
Add: Non-operating revenues		**77,920.33**	281,711.66
Incl.: Government grants		**77,920.33**	253,159.57
Less: Non-operating expenses		**56,234.67**	4,428.97
Total profit		**(8,049,972.03)**	17,593,038.25
less: Income tax expenses	22	**-**	5,434,033.03
Net profit		**(8,049,972.03)**	12,159,005.22

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 2017

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

	Year ended 2017.12.31	Year ended 2016.12.31
1. Cash Flows from Operating Activities:		
Cash received from sales of goods or rendering of services	**182,787,990.21**	156,341,956.22
Tax refund	**3,454.85**	-
Cash received relating to other operating activities	**152,967.95**	637,070.62
Sub-total of Cash Inflows	**182,944,413.01**	156,979,026.84
Cash paid for goods and services	**47,636,949.72**	25,824,736.77
Cash paid to and on behalf of employees	**111,769,061.25**	90,312,559.11
Payments of taxes and levies	**9,426,070.21**	11,517,059.81
Cash paid relating to other operating activities	**10,181,454.78**	21,538,700.38
Sub-total of Cash Outflows	**179,013,535.96**	149,193,056.07
Net Cash Flows from Operating Activities	**3,930,877.05**	7,785,970.77
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	**4,313,742.04**	2,203,181.84
Sub-total of Cash Outflows	**4,313,742.04**	2,203,181.84
Net Cash Flows from investing Activities	**(4,313,742.04)**	(2,178,991.84)
3. Cash Flows from Financing Activities:		
Net Cash Flows from Financing Activities	**-**	-
4. Effect of Foreign Exchange Rate Fluctuation on Cash	**(575,533.03)**	452,750.24
5. Net Increase (decrease) in Cash and Cash Equivalents	**(958,398.02)**	6,059,729.17
Add: Cash and cash equivalents at the beginning of the reporting period	**21,481,264.28**	15,421,535.11
6. Cash and Cash Equivalents at the End of the Reporting Period	**20,522,866.26**	21,481,264.28

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 2017

(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 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

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2016	102,818,436.17	-	-	(50,983,833.97)	51,834,602.20
Add: Changes in accounting policies	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—
Beginning Balance at 1 January 2017	102,818,436.17	-	-	(50,983,833.97)	51,834,602.20
Net profit	—	—	—	(8,049,972.03)	(8,049,972.03)
Movements in year 2017	-	-	-	(8,049,972.03)	(8,049,972.03)
Closing Balance at 31 December 2017	102,818,436.17	-	-	(59,033,806.00)	43,784,630.17

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: XIA MEI

ADDITIONAL INFORMATION SUPPLIED BY THE MNAGEMENT OF TECH MAHINDRA (SHANGHAI)CO. LTD.

(All amounts 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

	2017.12.31	2016.12.31
Cash at bank	**20,522,866.26**	21,481,264.28
Total	**20,522,866.26**	21,481,264.28

6. ACCOUNTS RECEIVABLE

	2017.12.31	2016.12.31
Accounts receivable	**86,804,948.39**	100,239,474.56
Less: Provision for bad debt	**8,616,080.14**	31,297.56
	78,188,868.25	100,208,177.00

The ageing of all balances of accounts receivable and its corresponding provision for bad debts as at year end are as follows:

	2017.12.31			2016.12.31		
	Amount	**% of total**	**Provision for bad bebts**	Amount	% of total	Provision for bad bebts
Within 1 yr	**78,123,996.25**	**90.0%**	**-**	99,818,177.00	99.6%	-
1~2 ys	**8,680,952.14**	**10.0%**	**8,616,080.14**	390,000.00	0.4%	-
2~3 ys	**-**	**-**	**-**	31,297.56	0.0%	31,297.56
Total	**86,804,948.39**	**100%**	**8,616,080.14**	100,239,474.56	100%	31,297.56

Debtors with large amounts:

Name of Debtors	**Ending Balance**	**Description**	**Ageing**
Empresa Publica de Aguas	696,736.14	services fee	Within 1 yr
Empresa Publica de Aguas	8,616,080.14	services fee	1~2 yrs

7. PREPAYMENTS

	2017.12.31		2016.12.31	
	Amount	**%**	Amount	%
Within 1 yr	**660,068.08**	**87.2%**	2,983,858.08	98.0%
1~2 ys	**96,500.00**	**12.8%**	2,520.00	0.1%
2~3 ys	**-**	**-**	53,635.94	1.8%
Over 3 ys	**-**	**-**	4,488.00	0.1%
Total	**756,568.08**	**100%**	3,044,502.02	100%

8. OTHER RECEIVABLES

2017.12.31	2016.12.31
776,101.94	1,389,506.11

The ageing as at year end are as follows:

	2017.12.31		2016.12.31	
	Amount	**%**	Amount	%
Within 1 yr	**362,563.97 46.7%**		930,161.12 66.9%	
1~2 ys	**278,100.89**	**35.8%**	65,304.01	4.7%
2~3 ys	**124,107.08**	**16.0%**	61,414.08	4.4%
Over 3 ys	**11,330.00**	**1.5%**	332,626.90	24.0%
Total	**776,101.94**	**100%**	1,389,506.11	100%

9. FIXED ASSETS – COST

	2016.12.31	**Increase**	**Decrease**	**2017.12.31**
Computer and electronic equipment	2,962,300.60	1,104,772.68	-	**4,067,073.28**
Office equipment	2,104,902.01	114,122.84	-	**2,219,024.85**
Furniture	332,842.59	5,299.15	-	**338,141.74**
Total	5,400,045.20	1,224,194.67	-	**6,624,239.87**

10. ACCUMULATED DEPRECIATION

	2016.12.31	**Increase**	**Decrease**	**2017.12.31**
Computer and electronic equipment	2,289,146.77	575,959.08	-	**2,865,105.85**
	1,513,111.88	368,412.19	-	**1,881,524.07**
	115,970.08	39,877.40	-	**155,847.48**
	3,918,228.73	984,248.67	-	**4,902,477.40**

13. LONG-TERM DEFERRED EXPENSES

	2016.12.31	Increase	Decrease	**2017.12.31**
Software and maintenance	195,905.72	50,302.65	129,496.18	**116,712.19**
Leasehold improvements	719,573.06	3,039,244.72	403,695.92	**3,355,121.86**
Total	**915,478.78**	**3,089,547.37**	**533,192.10**	**3,471,834.05**

14. ACCOUNTS PAYABLE

2017.12.31	2016.12.31
45,610,097.20	44,358,783.41

Creditors with large amounts:	Ending balance	Description
Tech Mahindra Limited.	44,917,747.62	Service fee

15. ADVANCES

2017.12.31	2016.12.31
1,766,955.71	11,765,645.66

Creditors with large amounts:	Ending balance	Description
Empresa Publica de Aguas	989,581.72	Service fee

16. TAX PAYABLE

Taxes	**2017.12.31**	2016.12.31
Value added tax	**353,613.44**	575,224.28
Individual income tax	**839,081.01**	827,474.93
Corporate income tax (CIT)	**-**	2,017,572.42
Withholding tax	**-**	29,259.99
Subtotal	**1,192,694.45**	3,449,531.62
Others	**40,623.46**	72,042.00
Total	**1,233,317.91**	3,521,573.62

17. OTHER PAYABLES

	2017.12.31	2016.12.31
Total	**10,372,643.18**	14,338,095.86

Creditor with large amount	Ending Balance	Description
Tech Mahindra Limited	1,229,340.71	Current account

18. PAID-IN CAPITAL

	2017.12.31		2016.12.31	
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

19. UNDISTRIBUTED PROFITS

	2017.12.31	2016.12.31
Undistributed profits at beginning of year	**(50,983,833.97)**	(63,142,839.19)
Current year net profit	**(8,049,972.03)**	12,159,005.22
Distributable profit	**(59,033,806.00)**	(50,983,833.97)
Undistributed profits at the end of year	**(59,033,806.00)**	(50,983,833.97)

20. REVENUES FROM MAIN OPERATION

Item	2017	2016
Software designing, developing and maintenance (Domestic)	**130,852,847.33**	136,428,425.92
Software designing, developing and maintenance (Exports)	**29,475,519.07**	35,878,427.80
Sales of goods (Domestic)	**9,575,995.14**	-
Sales of goods (Exports)	**-**	13,925,520.00
Total	**169,904,361.54**	186,232,373.72

21. FINANCE EXPENSES

	2017	2016
Interest income	**(152,967.95)**	(111,320.68)
Exchange losses/gains-net	**575,533.03**	(452,750.24)
Other finance expenses	**29,205.48**	26,256.81
Total	**451,770.56**	(537,814.11)

22. INCOME TAX

Item	2017	2016
Income tax expenses of the current year	**-**	5,434,033.03
Total	**-**	5,434,033.03

The applicable income tax rate of the Company for the reporting period is 25% (see note 4a), and the taxable income has been reconciled from current year profit according to the prevalent tax laws and regulations.

23. RECONCILE NET PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

Item	2017	2016
Profit/loss after tax	**(8,049,972.03)**	12,159,005.22
Add Impairment provision	**8,616,080.14**	-
Depreciation of fixed assets	**984,248.67**	615,632.30
Amortization of long-term deferred expenses	**533,192.10**	165,194.23
Decrease of prepaid expenses (increase/-)	**(88,266.35)**	(231,651.82)
Increase of accrued expense (decrease/-)	**(3,333,129.19)**	3,520,474.63
Loss from disposal of fixed assets, intangible assets and other non-current asses (gain/-)	**-**	(22,002.29)
Finance expenses	**575,533.03**	(452,750.24)
Decrease in trade and other receivables (increase/-)	**15,680,033.31**	(51,384,349.28)
Increase in trade and other payables (decrease/-)	**(10,986,842.63)**	43,416,418.02
Net Cash From Operating Activities	**3,930,877.05**	7,785,970.77

24. RELATED PARTY TRANSACTION

Related party relationships

Name of Entity	Relationship with the Company
Tech Mahindra Limited	Investor
LCC France	Controlled by the same party
PFSPA	Controlled by the same party

Related party transactions

Name of Entity	Description	Transactions in 2017
Tech Mahindra Limited	Render of services	9,415,387.76
Tech Mahindra Limited	Receipt of services	23,694,325.79
LCC France	Render of services	708,519.81
PFSPA	Render of services	240,000.00
PFSPA	Receipt of services	11,130,346.01

Ending Balance of related party transaction

Name of Entity	Account Name	Description	Ending balance
Tech Mahindra Limited	Accounts receivable	Render of services	1,663,270.30
Tech Mahindra Limited	Accounts payable	Receipt of services	44,917,747.62
Tech Mahindra Limited	Other payable	Paid on behalf of	1,229,340.71
Tech Mahindra Limited	Accrued expenses	Subcontract expense	5,713,091.36
LCC France	Accounts receivable	Render of services	751,031.00
PFSPA	Accounts payable	Receipt of services	660,074.58

25. CONTINGENCIES

No disclosure is required.

26. EVENTS AFTER THE REPORTING PERIOD

No disclosure is required.

27. COMPARISON INFORMATION

The comparison information has been reclassified so as to be in line with the information reported for the year 2017.

Supplementary Information Provided by the Management
(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

ADJUSTMENTS TO INCOME BEFORE TAX

Detailed adjustments and corresponding account name	Interpretation (Reference included)	Adjusted amounts	Remarks
Taxable amounts			
Administrative expenses	Entertainment expenses exceed deductible limit	81,414.46	
COGS	Bad debt provision	8,616,080.14	
Accrued expense	Accrued but unpaid expenses	9,024,203.83	
Payroll Payables	Accrued but unpaid expenses	1,760,444.01	
Non-opeartion expense	Penalty	2,000.00	
Non-opeartion expense	loss of uncollectable AR and OR	54,232.90	
Total taxables		19,538,375.34	
Deductible amounts			
Accrued expense	Expenses accrued in prior year and paid in current year	12,357,333.02	
Payroll Payables	wages accrued in prior year and paid in current year	1,154,082.41	
Total deductibles		13,511,415.43	
Adjustments - net			6,026,959.91
Audited income before tax			(8,049,972.03)
Adjusted income before tax			(2,023,012.12)

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

Your directors present their report together with the audited accounts of your company for the year ended December 31, 2017.

Financial Results

For the years ended December 31	2017 RMB	2016 RMB
Income	**4,525,535.94**	5,229,433.72
Profit/(Loss) before tax	**540,750.10**	723,835.35
Profit/(Loss) after tax	**540,750.10**	723,835.35

Review of Operations:

During the year under review, your company recorded an income of RMB 4,525,535.94, a decrease of 13.46% over the previous year. Profit after tax was RMB 540,750.10, a decrease of 25.29% over the last year. The Company continues to invest in strengthening its marketing infrastructure in China.

Outlook for the Current Year:

The liquidation process initiated earlier was withdrawn due to business reasons. The future is cautiously optimistic.

Acknowledgments:

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 Tech Mahindra (Nanjing) Company Ltd

Amitava Ghosh	**Ravikant Karne**	**Achutuni Sreenivasa Murthy**
Director	**Director**	**Director**

Place: Nanjing
Date : February 23, 2018

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 2017, the income statement, cash flow statement and statement of changes in equity for the year then ended and notes to these financial statements. The financial statements are prepared by the Company in accordance with the accounting standards stated in statements notes 2.

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 2017, and its financial performance and its cash flows for the year then ended in accordance with the accounting standards stated in statements notes 2.

4. Matters of Emphasis

We draw attention to Note 2 in the financial statements, which indicates that the board of directors decided to dissolve the Company in advance, therefore the financial statements are prepared under discontinued operation basis. Our opinion is not modified in respect of this matter.

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 23, 2018

BALANCE SHEET AS AT 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Notes	**2017.12.31**	2016.12.31
Current assets:			
Cash at bank and in hand	5	**8,187,681.52**	7,465,273.00
Accounts receivable	6	**318,198.12**	348,012.42
Prepayments	7	**30,233.30**	137,322.13
Interest receivable		**10,883.89**	5,283.06
Other receivables	8	**58,429.08**	61,429.08
Other current assets		**28,611.21**	30,276.53
Fixed assets - cost	9	**5,024,294.84**	4,960,884.84
Less: Accumulated depreciation	10	**4,889,763.41**	4,857,483.74
Fixed assets - net	11	**134,531.43**	103,401.10
Net book value of fixed assets		**134,531.43**	103,401.10
Long-term deferred expenses (deferred assets)	12	**5,696.09**	10,606.68
Total non-current assets		**140,227.52**	114,007.78
TOTAL ASSETS		**8,774,264.64**	8,161,604.00
LIABILITIES AND OWNER'S EQUITY			
Current liabilities			
Accounts payable	13	**11,200.00**	10,600.00
Advances	14	**208,965.07**	124,983.44
Accrued payroll	15	**157,360.41**	163,507.06
Incl.: Wages payable		**157,360.41**	163,507.06
Taxes payable	16	**7,755.91**	10,728.08
Incl.: Tax payable		**7,755.91**	10,728.08
Other payables	17	**21,835.63**	25,387.90
TOTAL LIABILITIES		**407,117.02**	335,206.48
Owner's equity			
Paid-in capital	18	**52,646,896.26**	52,646,896.26
Undistributed profits	19	**(44,279,748.64)**	(44,820,498.74)
Total owner's equity		**8,367,147.62**	7,826,397.52
TOTAL LIABILITIES AND OWNER'S EQUITY		**8,774,264.64**	8,161,604.00

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 2017

(All amounts in RMB Yuan unless otherwise stated)

	Notes	**Year ended 2017.12.31**	Year ended 2016.12.31
Total operating revenues		**4,525,535.94**	5,229,433.72
Incl.: Operating revenues		**4,525,535.94**	5,229,433.72
Incl.: Revenues from main operation	20	**4,525,535.94**	5,229,433.72
Less: Total operating costs		**3,988,817.24**	4,607,252.48
Incl.: Operating costs		**1,834,274.14**	2,152,519.62
Incl.: Costs of main operation		**1,834,274.14**	2,152,519.62
Operating tax and its additions		**-**	2,848.67
General and administrative expenses		**2,189,730.98**	2,536,439.27
Finance expenses	21	**(35,187.88)**	(84,555.08)
Operating Profit		**536,718.70**	622,181.24
Add: Non-operating revenues		**4,031.40**	101,941.36
Less: Non-operating expenses		**-**	287.25
Total profit		**540,750.10**	723,835.35
Net profit		**540,750.10**	723,835.35

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 2017

(All amounts in RMB Yuan unless otherwise stated)

		Year ended 2017.12.31	Year ended 2016.12.31
1.	**Cash Flows from Operating Activities:**		
	Cash received from sales of goods or rendering of services	**4,641,277.19**	5,756,487.58
	Cash received relating to other operating activities	**96,943.95**	330,941.48
	Sub-total of Cash Inflows	**4,738,221.14**	6,087,429.06
	Cash paid for goods and services	**-**	352,157.77
	Cash paid to and on behalf of employees	**2,861,961.89**	3,227,369.48
	Payments of taxes and levies	**1,634.40**	44,264.49
	Cash paid relating to other operating activities	**1,047,991.70**	1,515,094.39
	Sub-total of Cash Outflows	**3,911,587.99**	5,138,886.13
	Net Cash Flows from Operating Activities	**826,633.15**	948,542.93
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	**43,910.00**	115,449.10
	Sub-total of Cash Outflows	**43,910.00**	115,449.10
	Net Cash Flows from investing Activities	**(43,910.00)**	(11,489.10)
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**	**(60,314.63)**	-
5.	**Net Increase (decrease) in Cash and Cash Equivalents**	**722,408.52**	937,053.83
	Add: Cash and cash equivalents at the beginning of the reporting period	**7,465,273.00**	6,528,219.17
6.	**Cash and Cash Equivalents at the End of the Reporting Period**	**8,187,681.52**	7,465,273.00

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 2017

(All amounts in RMB Yuan unless otherwise stated)

	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 January2016	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

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2016	52,646,896.26	-	-	(44,820,498.74)	7,826,397.52
Beginning Balance at 1 January 2017	52,646,896.26	-	-	(44,820,498.74)	7,826,397.52
Net profit	-	-	-	540,750.10	540,750.10
Movements from Jan to Dec, 2017	-	-	-	540,750.10	540,750.10
Closing Balance at 31 December 2017	52,646,896.26	-	-	(44,279,748.64)	8,367,147.62

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 business lisecnce of Unified social credit code 913201006606980458(1/1). 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, 2017 are prepared on the following basis:

The assets and liabilities in the balance sheet of the Company as of December 31, 2017 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 2017, 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 2017, 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 2017, 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 2017, 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 2017. And at the end of 2017, the amount of indebtedness of the Company's liabilities is equal to its book value.

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 first day of the month 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%	33.33%/20.00%
furniture	5yrs	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),and the applicable tax rate of output VAT is 6%.

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

	2017.12.31	2016.12.31
Cash at bank	**8,187,681.52**	7,465,273.00
Total	**8,187,681.52**	7,465,273.00

6 ACCOUNTS RECEIVABLE

	2017.12.31	2016.12.31
Accounts receivable	**319,310.27**	348,012.42
Less: Provision for bad debt	**1,112.15**	-
Accounts receivable - net	**318,198.12**	348,012.42

The ageing of all balances of accounts receivable and its corresponding provision for bad debts as at year end are as follows:

	2017.12.31			2016.12.31		
	Amount	**% of total**	**Provision for bad bebts**	Amount	% of total	Provision for bad bebts
Within 1 yr	**318,198.12**	**99.6%**	**-**	346,900.27	99.7%	-
1~2 ys	**-**	**-**	**-**	1,112.15	0.3%	-
2~3 ys	**1,112.15**	**0.4%**	**1,112.15**	-	-	-
Total	**319,310.27**	**100%**	**1,112.15**	348,012.42	100%	-

Debtors with large amounts:

Name of Debtors	**Ending Balance**	**Description**	**Ageing**
Tech Mahindra Limited	318,198.12	service fee	Within 1 yr

7 PREPAYMENTS

	2017.12.31		2016.12.31	
	Amount	**%**	Amount	%
Prepaid expenses	**30,233.30**	**100.0%**	137,322.13	100.0%
Total	**30,233.30**	**100%**	137,322.13	100%

8 OTHER RECEIVABLES

2017.12.31	2016.12.31
58,429.08	61,429.08

The ageing as at year end are as follows:

	2017.12.31		2016.12.31	
	Amount	**%**	Amount	%
Within 1 yr	**-**	**-**	58,929.08	95.9%
1~2 ys	**58,429.08**	**100.0%**	-	-
2~3 ys	**-**	**-**	-	-
Over 3 ys	**-**	**-**	2,500.00	4.1%
Total	**58,429.08**	**100%**	61,429.08	100%

Debtors with large amounts:

Name of Debtors	**Ending Balance**	**Ageing**
Rental deposit	58,429.08	1~2 ys

9 FIXED ASSETS – COST

	2016.12.31	Increase	Decrease	2017.12.31
Electronic equipment	4,167,165.19	43,910.00	-	4,211,075.19
Office equipment	741,209.65	19,500.00	-	760,709.65
Furniture	52,510.00	-	-	52,510.00
Total	4,960,884.84	63,410.00	-	5,024,294.84

10 ACCUMULATED DEPRECIATION

	2016.12.31	Increase	Decrease	2017.12.31
Electronic equipment	4,064,460.59	30,064.28	-	4,094,524.87
Office equipment	740,513.15	2,215.39	-	742,728.54
Furniture	52,510.00	-	-	52,510.00
Total	4,857,483.74	32,279.67	-	4,889,763.41

11 FIXED ASSETS – NET

	2017.12.31	2016.12.31
Electronic equipment	116,550.32	102,704.60
Office equipment	17,981.11	696.50
Total	134,531.43	103,401.10

12 LONG-TERM DEFERRED EXPENSES

	2016.12.31	Increase	Decrease	2017.12.31
Leaseholding improvement	10,606.68	-	4,910.59	5,696.09
Total	10,606.68	-	4,910.59	5,696.09

13 ACCOUNTS PAYABLE

2017.12.31	2016.12.31
11,200.00	10,600.00

14 ADVANCES

2017.12.31	2016.12.31
208,965.07	124,983.44

Creditors with large amounts:	Ending balance	Description
GE energy	83,300.00	service fee

15 ACCRUE PAYROLL

	2017.12.31	2016.12.31
Wages payable	157,360.41	163,507.06
Total	157,360.41	163,507.06

16 TAX PAYABLE

Taxes	2017.12.31	2016.12.31
Individual income tax	7,755.91	10,728.08
Total	7,755.91	10,728.08

17 OTHER PAYABLES

	2017.12.31	2016.12.31
Total	21,835.63	25,387.90

18 PAID-IN CAPITAL

Name of Investor	2017.12.31 Registered Capital (USD)	2017.12.31 Registered Capital	2016.12.31 Registered Capital (USD)	2016.12.31 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

	2017.12.31	2016.12.31
Undistributed profits at beginning of year	**(44,820,498.74)**	45,544,334.09)
Current year net profit	**540,750.10**	723,835.35
Distributable profit	**44,279,748.64)**	(44,820,498.74)
Undistributed profits at the end of year	**(44,279,748.64)**	(44,820,498.74)

20 REVENUES FROM OTHER OPERATION

Item	2017	2016
Software designing, developing and maintenance (Domestic)	**32,422.00**	237,062.17
Software designing, developing and maintenance (Exports)	**4,493,113.94**	4,992,371.55
Total	**4,525,535.94**	5,229,433.72

21 FINANCE EXPENSES

	2017	2016
Interest income	**(96,943.95)**	(78,235.96)
Exchange losses/gains-net	**60,314.63**	(9,053.53)
Other finance expenses	**1,441.44**	2,734.41
Total	**(35,187.88)**	(84,555.08)

22 RECONCILE NET PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

Item	2017	2016
Profit/loss after tax	**540,750.10**	723,835.35
Add Impairment provision for fixed assets	**1,112.15**	-
Depreciation of fixed assets	**32,279.67**	10,459.86
Amortization of long-term deferred expenses	**4,910.59**	12,070.86
Decrease of prepaid expenses (increase/-)	**(26,833.33)**	15,744.69
Increase of accrued expense (decrease/-)	**479.13**	(12,149.95)
Loss from disposal of fixed assets, intangible assets and other non-current asses (gain/-)	**-**	(101,837.20)
Finance expenses	**60,314.63**	-
Decrease in trade and other receivables (increase/-)	**142,188.80**	428,750.15
Increase in trade and other payables (decrease/-)	**71,431.41**	(128,330.83)
Net Cash From Operating Activities	**826,633.15**	948,542.93

23 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 2017
Tech Mahindra Limited	Renders of service	4,493,113.94

Ending Balance of related party transactio

Name of Entity	Account Name	Description	Ending balance
Tech Mahindra Limited	Accounts Receivable	Renders of service	318,198.12

24 CONTINGENCIES

No disclosure is required.

25 EVENTS AFTER THE REPORTING PERIOD

No disclosure is required.

26 COMPARISON INFORMATION

The comparison information has been reclassified so as to be in line with the information reported for the year 2016.

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			
Administrative expenses	Entertainment expenses exceed deductible limit	20.80	
Accrued Payroll	Accrued but unpaid wagws and salaries	106,402.71	
Bad debt	Bad debt provision	1,112.15	
Total taxables		107,535.66	
Deductible amounts			
Accrued expenses	Accrued but unpaid expenses	21,356.50	
Accrued Payroll	Accrued but unpaid wagws and salaries	106,805.81	
Total deductibles		128,162.31	
Adjustments - net			(20,626.65)
Audited income before tax			540,750.10
Adjusted income before tax			520,123.45

Note: The taxable income shall be finally settled by tax authorities.

CITISOFT PLC

Directors
V N Nair
L Chidambaram
B B Pal

Company secretary
E J Newell

Registered number
01968753

Registered office
63 Queen Victoria Street
London
EC4N 4UA

Independent auditors
Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
Horsham

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity

The company's principal activity during the year continued to be 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.

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 has 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.

Results and dividends

The loss for the year, after taxation, amounted to £76,619 (2017 - profit £85,767).

The results for the company for the year show a pre-tax loss of £109,282 (2017: profit of £109,526) on a turnover of £1,641,585 (2017: £1,390,573).

During the year under review, the Board of Directors of the company has 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 (2017: 30 days).

Directors

The directors who served during the year were:

V N Nair

L Chidambaram

B B Pal

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the company's financial statements and then apply them consistently;
- make judgments 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;

- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events since 31 March 2018 that need to be disclosed.

Auditors

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 3 May 2018 and signed on its behalf.

B B Pal
Director

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their strategic report for the year ended 31 March, 2018.

Business review

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 of US$ 19,314,500 and loss of US$ 388,995 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.

Citisoft in the UK is currently struggling to win new clients due to a combination of challenging market conditions and limitations presented by its current scale. The business is now of a size which limits its opportunities to win new deals of a certain size and where skill sets outside our current pool are required. Previously we have relied on the contractor market to supplement these resources but this market continues to shrink due to ongoing taxation changes making this type of employment less attractive.

The UK market has been difficult over the past year as uncertainties over Brexit have continued. We have seen many projects moved to Europe and most firms in London have restricted spending until more certainty is known. As the date for Brexit approaches some of these issues are beginning to get clearer and indications are that firms will start to unlock this spending in readiness of the changing market environment. It would appear that whatever the changes and the long term impacts are for the UK Financial Services business, they will require investment in the short term to meet the changes.

In order to address these conditions we have continued to manage our cost base and to develop deeper and stronger relationships with existing clients. In order to grow in response to the upcoming market changes in the UK and Europe Citisoft PLC will need investment to expand our capabilities and geographical reach. In order to achieve this we are working closely with the US operation to build a stronger global capability and leverage more effectively from their successes. Making these two operations more closely linked we believe will bring benefits to both parties.

Principal risks and uncertainties

In our view, the risks our business faces in the UK and Europe are not the same as in the previous year. Where previously we have been concerned that client firms may refrain from embarking on large change programmes it is now our belief that the market will become increasingly active with more strategic change being instigated. The lack of investment in Citisoft PLC has led to a shrinkage in scale and we are not currently well prepared to service any significant upturn in demand. We also need to seriously consider the geographical reach and the prospects of winning new business in continental Europe and beyond.

Currently we are constrained 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 2018 and limits our ability to proactively identify and win new business. Any investment in resources will need to be in advance of the business and will be most likely to have a short term negative impact.

The staff have not had pay increases and this will become an increasing concern if the market does become more vibrant.

Financial key performance indicators

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. During the last year we have held our rates and in some cases managed small increases in the daily rate levied. Whilst we will typically continue to resource engagements through an Associate model, given the growing challenges in this market we must be adding to our permanent headcount in advance of demand for our services.

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.

This report was approved by the board on 3 May 2018 and signed on its behalf.

B B Pal
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITISOFT PLC

Opinion

We have audited the financial statements of Citisoft plc (the 'company') for the year ended 31 March 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, 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.

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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.

Graham Hunt BA FCA (Senior Statutory Auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Horsham
8 May 2018

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	**1,641,585**	1,390,573
Cost of sales		**(1,408,917)**	(1,170,426)
Gross profit		**232,668**	220,147
Administrative expenses		**(342,280)**	(115,521)
Operating (loss)/profit	5	**(109,612)**	104,626
Interest receivable and similar income	8	**330**	4,900
(Loss)/profit before tax		**(109,282)**	109,526
Tax on (loss)/profit	9	**32,663**	(23,759)
(Loss)/profit after tax		**(76,619)**	85,767
Retained earnings at the beginning of the year		**696,693**	610,926
		696,693	610,926
(Loss)/profit for the year		**(76,619)**	85,767
Retained earnings at the end of the year		**620,074**	696,693

The notes on pages herein form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	**732**	1,285
Investments	11	**505,793**	3,125
		506,525	4,410
Current assets			
Debtors: amounts falling due within one year	12	**282,895**	888,113
Cash at bank and in hand		**475,890**	520,486
		758,785	1,408,599
Creditors: amounts falling due within one year	13	**(163,120)**	(234,200)
Net current assets		**595,665**	1,174,399
Total assets less current liabilities		**1,102,190**	1,178,809
Net assets		**1,102,190**	1,178,809
Capital and reserves			
Called up share capital	14	**112,410**	112,410
Share premium account	15	**369,706**	369,706
Profit and loss account	15	**620,074**	696,693
		1,102,190	1,178,809

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 May 2018.

B B Pal
Director

The notes on pages herein form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currecy of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements have been rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Tech Mahindra Limited as at 31 March 2018 and these financial statements may be obtained from Tech Mahindra Limited at the address set out in note 16.

2.3 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 financial statements.

2.4 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.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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.

Dividend income is recognised when the right to receive payment is established.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Furniture, fixtures and equipment - 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

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

2.10 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.

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.

2.11 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

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.

All foreign exchange gains and losses are included in profit and loss.

2.14 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.

2.15 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.

2.16 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.18 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.19 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. Judgments in applying accounting policies 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 bases. 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.

Judgements

Impairment of financial assets - The company's management reviews periodically items classified as trade receivables to asses 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 degrees of judgement and uncertainty.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018	2017
	£	£
Rendering of services	**1,641,585**	1,390,573
	1,641,585	1,390,573

Analysis of turnover by country of destination:		
United Kingdom	**355,083**	36,737
Europe	**344,770**	44,500
Rest of world	**941,732**	1,309,336
	1,641,585	1,390,573

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	**811**	1,982
Auditor's remuneration - The audit of the company's annual accounts	**8,500**	8,250
Auditor's remuneration - Other assurance and taxation services	**10,710**	18,850
Exchange differences	**98,663**	(157,314)

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£	£
Wages and salaries	**456,733**	422,499
Social security costs	**53,326**	44,153
Cost of defined contribution scheme	**65,654**	73,059
	575,713	539,711

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
	No.	No.
Production	**3**	3
Administration and support	**1**	1
Sales	**1**	1
	5	5

7. Directors' remuneration

	2018	2017
	£	£
Remuneration - current year	**-**	59,009
Remuneration - previous year	**-**	(95,000)
	-	(35,991)

8. Interest receivable

	2018	2017
	£	£
Interest income on bank deposits	**119**	33
Other interest receivable	**211**	4,867
	330	4,900

9. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	**(32,663)**	23,759
	(32,663)	23,759
Total current tax	**(32,663)**	23,759
Deferred tax		
Total deferred tax	**-**	-
Taxation on (loss)/profit on ordinary activities	**(32,663)**	23,759

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 20%) as set out below:

	2018	2017
(Loss)/profit on ordinary activities before tax	**(109,282)**	109,526
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**(20,764)**	21,905
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**759**	1,978
Capital allowances for year in excess of depreciation	**(91)**	(124)
Adjustments to tax charge in respect of prior periods	**(12,527)**	-
Non-taxable income	**(40)**	-
Total tax charge for the year	**(32,663)**	23,759

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Tangible fixed assets

	Office equipment
	£
Cost or valuation	
At 1 April 2017	**107,874**
Additions	**258**
At 31 March 2018	**108,132**
Depreciation	
At 1 April 2017	**106,589**
Charge for the year on owned assets	**811**
At 31 March 2018	**107,400**
Net book value	
At 31 March 2018	**732**
At 31 March 2017	**1,285**

11. Fixed asset investments

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 April 2017	**3,125**
Additions	**502,668**
At 31 March 2018	**505,793**
Net book value	
At 31 March 2018	**505,793**
At 31 March 2017	**3,125**

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Citisoft Inc.*	Ordinary	100 %	Provision of management consultancy and implementation services to the asset management industry.

Additions during the year related to the capitalisation of a balance of £502,668 due from Citisoft Inc. previously included in debtors.

*Citisoft Inc. is a company incorporated in the United States of America.

12. Debtors

	2018	2017
	£	£
Trade debtors	**171,175**	96,938
Amounts owed by group undertakings	**78,666**	764,371
Other debtors	**26,570**	25,337
Prepayments and accrued income	**6,484**	1,467
	282,895	888,113

13. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	**67,352**	109,156
Amounts owed to group undertakings	**43,513**	44,017
Corporation tax	**-**	23,759
Other taxation and social security	**22,941**	23,616
Accruals and deferred income	**29,314**	33,652
	163,120	234,200

14. Share capital

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
8,430,752 (2017 - 8,430,752) Ordinary shares of £0.01 each	**84,308**	84,308
2,810,248 (2017 - 2,810,248) A Ordinary shares of £0.01 each	**28,102**	28,102
	112,410	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.

15. Reserves

Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

16. Controlling party

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.

CITISOFT INC.

Board of Directors
Mr. Lakshmanan Chidambaram
Mr. Thomas Secaur

Registered Office
343 Congress Street,
Boston, MA 02210 USA

Bankers
Bank of America

Auditors
Mocera, Visconti & Company CPAs LLP

DIRECTORS' REPORT

This report together with the audited accounts of CITISOFT, INC for the year ended March 31, 2018 is given below:

Financial Results (US $)

For the year ended March 31,	**2018 US $**	2017 US $
Income	**19,314,500**	23,479,194
Profit/(Loss) before tax	**101,221**	1,832,953
Profit/(Loss) after tax	**(388,996)**	693,622

Review of Operations:

During the year under review, Citisoft, Inc. recorded an income of US$19,314,500. Profit after tax was ($388,955.55). 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, 2018.

Directors:

The directors who served during the year were as follows:

Mr. Lakshmanan Chidambaram

Mr. Thomas Secaur

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, MA, USA
Date : 07/09/2018

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, 2018 and 2017, and the related statements of operations 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, 2018 and 2017, 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 18, 2018

BALANCE SHEETS AS AT MARCH 31, 2018 AND 2017

	2018 **$**	2017 **$**
Assets		
Current assets:		
Cash	**3,240,977**	1,935,271
Accounts receivable, trade, net of allowance for doubtful accounts of $512,000 and $352,000 in 2018 and 2017, respectively	**2,706,640**	5,736,645
Other receivables	**27,019**	35,125
Investments	**638,225**	413,454
Prepaid expenses	**61,452**	56,477
Refundable income taxes	**252,645**	-
Total Current assets	**6,926,958**	8,176,972
Property and equipment, net of accumulated depreciation	**232,830**	271,039
Other assets:		
Deferred income taxes	**290,115**	417,014
Goodwill	**607,633**	867,633
Total other assets	**897,748**	1,284,647
Total assets	**8,057,536**	9,732,658
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	**70,730**	256,980
Accounts payable, affiliates	**110,392**	276,894
Income taxes payable	**-**	5,154
Accrued expenses	**1,080,262**	1,684,228
Customer deposits	**-**	181,919
Total current liabilities	**1,261,384**	2,405,175
Advances from stockholder	**-**	679,105
Deferred income taxes	**232,737**	427,402
Total liabilities	**1,494,121**	3,511,682
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	**683,895**	4,790
Accumulated other comprehensive income	**52,478**	16,371
Retained earnings	**5,827,032**	6,199,805
Total stockholders' equity	**6,563,415**	6,220,976
Total liabilities and stockholders' equity	**8,057,536**	9,732,658

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018 $	2017 $
Revenue		
Consulting revenue	**19,314,500**	23,479,194
Consulting revenue - consulting affiliates	**1,253,207**	1,712,193
	20,567,707	25,191,387
Cost of revenue		
Cost of revenue - consulting	**13,004,968**	14,564,426
Cost of revenue - consulting affiliates	**1,253,207**	1,712,193
	14,258,175	16,276,619
Gross profit	**6,309,532**	8,914,768
Selling, general and administrative expenses	**6,544,044**	7,658,711
(Loss) income from operations	**(234,512)**	1,256,057
Other income (expense)		
Interest income, net	**70**	68
Loss on disposal of assets	**-**	(15,186)
Goodwill impairment	**(260,000)**	-
Realized gains on the sale of investments	**22,442**	4,069
Total other income (expense)	**(237,488)**	(11,049)
(Loss) income before provision for income taxes	**(472,000)**	1,245,008
(Benefit) provision for income taxes (net of $16,222 and $13,014 for tax provision on other comprehensive income 2018 and 2017, respectively)	**(99,227)**	538,372
Net (loss) income	**(372,773)**	706,636
Other Comprehensive Income		
Unrealized gains on investments	**74,771**	33,454
Less: Reclassification adjustment for gain included in net income	**(22,442)**	(4,069)
Other comprehensive income	**52,329**	29,385
Income tax on items related to other comprehensive income	**16,222**	13,014
Other comprehensive income, net of tax	**36,107**	16,371
Total comprehensive (loss) income	**(336,666)**	723,007

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED MARCH 31, 2018 AND 2017

	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
		$	$	$	$	$
Balance at March 31, 2016	1,000	10	4,790	5,493,169	-	5,497,959
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	6,220,966
Net loss	**-**	**-**	**-**	**(372,773)**	**-**	**(372,773)**
Other comprehensive income, net of tax	-	-	-	-	36,107	36,107
Reclassification of advances from stockholders to additional paid-in-capital	-	-	679,105	-	-	679,105
Balance at March 31, 2018	**1,000**	**10**	**683,895**	**5,827,032**	**52,478**	**6,563,405**

STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2018 AND 2017

	2018 $	2017 $
Operating activities		
Net (loss) income	**(372,773)**	706,636
Other comprehensive income, net of tax	**36,107**	16,371
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**50,756**	57,212
Allowance for doubtful accounts	**(160,000)**	(337,000)
Loss on disposal of property and equipment	**-**	15,186
Goodwill impairment	**260,000**	-
Deferred income taxes	**(67,766)**	(102,979)
Realized gains from investments	**(22,442)**	(4,069)
Unrealized gains on investments	**(52,329)**	(29,385)
Changes in operating assets and liabilities:		
Accounts receivable, trade	**3,190,005**	(1,189,436)
Accounts receivable, other	**8,106**	(35,125)
Prepaid expenses	**(4,975)**	49,172
Accounts payable	**(186,250)**	73,342
Accounts payable, other	**(166,502)**	4,143
Income taxes payable	**(257,799)**	(270,446)
Accrued expenses	**(603,966)**	(202,160)
Customer deposits	**(181,919)**	54,435
Net cash provided by (used in) operating activities	**1,468,253**	(1,194,103)
Investing activities		
Purchases of property and equipment	**(12,547)**	(191,282)
Proceeds from deposits	**-**	25,466
Purchases of investments	**(150,000)**	(380,000)
Net cash used in investing activities	**(162,547)**	(545,816)
Increase (decrease) in cash	**1,305,706**	(1,739,919)
Cash, beginning of period	**1,935,271**	3,675,190
Cash, end of period	**3,240,977**	1,935,271

NOTES TO FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2018 AND 2017

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, 2018 and 2017. 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, 2018 and 2017.

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, 2018 and 2017, property and equipment, at cost, and accumulated depreciation consisted of the following:

	2018 **$**	2017 $
Cost	**526,077**	513,530
Less: accumulated depreciation	**(293,247)**	242,491
Net book value	**232,830**	271,039

Depreciation expense for the years ended March 31, 2018 and 2017 amounted to $50,756 and $57,212, respectively.

Goodwill

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 31,2018 and 2017 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, 2018 and 2017, 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 a 30% impairment charge totaling $260,000 is warranted as of and for the year ended March 31, 2018. Management concluded that no impairment charge was warranted as of and for the year ended March 31, 2017. 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 Operations and Comprehensive Income.

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 $512,000 and $352,000 was necessary as of March 31, 2018 and 2017, respectively.

Advertising Costs

The Company expenses the costs of advertising as incurred. Advertising costs for the years ended March 31, 2018 and 2017 amounted to approximately $205,000 and $140,000, 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 31,2018 and 2017.

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, 2018 and 2017, 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, 2018 and 2017. 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.

In accordance with ASU 2015-17 "Income Taxes: Balance Sheet Classification of Deferred Taxes," the presentation of deferred income taxes is required to be presented as noncurrent in a classified balance sheet. The ASU is effective for annual periods beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. Early adoption is allowed as of the beginning of an annual or interim period. The ASU may be applied prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. Effective March 31, 2018, the Company adopted this standard and classified the deferred tax assets and liabilities as noncurrent in the accompanying balance sheets.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were issued. For the year ended March 31, 2018, 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.

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, 2018 and 2017. 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, 2018 and 2017.

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**
March 31, 2017	$ 413,454	$ 380,000	$ 33,454
March 31, 2018	**$ 638,225**	**$ 530,000**	**$ 108,225**

Note 3 - Accrued Expenses

Accrued expenses as of March 31,2018 and 2017 consisted of the following:

	2018 **$**	2017 $
Employee bonus and vacation	**695,906**	1,352,422
Executive plan benefit	**312,808**	108,662
Employee 401 (k) contribution	**-**	114,613
Payroll taxes	**36,000**	79,780
Professional fees	**35,548**	28,750
	1,080,262	1,684,227

Note 4 - Income Taxes

The provision for (benefit from) income taxes for the years ended March 31, 2018 and 2017 is comprised of the following:

	2018 **$**	2017 $
Current (benefit) provision:		
Federal	**(64,418)**	490,210
State	**32,957**	151,141
	(31,461)	641,351
Deferred benefit:		
Federal	**(45,144)**	(89,887)
State	**(22,622)**	(13,092)
	(67,766)	(102,979)
Total	**(99,227)**	538,372

At March 31, 2018, the Company had net operating loss carry-forwards of approximately $51,000 and $61,000 for federal and state income tax purposes, respectively.

Significant components of activities that gave rise to the deferred tax assets and liabilities included in the financial statements are as follows:

	2018 **$**	2017 $
Deferred tax assets (liabilities) :		
Accrued expenses and allowance for doubtful accounts	**273,293**	417,014
Net operating loss carryforward	**16,822**	-
Depreciation and amortization	**(232,737)**	(427,402)
Net deferred tax assets (liabilities)	**57,378**	(10,388)

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, 2018 and 2017 totaling $ 1,253,207 and $1,712,193, 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, 2018 and 2017, the Company was indebted to its parent company Citisoft Plc in the amount of $110,392 and $955,999 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 31,2018 and 2017, the Company had the following related party balances due to Citisoft Plc:

	2018 $	2017 $
Intercompany advances	**-**	679,105
Accounts payable	**110,392**	276,894
Amount due to Citisoft Plc	**110,392**	955,999

During the year ended March 31, 2018, the Company reached an agreement with its parent Company whereby the outstanding balance of advances amounting to $679,105 were reclassified to additional paid-in-capital.

Note 6 - Contingencies and Commitments

Real Estate Lease Agreement

The Company has an operating lease for its office premises extending 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. Management fully expects to comply with all of the related lease obligations and provisions. Total rent expense for the years ended March 31, 2018 and 2017 amounted to approximately $265,000 and $222,000, respectively.

The following is a schedule by years of future minimum rental payments required under the real estate lease agreement as of March 31, 2018:

Year Ended March 31,	**$ Amount**
2019	**263,000**
2020	**268,500**
2021	**274,000**
2022	**45,500**
Total minimum payments	**851,000**

Note 7 — Common Stock

As of March 31, 2018 and 2017, 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 31,2018 and 2017, approximately $8,900,000 and $18,700,000 of the Company's sales, excluding amounts billed for consulting revenue by affiliate, were to three and two customers, respectively. Amounts due from these customers and included in accounts receivable, trade, at March 31, 2018 and 2017 amounted to approximately $1,100,000 and $2,900,000, 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, 2018 and 2017, the amount contributed to the plan by the Company amounted to $150,000 and $380,000, respectively. Contribution accumulated under the Plan are invested in marketable securities and are carried at fair market value, which as of March 31, 2018 and 2017 amounted to $638,225 and $413,454, respectively, and is included in investments on the accompanying balance sheets. (See Note 2).

Corporate Owned Incentive Life Insurance Plan

The Company has in effect a nonqualified deferred pension life insurance Plan 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, 2018 and 2017 consists of the following:

	2018	2017
	$	$
Income taxes, net of refunds	**320,735**	928,540

Supplemental information of non-cash financing activities:

During the year ended March 31, 2018, the Company entered into a non-cash financing activity whereby outstanding advances payable to its parent Company, amounting to $679,105 were reclassified to additional paid-in-capital.

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
3rd Floor eCommerce Plaza, Eastwood Cyberpark,
Bagumbayan, Quezon City Philippines 1110

Bankers
UNION BANK OF THE PHILIPPINES

Auditors
Navarro Amper & Co.

vCUSTOMER PHILIPPINES, INC.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of vCustomer Philippines, Inc. (vCPI) for the year ended March 31, 2018.

Financial Results (PHP):

For the years ended	**March 31, 2018**	March 31, 2017
Revenue	**423,210,795**	414,909,920
Profit	**48,398,583**	47,918,842

Review of Operations:

For the fiscal year ended March 31, 2018, vCPI reported revenue amounted to PHP 423,210,795, an increase of PHP 8,300,875 over the last reporting year ended March 31, 2017. Profit for the fiscal year ended March 31, 2018 amounted to PHP 48,398,583, 1% increase over the last reporting year.

Future Plans and Appropriations:

vCPI made a reversal of the Appropriated Retained Earnings of PHP 195 million intended for the expansion projects due to the completion of the said projects ahead of its turn-over year. Additional appropriation of PHP 228 million from its current retained earnings as at March 31, 2018 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2018 until 2021. 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

Date: May 22, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
vCUSTOMER PHILIPPINES, INC. AND A SUBSIDIARY

3rd Floor, eCommerce Plaza, Eastwood Cyberpark
Quezon City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of vCustomer Philippines, Inc. and a Subsidiary, (the Group), which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2018 and 2017, 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 consolidated 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 consolidated 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 Group 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated 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.

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. 08-002552-15-2017, issued on June 8, 2017; effective until June 8, 2020
PTR No. A-3745357, issued on January 5, 2018, Taguig City

Taguig City, Philippines
May 22, 2018

STATEMENTS OF FINANCIAL POSITION

	Notes	As at March 31 2018 ₱	2017 ₱
ASSETS			
Current Assets			
Cash and cash equivalents	6	**202,481,942**	175,819,082
Trade and other receivables	7	**43,691,467**	38,146,256
Prepaid expenses	8	**17,710,555**	6,662,117
Refundable deposits	12	**6,816,951**	105,000
Total Current Assets		**270,700,915**	220,732,455
Non-current Assets			
Property and equipment - net	9	**18,696,211**	18,792,578
Investment in a subsidiary	10	**9,499,950**	9,499,950
Intangible asset - net	11	**144,444**	94,625
Refundable deposits	12	**-**	8,106,501
Total Non-current Assets		**28,340,605**	36,493,654
		299,041,520	257,226,109
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**28,837,116**	28,703,869
Income tax payable		**3,149,216**	2,246,904
Total Current Liabilities		**31,986,332**	30,950,773
Non-current Liabilities			
Retirement benefit obligation	19	**3,709,506**	11,346,207
Deferred tax liability	21	**18,804**	834
Total Non-current Liabilities		**3,728,310**	11,347,041
Total Liabilities		**35,714,642**	42,297,814
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	**228,000,000**	195,000,000
Unappropriated	25	**5,448,301**	2,532,806
Total Retained Earnings		**233,448,301**	197,532,806
Cumulative remeasurement gain on retirement benefits - net	19	**20,222,533**	7,739,445
		263,326,878	214,928,295
		299,041,520	257,226,109

See accompanying Notes to Financial Statements.

vCUSTOMER PHILIPPINES, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	For the years ended March 31 **2018** ₱	2017 ₱
Service Revenue	14	**423,210,795**	414,909,920
Cost of Services	16	**266,677,748**	264,589,346
Gross Profit		**156,533,047**	150,320,574
Operating Expenses	17	**118,067,818**	112,601,489
Income from Operation		**38,465,229**	37,719,085
Other Income - net			
Other income	9, 13	**1,919,968**	213,490
Foreign exchange gain - net	22	**4,089,278**	11,494,170
Interest income	6	**167,261**	74,922
		6,176,507	11,782,582
Profit Before income Tax		**44,641,736**	49,501,667
Income Tax Expense	20	**8,726,241**	7,708,520
Net Income		**35,915,495**	41,793,147
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods			
Remeasurement gains on retirement benefits	19	**12,483,088**	6,125,695
		48,398,583	47,918,842

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

	Notes	For the years ended March 31 2018 ₱	2017 ₱
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		**195,000,000**	155,000,000
Reversal of appropriation			
Appropriation for business expansion	15	**228,000,000**	158,000,000
Reversal of appropriation	15	**(195,000,000)**	(118,000,000)
Balance at end of year		**228,000,000**	195,000,000
Unappropriated			
Balance at beginning of year		**2,532,806**	739,659
Net profit during the year		**35,915,495**	41,793,147
Reversal of appropriation			
Appropriation for business expansion	15	**(228,000,000)**	(158,000,000)
Reversal of appropriation	15	**195,000,000**	118,000,000
Balance at end of year		**5,448,301**	2,532,806
Total Retained Earnings		**233,448,301**	197,532,806
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		**7,739,445**	1,613,750
Remeasurement gain during the year	19	**12,483,088**	6,125,695
		20,222,533	7,739,445
		263,326,878	214,928,295

See accompanying Notes to Financial Statements.

vCUSTOMER PHILIPPINES, INC.

STATEMENT OF CASH FLOWS

	Notes	For the years ended March 31 2018 ₱	2017 ₱
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**44,641,736**	49,501,667
Adjustments for:			
Depreciation and amortization	9, 11	**16,303,671**	15,488,066
Retirement benefits costs	19	**4,846,387**	6,075,746
Write-off of payables	13	**(1,884,968)**	(213,490)
Unrealized foreign exchange gain - net	22	**(376,083)**	(16,684)
Interest income	6	**(167,261)**	(74,922)
Gain on sale of property and equipment	9	**(35,000)**	-
Operating profit before working capital changes		**63,328,482**	70,760,383
Changes in operating assets and liabilities:			
Decrease (Increase) in:			
Trade and other receivables		**(5,431,216)**	1,345,913
Prepaid expenses		**(11,048,438)**	702,767
Refundable Deposits		**1,394,550**	(410,400)
Increase (Decrease) in trade and other payables		**2,018,215**	(6,191,969)
Cash generated from operations		**50,261,593**	66,206,694
Income tax paid		**(7,805,959)**	(8,365,325)
Interest received	6	**167,261**	74,922
Net cash generated from operating activities		**42,622,895**	57,916,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	9	**(16,052,123)**	(7,063,220)
Acquisitions of intangible assets	11	**(205,000)**	-
Proceeds on disposal of property and equipment	9	**35,000**	-
Net cash used in investing activities		**(16,222,124)**	(7,063,220)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**262,089**	79,791
NET INCREASE IN CASH AND CASH EQUIVALENTS		**26,662,860**	50,932,862
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**175,819,082**	124,886,220
CASH AND CASH EQUIVALENTS AT END OF YEAR		**202,481,942**	175,819,082

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

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, 2018 and 2017 were authorized for issue by the Board of Directors (BOD) on May 22, 2018.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND 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 2017

The Company adopted all applicable accounting standards and interpretations as at March 31, 2018. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines were adopted by the Company and were assessed as not applicable and have no impact on the Company's financial statements.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2018

The Company will adopt the following PFRS once these become effective:

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.

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.

Future adoption of these amendments have no impact on the Company's financial statements since it has no activities that are predominantly connected with insurance or issue insurance contracts.

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 fair value through other comprehensive income (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 15, Revenue from Contracts with Customers

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. 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 Management is still evaluating the impact of the new accounting standard on the Company's current revenue recognition and plans to adopt the new standard on the required date.

Amendments to PFRS 15, *Clarifications to PFRS 15*

The amendments in the standard addresses three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.

- Clarification on how to assess control in in determining whether a party providing goods or services is a principal or an agent.
- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The Management is still evaluating the impact of the new accounting standard on the Company's current revenue recognition and plans to adopt the new standard on the required date.

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.

The interpretation is effective on the same date as the effective date of PFRS 15, Revenue from contracts with customers.

The Management does not anticipate that the application of the new accounting standard will have a significant impact on the Company's financial statements as the Company does not sell any residential properties.

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.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

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 permitted only if PFRS 15, *Revenue from Contracts with Customers, is also 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.

Annual Improvements to PFRSs 2014-2017 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 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 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.*

Future adoption of these amendments have no impact on the Company's financial statements as the Company is neither a first time adopter of IFRS nor a venture capital organization. Furthermore, the Company does not have any associate or joint venture that is an investment entity.

Amendments to PAS 40, Investment Property, Transfers of Investment Property

The amendments in Transfers of Investment Property (Amendments to IAS 40) 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 Interpretation 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 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.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2018 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy

The Company will adopt the following once these standards become effective.

PFRS 9, *Prepayment Features with Negative Compensation*

The amendments include:

Changes regarding symmetric prepayment options

Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at FVTOCI) even in the case of negative compensation payments.

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment.

The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The final amendments also contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The future adoption of the standard will not have an impact on the Company's financial statements.

PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments are:

Clarification that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019.

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 investments in associates and joint ventures.

IFRIC 23, *Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, *Income Taxes*.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.
- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The Management is still evaluating the impact of the new Interpretation on the Company's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

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

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 Tangible and Intangible 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 deducted from the initial measurement of the Company's financial liabilities, except for debt instruments classified at FVTPL. In a regular way, purchase or sale, financial liabilities are recognized and derecognized as applicable, using settlement date accounting.

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 are 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 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.

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: (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 at March 31, 2018 and 2017, 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 at March 31, 2018 and 2017. The carrying value of receivables is shown in Note 7. Refundable deposits amounted to ₱6,816,951 and ₱8,211,501, as at March 31, 2018 and 2017, 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 obligation amounted to ₱3,709,506 and ₱11,346,207 as at March 31, 2018 and 2017, respectively. Additional information is disclosed in Note 19 to the financial statements.

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:

	2018 **₱**	2017 ₱
Cash on hand	**50,000**	50,000
Cash in banks	**100,224,942**	75,575,082
Time deposits	**102,207,000**	100,194,000
	202,481,942	175,819,082

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 2018 and 2017.

Total interest income on cash and cash equivalents amounted to ₱167,261 in 2018 and ₱74,922 in 2017.

7. TRADE AND OTHER RECEIVABLES

This account consists of:

	Note	**2018** **₱**	2017 ₱
Trade	14	**43,365,593**	37,803,113
Advances to employees		**262,986**	343,143
Others		**62,888**	-
		43,691,467	38,146,256

The average credit period on sales of services is 60 days. No interest is charged on the receivables.

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.

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, 2018 and 2017.

The Management believes that the amount of trade and other receivables are fully collectible, hence, no allowance for doubtful accounts are recognized.

8. PREPAID EXPENSES

This account consists of:

	Note	**2018** **₱**	2017 ₱
Prepaid insurance		**3,066,431**	2,766,503
Prepaid rent	18	**25,790**	2,604,177
Others		**14,618,334**	1,291,437
		17,710,555	6,662,117

Others include payment for the Company's program management services and prepaid compensation taxes amounting to ₱10,223,821 and ₱2,505,521, respectively.

The remaining balance amounting to ₱1,888,992 include advance payment for maintenance, subscription, transportation and travel, and membership fees of the Company.

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 ₱
2018					
Cost:					
Balance at beginning of year	**22,625,487**	**35,702,444**	**33,046,195**	**5,420,189**	**96,794,315**
Acquisitions during the year	**1,578,645**	**9,813,424**	**4,641,054**	**19,000**	**16,052,123**
Disposal during the year	**–**	**(7,062,558)**	**(2,118,977)**	**(45,000)**	**(9,226,535)**
Balance at end of year	**24,204,132**	**38,453,310**	**35,568,272**	**5,394,189**	**103,619,903**
Accumulated depreciation:					
Balance at beginning of year	**22,123,857**	**27,518,925**	**22,954,429**	**5,404,526**	**78,001,737**
Depreciation during the year	**695,804**	**7,160,462**	**8,276,828**	**15,396**	**16,148,490**
Disposal during the year	**–**	**(7,062,558)**	**(2,118,977)**	**(45,000)**	**(9,226,535)**
Balance at end of year	**22,819,661**	**27,616,829**	**29,112,280**	**5,374,922**	**84,923,692**
Net carrying value	**1,384,471**	**10,836,481**	**6,455,992**	**19,267**	**18,696,211**
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

Acquisitions of property and equipment pertain to various office and communication equipment, furniture and fixture and leasehold improvements which were paid in cash.

In 2018, the Company disposed various property and equipment for a total consideration of ₱35,000 resulting in a gain of ₱35,000.

Depreciation is presented as part of the following accounts:

	Notes	**2018** **₱**	2017 ₱
Cost of services	16	**7,332,417**	7,022,798
Operating expenses	17	**8,816,073**	8,176,192
		16,148,490	15,198,990

Management believes that there are no indications of impairment on its property and equipment as at March 31, 2018 and 2017.

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, 2018 and 2017.

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, 2018 and 2017 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, 2018 and 2017. 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, 2018 and 2017 follows:

	2018 **₱**	2017 ₱
Current Assets	**283,508,485**	146,038,602
Noncurrent Assets	**57,612,740**	135,152,492
Current Liabilities	**71,713,728**	77,685,086
Noncurrent Liability	**1,697,415**	9,907,883
Equity	**267,710,082**	193,598,125
Revenue	**643,173,332**	899,092,434
Net profit	**58,884,263**	86,307,028

11. Intangible asset - net

The rollforward analysis of this account follows:

	Note	**2018** **₱**	2017 ₱
Cost:			
Balance at beginning of year		**1,597,970**	1,597,970
Additions during the year		**205,000**	-
Balance at end of year		**1,802,970**	1,597,970
Accumulated amortization:			
Balance at beginning of year		**1,503,345**	1,214,269
Amortization during the year	17	**155,181**	289,076
Balance at end of year		**1,658,526**	1,503,345
Net carrying value		**144,444**	94,625

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, 2018 and 2017.

12. Refundable Deposits

This account consists of:

	Note	**2018** ₱	2017 ₱
Current portion		**6,816,951**	105,000
Non-current portion		**-**	8,106,501
	18	**6,816,951**	8,211,501

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 ₱6,816,951 and ₱7,801,101 as at March 31, 2018 and 2017, respectively, and IT maintenance services amounting to ₱410,400 as at March 31, 2017.

Management believes that there are no indication of impairment on deposits as at March 31, 2018 and 2017, respectively.

13. Trade and other payables

This account consists of:

	2018 ₱	2017 ₱
Salaries payable	**16,355,760**	14,174,701
Trade payables	**5,828,750**	8,204,185
Accrued expenses	**4,913,444**	3,771,010
SSS, Philhealth and HDMF payables	**1,471,222**	1,340,639
Withholding taxes	**228,717**	1,181,738
Fringe benefit tax payable	**39,223**	31,596
	28,837,116	28,703,869

The Company had written off payable to employees amounting to ₱1,884,968 and ₱213,490 in 2018 and 2017, respectively.

Details of accrued expenses are shown below:

	2018 ₱	2017 ₱
Provision for expenses	**3,423,904**	2,567,505
Provision for leave encashment	**1,489,540**	1,203,505
	4,913,444	3,771,010

14. Related Party Transactions

The summary of the Company's outstanding balances and transactions with related parties as at and for the years ended March 31 2018 and 2017 are as follows:

Category	**Amount**	**Outstanding Balance Asset (Liability)**	**Terms/ Conditions**	**Guarantees/ Settlement/ Provisions**	**Ref/Note**
2018					
Tech- Mahindra Limited - Ultimate Parent					
Service revenue	₱423,210,795	₱43,365,593	30 days; non-interest-bearing	Unsecured; to be settled in cash; no impairment	a), b), 7
2017					
Tech Mahindra Limited - Ultimate Parent					
Service revenue	₱414,909,920	₱37,803,113	30 days; non-interest-bearing	Unsecured; to be settled in cash; no impairment	a), b), 7

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 ₱423,210,795 and ₱397,935,629 in 2018 and 2017, respectively. Outstanding receivables as of March 31, 2018 and 2017 amounted to ₱43,365,593 and ₱37,803,113, respectively.

b. 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 ₱16,974,291 in 2017. There are no domestic sales transactions in 2018.

c. Compensation of key management personnel for the years ended March 31, 2018 and 2017 is as follows:

	2018	2017
	₱	₱
Salaries	**19,821,370**	18,513,453
Allowances	**512,000**	457,500
Other employee benefits	**6,552,301**	6,612,114
	26,885,671	25,583,067
Retirement benefits cost	**1,566,285**	2,116,277

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 ₱10 par value, 950,000 ordinary shares have been issued, paid up and outstanding, amounting to ₱9,500,000 with additional paid-in capital amounting to ₱156,044 as at March 31, 2018 and 2017, 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, 2018 and 2017.

Retained Earnings

- On March 30, 2018, the Company's BOD approved the additional appropriation of ₱228 million from its current retained earnings as at March 31, 2018 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2018 until 2021. The said appropriation was approved to be reflected in the financial statements as at and for the year ended March 31, 2018. Also, on the same date, the Company's BOD approved the reversal of the appropriated retained earnings during 2016 and 2017 of ₱195 million intended for the expansion projects due to the completion of the said projects ahead of its turn-over year.

- 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 ₱118 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 ₱37 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 ₱8 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.

16. Cost of Services

This account consists of:

	Notes	**2018** ₱	2017 ₱
Personnel costs		**176,242,618**	180,900,895
IT infrastructure		**50,657,972**	45,122,273
Rent	18	**22,746,487**	22,382,036
Electricity		**9,698,254**	9,161,344
Depreciation	9	**7,332,417**	7,022,798
		266,677,748	264,589,346

Details of personnel costs are as follows:

	Note	**2018** ₱	2017 ₱
Salaries and wages and other employee benefits		**122,937,154**	126,072,526
Allowance and staff welfare costs		**31,276,322**	30,312,768
13th month pay		**10,855,337**	11,853,218
SSS, PHIC and HDMF premium contributions		**9,069,231**	9,665,395
Retirement benefits costs	19	**2,104,574**	2,996,988
		176,242,618	180,900,895

17. Operating Expenses

This account consists of:

	Notes	**2018** ₱	2017 ₱
Personnel costs		**64,705,459**	63,893,119
Rent	18	**11,191,530**	10,812,899
Depreciation and amortization	9, 11	**8,971,254**	8,465,268
Facility management services		**7,154,132**	6,978,075
Transportation and travel		**5,343,061**	4,488,960
Security services		**4,290,821**	4,206,936
Outside services		**3,623,758**	3,706,633
Repairs and maintenance		**3,399,582**	1,638,831
Trainings and recruitments		**3,110,664**	1,535,768
Communication, light and water		**2,853,206**	2,230,459
Professional fees		**1,406,612**	1,722,675
Office supplies		**713,031**	823,212
Taxes and licenses		**336,625**	111,047
Insurance		**210,431**	257,300
Bank service charge		**122,287**	70,044
IT infrastructure		**13,354**	1,396,563
Miscellaneous		**622,011**	263,700
		118,067,818	112,601,489

Miscellaneous includes subscription, freight, office management and corporate apartment expense, and fringe benefit expense.

Details of personnel costs are as follows:

	Note	**2018** ₱	2017 ₱
Salaries and wages and other employee benefits		**37,070,021**	43,040,758
Allowance and staff welfare costs		**17,605,165**	11,427,367
13th month pay		**3,970,911**	3,495,732
SSS, PHIC and HDMF premium contributions		**3,317,549**	2,850,504
Retirement benefits costs	19	**2,741,813**	3,078,758
		64,705,459	63,893,119

Depreciation and amortization are broken down as follows:

	Notes	**2018** ₱	2017 ₱
Property and equipment	9	**8,816,073**	8,176,192
Intangible asset	11	**155,181**	289,076
		8,971,254	8,465,268

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.

On July 10, 2014, the Company entered into a new lease agreement with Amberbase Solutions, Inc. for additional office space. The lease term for the office space covers two years and 2½ months from September 1, 2014 to November 15, 2016. The lease was renewed for a term of November 15, 2016 to January 31, 2020. This contract was pre-terminated effective April 9, 2018.

In 2018, the Company applied security deposit with Cornersteel Systems Corporation Amberbase Solutions, Inc. amounting to ₱136,800 and ₱1,257,750, respectively.

Total rent expense under operating lease presented as follows:

	Notes	**2018** ₱	2017 ₱
Cost of services	16	**22,746,487**	22,382,036
Operating expenses	17	**11,191,530**	10,812,899
		33,938,017	33,194,935

Advance rental amounted to ₱25,790 and ₱2,604,177 as of March 31, 2018 and 2017, respectively (see Note 8).

Rental deposits required relative to these contracts amounted to ₱6,816,951 and ₱8,106,501 as of March 31, 2018 and 2017, respectively (Note 12).

Estimated future minimum rental payments follow:

	2018 ₱	2017 ₱
Due within one year	**8,423,908**	33,764,861
Due beyond one year but less than five years	-	36,974,833
	8,423,908	70,739,694

<u>Residential units</u>

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 ₱173,159 in 2018 and ₱319,211 in 2017 (see Note 17).

Rental deposit required relative to this contract amounted to ₱105,000 as at March 31, 2018 and 2017 (see Note 12).

Advance rental amounted to ₱25,790 as of March 31, 2018 and 2017 (see Note 8).

Estimated future minimum rental payments subsequent to 2018 and 2017, until end of lease term amounted to ₱210,000 in 2018 and 2017.

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, 2018 was dated April 17, 2018.

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:

	2018	2017
Discount rate	**7.00%**	5.50%
Salary increase rate	**6.00%**	6.00%

Maturity profile of expected future benefit payments

The Company's expected future benefit payments is shown below:

	2018 **₱**	2017 ₱
Beyond one year not later than 5 years	**69,600**	87,106
Beyond 5 years (6 to 10 years)	**330,540**	558,044

The movement of the present value of defined benefit obligation follows:

	2018 **₱**	2017 ₱
Balance at beginning of year	**11,346,207**	11,396,156
Current service cost	**4,222,346**	5,477,448
Remeasurement gain on obligation	**(12,483,088)**	(6,125,695)
Interest cost	**624,041**	598,298
Balance at end of year	**3,709,506**	11,346,207

The accrued retirement benefits costs recognized in the statements of financial position as at March 31, 2018 and 2017 were determined as follows:

	2018 **₱**	2017 ₱
Present value of defined benefit obligation (DBO)	**3,709,506**	11,346,207
Less fair value of plan assets	**-**	-
	3,709,506	11,346,207

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, 2018 and 2017 were determined follows:

	Notes	**2018** **₱**	2017 ₱
Current service cost		**4,222,346**	5,477,448
Interest on defined benefit liability		**624,041**	598,298
	16, 17	**4,846,387**	6,075,746

The retirement benefit costs are broken down as follows:

	Notes	**2018** **₱**	2017 ₱
Cost of services	16	**2,104,574**	2,996,988
Operating expenses	17	**2,741,813**	3,078,758
		4,846,387	6,075,746

The movement of the cumulative remeasurement loss (gain) presented in the statements of changes in equity follows:

	2018 **₱**	2017 ₱
Balance at beginning of year	**(7,739,445)**	(1,613,750)
Actuarial loss (gain):		
Due to demographic assumptions	**(7,712,207)**	-
Due to liability experience	**(2,579,497)**	(5,436,118)
Due to liability assumption changes	**(2,191,384)**	(689,577)
	(12,483,088)	(6,125,695)
Balance at end of year	**(20,222,533)**	(7,739,445)

The movement of the accrued retirement benefit costs recognized in the statements of financial position is as follows:

	Notes	**2018** **₱**	2017 ₱
Balance at beginning of year		**11,346,207**	11,396,156
Retirement benefit expense	16, 17	**4,846,387**	6,075,746
Remeasurement gain		**(12,483,088)**	(6,125,695)
Balance at end of year		**3,709,506**	11,346,207

Amount, timing and uncertainty of future cash flows

Sensitivity analysis on defined benefit obligation follows:

		Sensitivity Analysis	Effect on DBO
Discount rate	8.00%	1.00% increase	(17.74%)
Discount rate	6.00%	1.00% decrease	22.14%
Salary increase rate	7.00%	1.00% increase	22.14%
Salary increase rate	5.00%	1.00% decrease	(18.04%)

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	2018 ₱	2017 ₱
Current tax expense		**8,708,271**	7,850,393
Deferred tax expense (benefit)	21	**17,970**	(141,873)
		8,726,241	7,708,520

The reconciliation between tax expense (benefit) and the product of accounting profit (loss) multiplied by 5% for Gross Income Tax (GIT) in 2018 and 2017 as follows:

	2018 ₱	2017 ₱
Gross Income	**162,709,554**	153,623,660
Less: Other Income subject to RCIT	**(1,919,968)**	(213,490)
Gross Income subject to GIT	**160,789,586**	153,410,170
Tax expense at 5%	**8,039,479**	7,670,509
Non-taxable income:		
Interest Income	**(8,363)**	(3,746)
Movement on unrecognized deferred tax asset	**(151,908)**	(22,240)
Remeasurement gains on retirement benefit	**271,043**	-
Tax expense at 30% RCIT	**575,990**	64,047
	8,726,241	7,708,570

The tax rate used for the 2018 and 2017 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 2017	Charged to Profit or Loss	**Balance in 2018**
Deferred Tax Liability			
Unrealized foreign exchange gain	(₱834)	(₱17,970)	**(₱18,804)**

Deferred tax assets arising from various provisions amounting to ₱347,124 as at March 31, 2018 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, 2018 and 2017, without considering the effects of credit risk mitigation techniques.

	Notes	**2018** ₱	2017 ₱
Cash and cash equivalents	6	**202,431,942**	175,769,082
Trade receivables	7	**43,365,593**	37,803,113
Refundable deposits	12	**6,816,951**	8,211,501
		252,614,486	221,783,696

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, 2018 and 2017.

	Notes	Neither past due nor impaired			Total
		High Grade	Standard Grade	Substandard Grade	
		₱	₱	₱	₱
2018					
Cash and cash equivalents	6	**202,431,942**	**-**	**-**	**202,431,942**
Trade receivables	7	**43,365,593**	**-**	**-**	**43,365,593**
Refundable deposits	12	**6,816,951**	**-**	**-**	**6,816,951**
		252,614,486	**-**	**-**	**252,614,486**
2017					
Cash and cash equivalents	6	175,769,082	-	-	175,769,082
Trade receivables	7	37,803,113	-	-	37,803,113
Refundable deposits	12	8,211,501	-	-	8,211,501
		221,783,696	-	-	221,783,696

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, 2018 and 2017 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
		₱	₱	₱	₱	₱
2018						
Cash and cash equivalents	6	**100,274,492**	**102,207,000**	**-**	**-**	**202,481,942**
Receivables - trade	7	**-**	**43,365,593**	**-**	**-**	**43,365,593**
Refundable deposits	12	**-**	**-**	**378,600**	**6,438,351**	**6,816,951**
		100,274,492	**145,572,593**	**378,600**	**6,438,351**	**252,664,486**
Trade and other payables*	13	**16,355,760**	**10,742,194**	**-**	**-**	**27,097,954**

*Excluding statutory payables amounting to P1,739,162 in 2018.

	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.

Foreign currency risk

The Company's foreign currency denominated monetary asset as of March 31, 2018 and 2017, and its Philippine Peso equivalent follows:

	Notes	2018	2017
In United States Dollar (USD or $)			
Assets			
Cash and cash equivalents	6	**$ 1,331,228**	$ 1,551,596
Receivables - trade	7	**806,091**	753,140
		2,137,319	2,304,736
Liability			
Trade and other payables	13	**10,541**	90,525
Net foreign currency denominated assets		**$ 2,126,778**	$ 2,214,211
In Philippine Peso (Php)			
Assets			
Cash and cash equivalents	6	**P 69,499,449**	P 77,880,810
Receivables - trade	7	**42,083,578**	37,803,109
		111,583,027	115,683,919
Liability			
Trade and other payables	13	**550,320**	4,543,812
Net foreign currency denominated assets		**P111,032,707**	P111,140,107

The Company's foreign currency denominated financial assets and liability are translated to Philippine Peso equivalents using an exchange rate of P52.207/$1.00 and P50.194/$1.00 as at March 31, 2018 and 2017, respectively.

Details of realized and unrealized gain (loss) are shown below:

	2018	2017
	₱	₱
Realized forex gain – net	**3,713,195**	11,477,486
Unrealized forex gain - net	**376,083**	16,684
	4,089,278	11,494,170

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, 2018.

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 2018 and 2017. The Company considers the following as its capital:

	2018 ₱	2017 ₱
Share capital	**9,500,000**	9,500,000
Additional paid-in capital	**156,044**	156,044
Retained earnings	**233,448,301**	197,532,806
Cumulative remeasurement gain on retirement benefits-net	**20,222,533**	7,739,445
	263,326,878	214,928,295

The debt to equity ratio at year-end was as follows:

	2018 ₱	2017 ₱
Debt	**27,097,954**	26,149,896
Equity	**263,326,878**	214,928,295
	10.29	12.17

25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010

The following information on taxes, duties and license fees paid or accrued during the taxable year ended March 31, 2018 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.

Output/Input VAT

In 2018, the Company has zero-rated sales amounting to ₱423,179,545. 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	₱111

Other taxes lodged under operating expenses

	₱
Business permit	**315,792**
Community tax certificate	**10,500**
Annual registration fee	**500**
Documentary stamp taxes (see item c. above)	**111**
Miscellaneous	**9,722**
	336,625

Withholding taxes

	₱
Compensation	**15,320,798**
Expanded	**2,224,696**
Fringe benefit tax	**177,483**
	17,722,977

Tax assessments and cases

The Company has no deficiency tax assessments and tax cases as at March 31, 2018.

The Company has no transactions for the year ended March 31, 2018 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 22, 2018.

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

Your Directors present their Report together with the audited accounts of vCustomer Philippines (Cebu), Inc. (vCPCI) for the year ended March 31, 2018.

Financial Results (PHP):

For the years ended	**March 31, 2018**	March 31, 2017
Revenue	**643,173,332**	899,092,434
Profit	**74,111,957**	93,386,485

Review of Operations:

For the fiscal year ended March 31, 2018, vCPCI reported revenue amounted to PHP 643,173,332, a decrease of PHP 255,919,102 over the last reporting year ended March 31, 2017. Profit for the fiscal year ended March 31, 2018 amounted to PHP 74,111,957, 21% decrease over the last reporting year.

Future Plans and Appropriations:

vCPCI made a reversal of the Appropriated Retained Earnings of PHP 175 million intended for the expansion projects. Additional appropriation of the amount of PHP 236 million from its current retained earnings as at March 31, 2018 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2018 until 2021. 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 Officer

Date: May 22, 2018

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, 2018 and 2017, 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, 2018 and 2017, 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 08-002552-15-2017, issued on June 8, 2017; effective until June 8, 2020
PTR No. A-3745357, issued on January 5, 2018, Taguig City
Taguig City, Philippines
May 22, 2018

STATEMENTS OF FINANCIAL POSITION

	Notes	As at March 31 2018 ₱	2017 ₱
ASSETS			
Current Assets			
Cash and cash equivalents	6	**P178,719,070**	P 64,196,079
Trade and other receivables	7	**62,742,507**	65,979,309
Prepaid expenses and other current assets	8	**14,779,279**	15,863,214
Refundable deposits	11	**27,267,629**	-
Total Current Assets		**283,508,485**	146,038,602
Non-current Assets			
Property and equipment - net	9	**46,302,759**	122,009,085
Intangible assets-net	10	**358,410**	558,452
Refundable deposits	11	**10,951,571**	12,584,955
Total Non-current Assets		**57,612,740**	135,152,492
		P341,121,225	P281,191,094
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**P 69,889,843**	P 77,637,240
Income tax payable	20	**1,823,885**	47,846
Total Current Liabilities		**71,713,728**	77,685,086
Non-current Liabilities			
Retirement benefit obligation	19	**1,674,007**	9,907,883
Deferred tax liability	20	**23,408**	-
Total Non-current Liabilities		**1,697,415**	9,907,883
Total Liabilities		**73,411,143**	87,592,969
Equity			
Share capital	15	**9,500,000**	9,500,000
Retained earnings			
Appropriated	15	**236,000,000**	175,000,000
Unappropriated		**2,584,771**	4,700,508
Total Retained Earnings		**238,584,771**	179,700,508
Cumulative remeasurement gain on retirement benefits - net	19	**19,625,311**	4,397,617
		267,710,082	193,598,125
		P341,121,225	P281,191,094

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	For the Years Ended March 31 2018 ₱	2017 ₱
Service Revenue	14	**P643,173,332**	P899,092,434
Cost of Services	16	**435,849,589**	648,058,878
Gross Profit		**207,323,743**	251,033,556
Operating Expenses	17	**151,727,217**	169,297,879
Income from Operation		**55,596,526**	81,735,677
Other Income - net			
Foreign exchange gain - net	21	**4,403,202**	5,048,288
Interest expense	13	**-**	(649,520)
Interest income	6	**95,279**	60,944
Other income	12	**2,494,318**	159,485
Loss on disposal of asset	9	**(390,060)**	-
		6,602,739	4,619,197
Profit Before Income Tax		**62,199,265**	86,354,874
Income Tax Expense	20	**3,315,002**	47,846
Net Income		**58,884,263**	86,307,028
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods			
Remeasurement gain on retirement benefits - net	19	**15,227,694**	7,079,457
Total Comprehensive Income		**P 74,111,957**	P 93,386,485

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

	Notes	For the Years Ended March 31 2018 ₱	2017 ₱
SHARE CAPITAL - P10 par value			
Authorized - 1,000,000 shares			
Issued and outstanding - 950,000 shares			
Balance at beginning and end of year	15	**P 9,500,000**	P 9,500,000
RETAINED EARNINGS			
Appropriated			
Balance at beginning of year	15	**175,000,000**	90,000,000
Reversal of appropriation	15	**(175,000,000)**	(42,000,000)
Appropriation for business expansion	15	**236,000,000**	127,000,000
Balance at end of year		**236,000,000**	175,000,000
Unappropriated			
Balance at beginning of year		**4,700,508**	3,393,480
Net income during the year		**58,884,263**	86,307,028
Reversal of appropriation		**175,000,000**	42,000,000
Appropriation for business expansion		**(236,000,000)**	(127,000,000)
Balance at end of year		**2,584,771**	4,700,508
Total Retained Earnings		**238,584,771**	179,700,508
CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS			
Other comprehensive gain (loss) not to be reclassified to profit or loss in the subsequent periods			
Balance at beginning of year		**4,397,617**	(2,681,840)
Remeasurement gain during the year	19	**15,227,694**	7,079,457
Balance at end of year		**19,625,311**	4,397,617
		P267,710,082	P193,598,125

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

	Notes	For the Years Ended March 31 2018 ₱	2017 ₱
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 62,199,265**	P 86,354,874
Adjustments for:			
Depreciation and amortization	9, 10	**87,008,186**	92,253,636
Retirement benefits costs	19	**6,993,818**	9,586,486
Provision for deficiency taxes	17	**2,765,524**	-
Write off of payables	12	**(2,494,318)**	(159,485)
Loss on disposal of asset	9	**390,060**	-
Interest income	6	**(95,279)**	(60,944)
Unrealized foreign exchange (gain) - net	21	**(468,151)**	44,978
Interest expense	13	**-**	649,520
Net profit before working capital changes		**156,299,105**	188,669,065
Changes in operating assets and liabilities:			
Decrease (Increase) in:			
Trade and other receivables	7	**3,399,603**	316,060
Prepaid expenses and other current assets	8	**1,083,935**	(9,911,079)
Refundable deposits	11	**(25,634,245)**	(233,071)
Decrease in:			
Trade and other payables	12	**(8,018,423)**	(22,171,345)
Cash generated from operations		**127,129,795**	156,669,630
Interest paid	13	**-**	(649,520)
Income tax paid		**(1,515,555)**	(243,738)
Interest received	6	**95,279**	60,944
Net cash generated from operating activities		**125,709,519**	155,837,316
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	9	**(11,493,378)**	(21,030,854)
Additions to intangible assets	10	**-**	(600,128)
Proceeds from sale of property and equipment	9	**1,500**	-
Net cash used in investing activities		**(11,491,878)**	(21,630,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans	13	**-**	(107,585,334)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**305,350**	58,021
NET INCREASE IN CASH AND CASH EQUIVALENTS		**114,522,991**	26,679,021
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	**64,196,079**	37,517,058
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**P178,719,070**	P 64,196,079

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, 2018 AND 2017

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.

<u>Registration with the Philippine Economic Zone Authority (PEZA)</u>

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. Effective July 1, 2017, the Company's ITH lapsed. Starting July 1, 2017, the Company's PEZA registered activities are subject to 5% GIT in lieu of all taxes while their PEZA registered activities in the EBLOC office remain subject to ITH.

<u>Authorization for the issuance of financial statements</u>

The Company's financial statements as at and for the years ended March 31, 2018 and 2017 were authorized for issue by the Board of Directors (BOD) on May 22, 2018.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

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 2017

The Company adopted all applicable accounting standards and interpretations as at March 31, 2018. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines were adopted by the Company and were assessed as not applicable and have no impact on the Company's financial statements.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2018

The Company will adopt the following PFRS once these become effective:

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.

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.

Future adoption of these amendments have no impact on the Company's financial statements since it has no activities that are predominantly connected with insurance or issue insurance contracts.

PFRS 9, *Financial Instruments (2014)*

This standard consists of the following three phases:

<u>Phase 1: Classification and measurement of financial assets and financial liabilities</u>

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 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. 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 Management is still evaluating the impact of the new accounting standard on the Company's current revenue recognition and plans to adopt the new standard on the required date.

Amendments to PFRS 15, *Clarifications to PFRS 15*

The amendments in the standard addresses three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.
- Clarification on how to assess control in in determining whether a party providing goods or services is a principal or an agent
- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The Management is still evaluating the impact of the new accounting standard on the Company's current revenue recognition and plans to adopt the new standard on the required date.

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.

The interpretation is effective on the same date as the effective date of PFRS 15, Revenue from Contracts with Customers.

The Management does not anticipate that the application of the new accounting standard will have a significant impact on the Company's financial statements as the Company does not sell any residential properties.

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.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

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 permitted only if PFRS 15, Revenue from Contracts with Customers, is also 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.

Annual *Improvements to PFRSs 2014-2017 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 PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss 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 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.

Future adoption of these amendments have no impact on the Company's financial statements as the Company is neither a first time adopter of IFRS nor a venture capital organization. Furthermore, the Company does not have any associate or joint venture that is an investment entity.

Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) 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 Interpretation 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 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.

New Accounting Standards Effective after the Reporting Period Ended March 31, 2018 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy

The Company will adopt the following once these standards become effective.

PFRS 9, *Prepayment Features with Negative Compensation*

The amendments include:

Changes regarding symmetric prepayment options

Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The final amendments also contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The future adoption of the standard will not have an impact on the Company's financial statements.

PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments are:

Clarification that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019. 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 investments in associates and joint ventures.

IFRIC 23, *Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, Income Taxes.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.
- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The Management is still evaluating the impact of the new Interpretation on the Company's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

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 deducted from 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 non-financial 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 2018 and 2017 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, 2018 and 2017. The carrying value of receivables amounted to P62,742,507 and P65,979,309 as at March 31, 2018 and 2017, respectively as disclosed in Note 7. Refundable deposits amounted to P38,219,200 and P12,584,955 as at March 31, 2018 and 2017, 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, 2018 and 2017 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 P1,674,007 and P9,907,883 and as at March 31, 2018 and 2017, 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, 2018 and 2017 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:

	2018 ₱	2017 ₱
Cash on hand	**40,000**	40,000
Cash in banks	**76,472,070**	39,059,079
Time deposits	**102,207,000**	25,097,000
	178,719,070	64,196,079

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 2018 and 2017.

Interest income on cash and cash equivalents amounted to P95,279 and P60,944 in 2018 and 2017, respectively.

7. TRADE AND OTHER RECEIVABLES

This account consists of:

	Note	**2018** ₱	2017 ₱
Trade	14	**61,935,568**	65,077,976
Advances to employees		**501,649**	901,333
Others		**305,290**	-
		62,742,507	65,979,309

The average credit period on sales of services is 60 days. No interest is charged on the receivables.

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.

Receivables arise from related party transactions as disclosed in Note 14.

Others pertain to claims for refund from supplier to be applied in subsequent billings in 2019.

There were no receivables pledged or used as collateral for the Company's liabilities as at March 31, 2018 and 2017.

The Management believes that the amount of trade and other receivables are fully collectible, hence, no allowance for doubtful accounts are recognized.

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

This account consists of:

	2018 ₱	2017 ₱
Prepaid insurance	**8,753,656**	10,390,047
Others	**6,025,623**	5,473,167
	14,779,279	15,863,214

Others consist of payments for maintenance fees, membership dues and advertising in 2018 and insurance, maintenance fees and over remittance of payroll taxes in 2017.

9. PROPERTY AND EQUIPMENT - net

The movement analysis of this account follows:

	Office equipment ₱	Communication equipment ₱	Leasehold improvements ₱	Furniture and fixtures ₱	Total ₱
2018					
Cost:					
Balance at beginning of year	**100,565,399**	**48,999,686**	**144,647,877**	**15,788,732**	**310,001,694**
Acquisitions	**5,091,320**	**6,402,058**	**-**	**-**	**11,493,378**
Disposal	**(451,485)**	**(951,680)**	**(614,127)**	**-**	**(2,017,292)**
Balance at end of year	**105,205,234**	**54,450,064**	**144,033,750**	**15,788,732**	**319,477,780**
Accumulated depreciation:					
Balance at beginning of year	**60,822,183**	**30,850,604**	**82,814,234**	**13,505,588**	**187,992,609**
Depreciation	**28,597,510**	**12,858,387**	**43,069,103**	**2,283,144**	**86,808,144**
Disposal	**(401,106)**	**(951,680)**	**(272,946)**	**-**	**(1,625,732)**
Balance at end of year	**89,018,587**	**42,757,311**	**125,610,391**	**15,788,732**	**273,175,021**
Net carrying value	**16,186,647**	**11,692,753**	**18,423,359**	**-**	**46,302,759**
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

The disposal during the year pertains to various Company asset for a total consideration of P1,500 which resulted to a loss of P390,060.

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	**2018** ₱	2017 ₱
Cost of services	16	**82,563,862**	88,041,870
Operating expense	17	**4,244,282**	4,168,034
		86,808,144	92,209,904

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:

	Note	**2018** **₱**	2017 ₱
Cost:			
Beginning Balance		**680,468**	80,340
Additions		**-**	600,128
Balance at year end		**680,468**	680,468
Accumulated amortization:			
Balance at beginning of year		**122,016**	78,284
Amortization during the year	17	**200,042**	43,732
Balance at end of year		**322,058**	122,016
Net carrying value		**358,410**	558,452

The amortization is presented as part of operating expense amounting to P200,042 and P43,732 in 2018 and 2017, respectively, as disclosed in Note 17.

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	**2018** **₱**	2017 ₱
Rental deposits	18	**10,476,091**	12,109,475
Utilities deposits		**475,480**	475,480
Others		**27,267,629**	-
		38,219,200	12,584,955
Less: Current portion		**27,267,629**	-
		10,951,571	12,584,955

Others include a deposit with a guaranty corporation amounting to P27,092,981 as a surety bond advised by Department of Labor and Employment (DOLE) – National Labor Regulations Commission (NLRC) in 2018.

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:

	2018 **₱**	2017 ₱
Trade payables	**18,445,929**	20,239,006
Salaries payable	**37,229,847**	46,021,483
Accrued expenses	**12,073,833**	8,293,425
SSS, Philhealth and HDMF payables	**2,023,355**	2,943,098
Withholding taxes	**116,879**	140,228
	69,889,843	77,637,240

The Company had written off payable to employees amounting to P2,494,318 and P159,485 as at March 31, 2018 and 2017, respectively.

Details of accrued expenses are shown below:

	2018 ₱	2017 ₱
Provision for expenses	**7,611,898**	5,258,223
Provision for leave encashment	**1,696,411**	3,035,202
Provision for deficiency taxes	**2,765,524**	-
	12,073,833	8,293,425

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 in 2017.

14. RELATED PARTY TRANSACTIONS

The summary of the Company's transactions and outstanding balances with related parties as at and for the years ended March 31, 2018 and 2017 are as follows:

Category	**Amount** ₱	**Outstanding Balance Asset (Liability)** ₱	**Terms and Condition**	**Guaranty/ Settlement/ Provision**	**Ref/Note**
2018					
Tech Mahindra Limited - Ultimate Parent					
Service revenue	643,173,332	61,935,568	30 days; noninterest-bearing	Unsecured; to be settled in cash; no impairment	a), b), 7
2017					
Tech Mahindra Limited - Ultimate Parent					
Service revenue	899,092,434	65,077,976	30 days; noninterest-bearing	Unsecured; to be settled in cash; no impairment	a), b), 7

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 P643,173,332 in 2018 and P827,286,378 in 2017. Outstanding receivables as at March 31, 2018 and 2017 amounted to P61,935,568 and P65,077,976, respectively. There are no outstanding payables as at March 31, 2018.

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 P71,806,056 in 2017. There are no domestic sales for 2018.

c. Compensation of key management personnel for the years ended March 31, 2018 and 2017 is as follows:

	Note	**2018** ₱	2017 ₱
Salaries		**12,791,633**	17,839,150
Allowance		**417,000**	606,305
Other employee benefits		**4,127,299**	5,825,646
		17,335,932	24,271,101
Retirement benefits costs	19	**1,298,259**	950,888

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, 2018 and 2017.

b. Retained earnings

- On March 30, 2018, the Company's BOD approved the additional appropriation of P236 million from its current retained earnings as at March 31, 2018 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2018 until 2021. The said appropriation shall be reflected in the financial statements as at and for the year ended March 31, 2018. Also, on the same date, the Company's BOD approved the reversal of the appropriated retained earnings during 2016 and 2017 of P175 million intended for the expansion projects.

- 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.

17. COST OF SERVICES

This account in consists of:

	Notes	**2018** ₱	2017 ₱
Personnel costs		**267,699,041**	478,443,962
Depreciation	9	**82,563,862**	88,041,870
Rent	18	**39,558,121**	38,247,104
IT infrastructure		**32,863,769**	29,737,423
Electricity		**13,164,796**	13,588,519
		435,849,589	648,058,878

Details of personnel costs are as follow:

	Note	**2018**	2017
		₱	₱
Salaries, wages and other employee benefits		**173,652,552**	288,471,143
Allowances and staff welfare costs		**60,826,335**	128,712,874
SSS, PHIC and HDMF premium contributions		**15,748,883**	27,624,521
13th month pay		**13,707,902**	27,193,245
Retirement benefits costs	19	**3,763,369**	6,442,179
		267,699,041	478,443,962

17. OPERATING EXPENSES

This account consists of:

	Notes	**2018**	2017
		₱	₱
Personnel costs		**92,097,971**	114,228,128
Facility management services		**15,299,679**	14,986,794
Security services		**9,630,575**	9,965,715
Professional fees		**5,384,815**	2,153,786
Repairs and maintenance		**5,368,787**	674,518
Depreciation and amortization	9, 10	**4,444,324**	4,211,766
Transportation and travel		**3,479,912**	1,433,054
Trainings and recruitment		**3,318,644**	8,606,583
Provision for deficiency taxes		**2,765,524**	-
Rent	18	**2,132,662**	1,829,673
Communication, light and water		**2,117,026**	1,529,844
Office supplies		**1,760,309**	2,981,979
IT infrastructure		**1,543,076**	1,383,780
Outside services		**1,133,130**	3,709,980
Insurance		**695,719**	599,668
Taxes and licenses		**204,078**	70,250
Bank service charge		**82,425**	121,681
Miscellaneous		**268,561**	810,680
		151,727,217	169,297,879

Miscellaneous include office management, postage and courier, and membership fees.

Details of personnel costs are as follow:

	Note	**2018**	2017
		₱	₱
Salaries, wages and other employee benefits		**68,656,041**	82,543,025
Allowance and staff welfare costs		**11,605,432**	18,139,151
13th month pay		**4,396,668**	5,159,905
SSS, PHIC and HDMF premium contributions		**4,209,381**	5,241,740
Retirement benefits costs	19	**3,230,449**	3,144,307
		92,097,971	114,228,128

Depreciation and amortization are broken down as follow:

	Notes	**2018**	2017
		₱	₱
Property and equipment	9	**4,244,282**	4,168,034
Intangible assets	10	**200,042**	43,732
		4,444,324	4,211,766

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	**2018** **₱**	2017 ₱
Cost of services	16	**39,558,121**	38,247,104
Operating expenses	17	**2,132,662**	1,829,673
		41,690,783	40,076,777

Rental deposits relative to these contracts amounted to P10,476,091 and P12,109,475 as at March 31, 2018 and 2017, respectively, as disclosed in Note 11.

Estimated future minimum rental payments follow:

	2018 **₱**	2017 ₱
Due within one year	**43,384,242**	41,691,315
Due beyond one year but less than five years	**165,018,910**	176,515,773
Due beyond five years	**47,870**	31,935,249
	208,451,022	250,142,337

19. RETIREMENT BENEFITS COSTS

The Company does not have an established formal retirement plan as at March 31, 2018 and 2017 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, 2018 was dated April 17, 2018. The principal actuarial assumptions used to determine retirement benefits were as follows:

<u>Regulatory framework in which the retirement plan operates</u>

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.

<u>Responsibilities of trustee</u>

Since the Company does not have a formal, trusteed Retirement Plan, there are no Trustees yet.

<u>Description of plan characteristics and associated risks</u>

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:

	2018	2017
Discount rate	**7.00%**	5.50%
Salary increase rate	**6.00%**	6.00%

Maturity profile of expected future benefit payments

The Company’s expected future benefit payments is shown below:

	2018 **₱**	2017 ₱
Beyond five years (6 to 10 years)	**275,737**	981,587

The movement of the present value of defined benefit obligation (DBO) follows:

	2018 **₱**	2017 ₱
Balance at beginning of year	**9,907,883**	7,400,854
Current service cost	**6,947,158**	9,197,941
Remeasurement gain	**(15,227,694)**	(7,079,457)
Interest cost	**538,298**	388,545
Curtailments	**(491,638)**	-
Balance at end of year	**1,674,007**	9,907,883

The accrued retirement benefits costs recognized in the statements of financial position as at March 31, 2018 and 2017 was determined as follows:

	2018 **₱**	2017 ₱
Present value of defined benefit obligation (DBO)	**1,674,007**	9,907,883

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, 2018 and 2017 were determined as follows:

	Notes	**2018** **₱**	2017 ₱
Current service cost		**6,455,520**	9,197,941
Interest on net defined benefit liability		**538,298**	388,545
	16, 17	**6,993,818**	9,586,486

The retirement benefits costs are broken down as follows:

	Notes	**2018** **₱**	2017 ₱
Cost of services	16	**3,763,369**	6,442,179
Operating expenses	17	**3,230,449**	3,144,307
		6,993,818	9,586,486

The movement of cumulative remeasurement loss presented in the statements of changes in equity follows:

	2018 **₱**	2017 ₱
Balance at beginning of year	**(4,397,617)**	2,681,840
Actuarial gain:		
Due to liability assumption changes	**(4,543,466)**	(6,360,988)
Due to liability experience	**(10,684,228)**	(718,469)
	(15,227,694)	(7,079,457)
Balance at end of year	**(19,625,311)**	(4,397,617)

The movement of the accrued retirement benefit costs recognized in the statements of financial position is as follows:

	Notes	**2018** **₱**	2017 ₱
Balance at beginning of year		**9,907,883**	7,400,854
Retirement benefit expense	16, 17	**6,993,818**	9,586,486
Remeasurement gain		**(15,227,694)**	(7,079,457)
Balance at end of year		**1,674,007**	9,907,883

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	8.00%	1% increase	(19.81%)
Discount rate	6.00%	1% decrease	25.43%
Salary increase rate	7.00%	1% increase	25.43%
Salary increase rate	5.00%	1% decrease	(20.14%)

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 Company's sales transactions for tax purposes are classified as tax exempt under the PEZA income tax holiday and under the special rate of 5% of gross income.

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 components of income tax expense charged to profit or loss are as follows:

	2018 **₱**	2017 ₱
Current income tax expense	**3,291,594**	47,846
Deferred tax expense (benefit)	**23,408**	-
	3,315,002	47,846

The reconciliation between tax expense (benefit) and the product of accounting profit (loss) multiplied by the 5% for Gross Income Tax (GIT) in 2018 is as follows:

	2018 **₱**
Gross income	**214,318,042**
Less: Other income subject to RCIT	**(2,495,818)**
Gross income subject to GIT	**211,822,224**
Tax expense at 5%	**10,591,111**
Nontaxable income subject to tax holiday	**(8,208,259)**
Nontaxable income subject to final tax	**(4,764)**
Tax expense subject to 30% RCIT	**748,746**
Nondeductible expense	**188,168**
Balance at end of year	**3,315,002**

The reconciliation between tax expense and the product of accounting profit multiplied by the 30% in 2017 is as follows:

	2017 ₱
Accounting profit	86,354,874
Tax expense at 30%	25,906,462
Income subject to income tax holiday	(25,840,333)
Income subject to final tax	(18,283)
Balance at end of year	47,846

The current income tax of P3,291,594 in 2018 represents the gross income tax (GIT) at a special rate of 5% and other income, which composed of sale of scrap and write-off of salaries payable in 2018 amounting to P1,500 and P2,494,138.

The deferred tax liability arising from the unrealized foreign exchange gains amounting to P23,408 is recognized by the Company in 2018.

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, 2018 and 2017, without considering the effects of credit risk mitigation techniques.

	Notes	**2018** ₱	2017 ₱
Cash and cash equivalents	6	**178,679,070**	64,156,079
Trade receivables	7	**61,935,568**	65,077,976
Refundable deposits	11	**38,219,200**	12,584,955
		278,833,838	141,819,010

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.

d. Credit quality of financial assets

Below is the credit quality by class of financial assets as at March 31, 2018 and 2017.

		Neither past due nor impaired			
	Notes	**High Grade ₱**	**Satisfactory Grade ₱**	**Low Grade ₱**	**Total**
2018					
Cash and cash equivalents	6	**178,679,070**	**-**	**-**	**178,679,070**
Receivables	7				
Trade		**61,935,568**	**-**	**-**	**61,935,568**
Refundable deposits	11	**38,219,200**	**-**	**-**	**38,219,200**
		278,833,838	**-**	**-**	**278,833,838**

	Notes	Neither past due nor impaired High Grade ₱	Satisfactory Grade ₱	Low Grade ₱	Total
2017					
Cash and cash equivalents	6	64,156,079	-	-	64,156,079
Receivables	7				
Trade		65,077,976	-	-	65,077,976
Refundable deposits	11	12,584,955	-	-	12,584,955
		141,859,010	-	-	141,819,010

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.

e. 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, 2018 and 2017 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 ₱
2018						
Cash and cash equivalents	6	**76,512,070**	**102,207,000**	**-**	**-**	**178,719,070**
Receivables						
Trade	7	**-**	**61,935,568**	**-**	**-**	**61,935,568**
Refundable deposits	11	**-**	**-**	**10,938,752**	**27,280,448**	**38,219,200**
		76,512,070	**164,142,568**	**10,938,752**	**27,280,448**	**278,873,838**
Trade and other payables*	12	**18,445,929**	**46,538,156**	**-**	**-**	**64,984,085**

*Excluding non-financial liabilities amounting to P4,905,758.

	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	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 non-financial liabilities amounting to P3,083,326.

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, 2018.

	Increase (decrease) in interest peso rate	**Increase (decrease) in profit before income tax**
2018	+0.09	(₱ 57,256)
	-0.09	57,256

Foreign currency risk

The Company's foreign currency denominated monetary assets and liabilities as at March 31, 2018 and 2017, and its Philippine Peso equivalent follows:

	Notes	**2018**	2017
In United States Dollar (USD or $)			
Assets			
Cash and cash equivalents	6	**$ 1,584,363**	$ 741,834
Receivables – trade	7	**1,186,346**	1,296,529
		2,770,709	2,038,363
Liabilities			
Trade and other payables	12	**20,962**	25,172
		20,962	25,172
Net foreign currency denominated assets		**$ 2,749,747**	$ 2,013,191
In Philippine Peso (P)			
Assets			
Cash and cash equivalents	6	**P 82,714,820**	P 37,235,619
Receivables - trade	7	**61,935,568**	65,077,976
		144,650,388	102,313,595
Liabilities			
Trade and other payables	12	**1,094,363**	1,263,477
		1,094,363	1,263,477
Net foreign currency denominated assets		**P143,556,025**	P101,050,118

The Company's foreign currency denominated monetary assets and liability are translated to Philippine Peso equivalents using an exchange rate of P52.207/$1.00 and P50.194/$1.00 as at March 31, 2018 and 2017, respectively.

	2018 ₱	2017 ₱
Realized gain	**3,935,051**	5,093,266
Unrealized foreign exchange gain (loss)	**468,151**	(44,978)
	4,403,202	5,048,288

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, 2018.

Increase (decrease) in foreign currency	Effect on profit before tax Increase (decrease)	Effect on equity Increase (decrease)
+0.07%	P4,353,949	P5,203,225
(0.07%)	(4,353,949)	(5,203,225)

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 2018 and 2017.

The Company considers the following as its capital:

	2018 ₱	2017 ₱
Share capital	**9,500,000**	9,500,000
Retained earnings	**238,584,771**	179,700,508
Cumulative remeasurement gain on retirement benefits	**19,625,311**	4,397,617
	267,710,082	193,598,125

The debt to equity ratio at year-end was as follows:

	2018 ₱	2017 ₱
Debt	**64,984,085**	74,553,914
Equity	**267,710,082**	193,598,125
	0.24	0.39

25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NOS. 15-2010

The following supplementary information are presented for purposes of filing with the BIR and are not required part of the basic financial statements.

Output VAT

In 2018, the Company has zero-rated sales amounting to P643,173,332. In accordance with pertinent tax laws and revenue regulations, zero-rated sale of services consists of export sales.

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid or accrued are as follows:

Business permit	₱189,987
BIR and PEZA registration, community tax certificate and others	14,091
	₱204,078

Withholding taxes

Details of the Company's withholding taxes paid or accrued during the year are as follows:

Withholding taxes on compensation	₱10,557,028
Expanded withholding taxes	3,258,958
Fringe benefit	296,651
	₱14,112,637

Open cases

On December 14, 2017, the Company received a letter of authority from the BIR dated December 11, 2017 to examine the books of accounts and other accounting records for the taxable year 2016. On March 15, 2018, the Company received an initial assessment on the tax delinquency. Accordingly, accrual for the tax liability was made as at March 31, 2018.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved and authorized for issuance by the Board of Directors on May 22, 2018.

SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED

Board of Directors
Mr. Shivanand Raja - Chairman w.e.f. 20th April, 2018
Mr. Jayaraman Ganapathy - Director
Mr. Karthikeyan Natarajan - Director
Mr. Rakesh Soni- Director
Mr. V. Venkata Kumar Raju - Director
Ms. Indira Suresh- Director - w.e.f. 16th May, 2018
Mr. Subramanyam Reddy Chelikam - Independent Director
Mr. Venkateswarlu Jonnalagadda- Independent Director
Mr. C. P. Gurnani- Chairman (upto 20th April, 2018)
Ms. Sucharita Palepu - Director (upto 20th April, 2018)

Committees of the Board
Audit Committee
Mr. Venkateswarlu Jonnalagadda, Chairman
Mr. Subramanyam Reddy Chelikam
Mr. V. Venkata Kumar Raju

Nomination and Remuneration Committee
Mr. Rakesh Soni, Chairman
Mr. Shivanand Raja
Mr. Venkateswarlu Jonnalagadda
Mr. Subramanyam Reddy Chelikam

Corporate Social Responsibility Committee
Mr. Shivanand Raja, Chairman
Mr. Jayaraman Ganapathy
Mr. V. Venkata Kumar Raju
Mr. Venkateswarlu Jonnalagadda

Chief Executive Officer
Mr. Rao S. Vadlamudi

Company Secretary
Ms. Aradhana Rewatkar

Auditors
M/s. M. Bhaskara Rao & Co., Chartered Accountants
5-D, Fifth Floor, ‘Kautilya’
6-3-652, Somajiguda
Hyderabad - 500082

Bankers
ICICI Bank Limited
HSBC Bank Limited
Kotak Mahindra Bank Limited

Registered Office:
1-8-301-306, 3rd Floor, Ashoka MyHome Chambers,
S. P Road, Secunderabad- 500 003,
Telangana, INDIA

DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting the Eighteenth Annual Report together with audited Statement of Accounts of the Company for the year ended March 31, 2018.

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	**2017-18**	**2016-17**
Income	**3,256.99**	3,464.70
Other Income	**123.45**	49.70
Total Income	**3,380.44**	3,514.48
Operating Profit (EBITDA)	**474.22**	544.82
Operating Margin	**14.56%**	15.72%
Depreciation	**80.89**	72.78
EBT	**396.80**	491.90
Net Income (PAT)	**249.36**	435.25
Current Tax	**176.2**	166.70
Tax relating to earlier years	**(32.99)**	(123.21)
Deferred Tax	**4.23**	13.07
Cash & Cash Equivalents	**217.90**	211.84
Long Term Debt	**-**	-
Capital Expenditure	**79.73**	74.88

Business Overview

During the year under review, the Company secured business orders from 13 new Customers. Company has faced several challenges in global markets, such asprogram cancellations by a few Customers, preference for local hires in the USA, resource issues related to ANÜ placements in Germany. The Company has successfully retained all its Customers, renewed contracts and acquired new businesses. On the strength of quality of services and value addition, the Company was able to expand the size of existing engagements with key Customers. The Company conducted the Customer Satisfaction Survey and secured a good score of 4.1 out of 5.

The Company recorded a growth of 4.5% (USD) in the consolidated financials for the year under review.

The Company's focus on newer areas, such as, Mechatronics, Digital Manufacturing, Light weighting, Powertrain is resulting in increased revenue prospects from current customers and new prospects. While several Proof-of-Concepts (POCs) are in progress in these areas, revenue generation from Mechatronics area has started with couple of large customers. Customers are very appreciative of the focus being brought in by Satven in these new technology areas, and Satven is working on several customer centric projects as own initiatives. Satven is also actively working with a German OEM in establishing a full lifecycle engagement involving Design, Simulation and Testing Services. Value Engineering Project done in the newer area of Automatic Transmission for a global Tier-1 is well appreciated by the Senior Engineering Management of the customer. Satven also successfully developed competencies in Body & Closure benchmarking and testing by actively collaborating with a Global OEM in India.

There was a significant increase in the Company's engagement with new customers & business opportunities as below:

- Expanded work with a large OEM in China in the area of CAE. Selected as supplier for Powertrain Design services as well.
- Initiated penetration in the Korean market by winning business from a large Lighting customer. Extended support in Korea to one of the existing global Tier-1 as well.
- Initiated consultancy in the area of Powertrain, Interior and other Systems for Chinese market through the collaboration with a larger consulting Company in China.
- Initiated discussions for engagement with a Global OEM for support in Mexico. Qualified for bidding for a few RFQs and pursing further business opportunities in FY19.

The Company organized various Associate connect and “Health & Wellness” awareness sessions and health checks for its Associates across several locations.

During the year under review, 298 Associates were added globally. Associate attrition during the year was 9.7%. 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 “3-Box Initiative” by Change School, UK.

Satven is recipient of ET NOW – HR Leadership Award for “Best Talent Management Strategy”, during World HRD Congress, 16th Feb 2018, Mumbai, India. The World HRD Congress is one of the largest rendezvous of HR professionals and an annual iconic event where Leaders in the area of Human Resources Management & Organisation Development from all over the globe converge.

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 on 6th December 2017.
- Co-sponsored ‘Advanced Lighting for Automotive 2017’ Conference held in Michigan USA from 22nd to 24th May 2017. This event helped Satven enhance its brand value and created interest amongst lighting manufacturers for possible collaboration.
- Participated in the “2017 SAE World Congress” held in Detroit from 4th to 6th April, 2017.

Europe

- Participated in the “Stuttgart Global Automotive Components and Supplier Expo” (GACS), Germany from 20th to 22nd June 2017. Automotive Component Manufacturers across the globe were also at the Expo to showcase their latest technologies and products.

APAC

- Participated in ‘India-Japan Business Partnership Seminar’ organized by JETRO in Hyderabad on 7th March, 2018.
- Participated in ‘Auto Expo 2018 – The Motor Show’ organized jointly by ACMA, CII and SIAM between 9th to 14th February, 2018 in Greater Noida.
- Participated in ‘Global Automotive Lightweight Forum 2018’ held in Shanghai, China from 17th to 18th January, 2018. One Senior Project Manager represented Satven and presented highlights of Satven’s initiatives on automotive light weighting.
- Satven team from Digital Manufacturing and Mechatronics areas attended CII Conference on ‘Advanced Mechatronics - Precursor to Industry 4.0’ on 16th February, 2018 at Chennai, India.
- Presented paper on the applications of impact mechanics in Automotive Engineering at a Workshop which was organized by ISAM (The Indian Society for Applied Mechanics, part of IIT-Madras) at RCI-DRDO, Hyderabad from 14th to 16th February, 2018.
- Presented a paper titled “ANSA – An Efficient CFD Pre-Processing Tool for Geometry Clean-up of Complex Infotainment Switches” at the India Open Meeting (IOM 2018) in Bengaluru on 1st March, 2018.
- Participated in Humanetics India 1st CAE Users Conference at Bangalore on 21st February, 2018.
- Participated in International Conference on Composite Materials and Structures (ICCMS) held in Hyderabad from 27th to 29th December, 2017. This Conference, organized by IIT Hyderabad, brought forth the latest trends and technologies related to composite materials and structures for applications in various segments of industry.
- Presented two papers in the ‘SAFE ROADS INDIA SUMMIT 2017’ held in Delhi in December, 2017. The theme was ‘Child Safety & Vulnerable Road Users on Indian Roads’.
- Co-sponsored the 7th International Conference & Exhibition “Telematics India 2017”, held on 17th to 18th August, 2017 in Pune. The event was jointly organized by NASSCOM COE IoT & Telematics Wire.

- Co-sponsored NASSCOM Engineering Summit, held on 21st & 22nd September, 2017 in Bangalore.
- Presented paper on the automation of complex pre-processing steps related to simulation of steering gear assemblies at the 'India Altair Technology Conference 2017' held on 1st & 2nd August, 2017 in Chennai.
- Participated in Japan Society of Automotive Engineers convention held in Nagoya, Japan between 28th and 30th June, 2017. The event attracted many OEMs and Tier-1 suppliers from Aichi prefecture where the event was held but also from across other regions of Japan and rest of the world.

Future Prospects

For long term sustenance and growth, the Company plans to develop more Offsite Engineering Centers in developed markets and expand presence in Mexico and Korea. 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 and this will put the Company on right path towards supporting autonomous and electric cars development.

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 2018-19.

Subsequent to enforcement of The Companies (Amendment) Act, 2017, the requirement for ratification of appointment of Auditors is not required.

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 Note No. 30.2 and 31 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 and efficient conduct of the business, including adherence to the Company's policies, the safe guarding of assets, the prevention and detection of frauds and errors, the accuracy and 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. 2017-18 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. 2018-19.

Pursuant to the provisions of Section 152(6) (c) of the Companies Act 2013, Mr. Shivanand Raja & Mr. Rakesh Soni, Directors, are liable to retire by rotation and being eligible, offer themselves for reappointment.

Meetings of the Board

During the year ended 31st March, 2018, five Board Meetings were held on, 21st April, 2017, 19th July, 2017, 17th October, 2017, 19th January, 2018 & 20th March, 2018 respectively. The intervening gap between the meetings was as prescribed under the Companies Act, 2013.

Key Managerial Personnel

The provisions of Section 203 of the Companies Act 2013 for appointment of Key Managerial Personnel are not applicable to your company by virtue of Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.

Internal auditor

Pursuant to Sec 138 of the Companies Act, 2013, the Company had appointed Mr. J. S. S. Sivarama Prasad, Chartered Accountants as the Internal Auditors of the Company.

Board Evaluation

Pursuant to the provisions of Sec 178 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014, the Directors have reviewed the performance of the Board for F.Y. 2017-18.

Remuneration Policy

The Board upon the recommendations 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, Books Donation, Organ Donation Pledging, 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 has developed its risk assessment framework and is being implemented under the ISO standards and IFC framework.

The Company's risk management is also 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:

- Disposal of e-waste through Government authorized Agency.
- Environmental Awareness and Waste Segregation session by "Green Peace" on 2nd November 2017.
- A session on air and soil pollution by "Green Peace" on 9th June 2017.

Prevention of Sexual Harassment Policy

The Company has Prevention of 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 complaint 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

Section 197 (12) of the Companies Act, 2013, read with the Companies (Remuneration of Managerial Personnel) Rules 5, 2013 are not applicable for your Company.

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 'F**'

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 'G'**.

The disclosures made at point no. 8 and 12 in the Secretarial Audit Report are self-explanatory.

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:

- Implemented LED lighting systems to optimize power consumption.
- Identification and replacement of low efficient computers and peripherals.
- 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 computers and peripherals.

B. Technology Absorption: The Company has continued its endeavor to adopt technologies for its services to meet the requirements of a globally competitive market. The Company is compliant with the prevalent regulatory norms. Company also develops the technology which is registered as patents by the Customers. The Company also participates in various global automotive forums to acquaint with the latest trends in the technology areas. Company has kick started several technology initiatives under "3-Box framework". Some of these initiatives are Mechatronics, Digital Manufacturing, Powertrain, interior and exterior program management, Light weighting and bundled services. These initiatives are providing additional revenue streams to the Company apart from higher visibility in the market.

Mechatronics: Integration of electronics with mechanical systems to support e-Mobility & autonomous cars

Digital Manufacturing: Digital factory to reduce vehicle launch time, increase productivity, and reduce costs

Powertrain: To enhance the efficiency of powertrain components such as, engine and transmission

Interiors & Exteriors: Program level support: To reduce PD cycle time by providing end to end support (Concept->Design->Virtual Validation-> Prototype & Physical testing->Design Release)

Light-Weighting: To improve fuel efficiency, reduce carbon emissions & improve range of electric vehicles

Bundling of CAD, CAE & Testing services: Complete product solutions under one roof with higher product accountability

During the last three years, the Company did not import any technology.

No cost has been incurred towards **Research and Development**

C. Foreign Exchange Earnings and outgo

(₹ in Million)

		March 31, 2018	March 31, 2017
i)	Foreign Exchange Earnings	**2,360.88**	2,629.21
ii)	Foreign Exchange outgo	**1,507.20**	1,791.57

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

Place: Hyderabad

Date: June 27, 2018

Shivanand Raja
Chairman

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

Shivanand Raja
Chairman

Place: Hyderabad
Date: June 27, 2018

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: ₹ 326,354,946/-
4. Prescribed CSR Expenditure (two percent of the amount as an item 3 above) ₹ 6,527,099/-
5. Details of CSR spend for the financial year:

   a) Total amount spent for the financial year: 66,00,000/-

   b) Amount unspent, if any : NIL

INR

S. no.	Projects NGO Partner Location	Sector	Centre	Amount Outlay (Budget-program wise)	Amount Spent on the project	Cumulative expenditure upto reporting period	Amount Spent or through implementing agency
1.	Hyderabad	Satyam Venture	SMART	CADRE - ECIL	324	2772820	2709565
2.	Hyderabad	Satyam Venture	SMART	Nirmaan Organization-Borabanda	324	2931397	2529680
3.	Hyderabad	Satyam Venture	Arise	Association Saikorian (Krsuhi Home) (1)	418	1394300	1363416

For and on behalf of the Board of Directors

Place: Hyderabad
Date: June 27, 2018

Shivanand Raja
Chairman

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, 2018, 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 (Shanghai) Co. Limited (formerly known as 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-

   - Venture Global Engineering LLC
   - Mahindra & Mahindra Ltd
   - Jiangyin Venture Interior System
   - Venture Diversified Products
   - Venture Mould & Engg Co.
   - Venture Otto South Africa (Prop) Ltd.
   - Venture Auto Design (Shanghai) 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, 2018 (INR in Lakhs)					Transactions during the year Ended March 31, 2017 (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	3,745.31	298.84	118.63	3,162.65	-	320.51	178.88	149.34	7143.07	
Remuneration	-		-	-	-	-		-	-	-
Advances from /(to)	-	418.39	-	-	-	-	-6.67	-	-	-
Services received / Purchases #	268.71	169.32	-	22.73		202.41	12.96	-	55.21	-
CSR Expenses				66.00		-		-	63.89	-

(e) Date(s) of approval/discussion by the Board, if any: 21st April, 2017, 19th July, 2017, 17th October, 2017 & 19th January, 2018.

(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
Date: June 27, 2018

Shivanand Raja
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. N0	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)
3	Satyam Venture Engineering Services (Shanghai) Co. Ltd.	-	Subsidiary	100%	2(87)
4	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):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									

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	
i) Individual share-holders holding nominal share capital upto ₹ 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual share-holders 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			Shareholding 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

INR

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	NIL	NIL
	(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	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission	NIL	NIL
	- as % of profit		NIL
	- others, specify…	NIL	
5	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	NIL	NIL

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	Rakesh Soni	Shivanand Raja	Jayaraman Ganapathy	V. Venkata Kumar Raju	Sucharita Palepu	Karthikeyan Natarajan	Chelikam Subramanyam Reddy	J. Venkateswarlu	
1	Independent Directors Fee for attending board / committee meetings · Commission· Others, please specify	-	-	-	-	-		-	55,000	95,000	1,50,000
	Total (1)	-	-	-	-	-		-	55,000	95,000	1,50,000
2	Other Non-Executive Fee for attending board / committee meetings · Commission· Others, please specify	-	-	-	-	-		-	-	-	-
	Total (2)	-	-	-	-	-		-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-		-	55,000	95,000	1,50,000
	Total Managerial Remuneration	-	-	-	-	-		-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-		-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD - *Sec 203 for Appointment of KMP is not applicable*.

Sl. No.	Particulars of Remuneration	Key managerial Personnel			Total Amount
		Whole time Director	Company secretary	CFO	
1	Gross salary	N.A	N.A	N.A	N.A
	(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	N.A	N.A	N.A	N.A
3	Sweat Equity	N.A	N.A	N.A	N.A
4	Commission	N.A	N.A	N.A	N.A
	- as % of profit				
	- Others, specify				
5	Others, please specify	N.A	N.A	N.A	N.A
	Total (A)	N.A	N.A	N.A	N.A
	Ceiling as per the Act	N.A	N.A	N.A	N.A

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	Sec 87	For condonation of delay- Citi Bank charge satisfaction	₹ 5000/-	RD order G40661779/1222	No appeal was made
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: June 27, 2018

Shivanand Raja
Chairman

ANNEXURE 'F'

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 (80.478)**
5. Share capital: **2,011,950** ₹
6. Reserves & surplus: **5,569,956** ₹
7. Total assets: **68,516,099** ₹
8. Total Liabilities: **60,934,193** ₹
9. Investments: **NIL**
10. Turnover: **143,864,657** ₹
11. Profit before taxation: **53,96,209** ₹
12. Provision for taxation: **17,84,591** ₹
13. Profit after taxation: **36,11,618** ₹
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 (10.3472)**
5. Share capital: **10,284,212** ₹
6. Reserves & surplus: **14,364,234** ₹
7. Total assets: **104,790,568** ₹
8. Total Liabilities: **80,142,122** ₹
9. Investments: **NIL**
10. Turnover: **135,927,963** ₹
11. Profit before taxation: **15,328,278** ₹
12. Provision for taxation: **38,83,761** ₹
13. Profit after taxation: **11,444,517** ₹
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	-	-	-
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	-	-	-
6.	Profit / Loss for the year	-	-	-
	i. Considered in Consolidation	-	-	-
	ii. 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: June 27, 2018

Shivanand Raja
Chairman

ANNEXURE 'G'

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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 2017 to 31st March, 2018 ("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, 2018, 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 2017 to 31st March, 2018 ("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, 2018 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.

   iii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investments, Overseas Direct Investments and External commercial Borrowings, as applicable to the Company.

3. I have 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

ix. The Environment (Protection) Act, 1986

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

5. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

6. 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

7. 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.

8. Share holders of the company have not adopted financial statements at Annual General Meeting held on 19/07/2017 and the same was recorded as part of the Annual General Meeting minutes. The provisional unadopted financial statements are yet to file with Registrar of Companies, Hyderabad, filing due date extended by Ministry of Corporate Affairs upto 30/04/2018, general circular No.01/2018 dated 28th March, 2018.

9. There were Related Party transactions which in the opinion of the management, are within the Arms Length basis and in the normal course business, approved by Audit Committee and Board of Directors of the Company.

10. 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.

11. The Company duly constituted the CSR Committee and duly spent the amount required to spend under CSR.

12. During the audit period, Company received Complaint “CC No.262 of 2017” filed by the SFIO before Economic Offences Court and received summons from Court, Company filed Writ Petition before High Court of Hyderabad to Quash the Complaint filed by SFIO.

13. 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 Company Secretary
ACS: 24428
CP: 8947

Place: Hyderabad
Date: April 19, 2018

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 Member,

SATYAM VENTURE ENGINEERING SERVICE SPRIVATE 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: April 19, 2018

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 2018, 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 amendments issued thereafter. 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 2018, 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.14,460.70 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 2018 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 amendments issued thereafter;

   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 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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 long term derivative contracts entered into by the Company as at 31 March 2018;and

      iii. there are no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2018.

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 B’, 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, April 20, 2018

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 2018, 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 2018, 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, April 20, 2018

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 duringthe 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, employees' state insurance, Goods and service tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year. The provisions of 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, employees' state insurance, Goods and service tax and cess which were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable; and

(c) Details of dues of income tax and service tax which have not been deposited as on 31 March 2018 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved *(Rupees in Lakhs)*
Income Tax Act 1961	Income Tax	Income Tax Appellate Tribunal	2010-11 and 2011-12	2,042.01
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, the provisions of Section 197 of the Companies Act, 2013 are not applicable to the Company 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 given to us and based on the records of the Company examined by us, 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, April 20, 2018

STANDALONE BALANCE SHEET AS AT 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	4	**398.39**	430.34
(b) Capital work-in-progress	5	**-**	5.79
(c) Other Intangible assets	6	**718.92**	699.10
(d) Financial Assets			
(i) Investments	7	**114.36**	114.36
(ii) Other financial assets	8	**362.33**	359.00
(e) Deferred tax assets (net)	9	**736.90**	792.77
(f) Non-current tax assets (net)	10	**5,355.44**	4,242.14
(g) Other non-current asset	11	**-**	2.00
Total Non-Current Assets		**7,686.34**	6,645.50
Current assets			
(a) Financial Assets			
(i) Investments	7	**3,141.56**	972.64
(ii) Trade receivables	12	**8,788.11**	9,487.71
(iii) Cash and cash equivalents	13	**2,178.98**	2,118.37
(iv) Other bank balances	14	**2,340.36**	1,736.93
(v) Other financial assets	8	**1,703.16**	1,670.48
(b) Other current assets	11	**1,917.41**	1,621.81
Total Current Assets		**20,069.58**	17,607.94
Total Assets		**27,755.92**	24,253.44
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	**708.90**	708.90
(b) Other Equity	16	**16,674.09**	14,123.62
Total Equity		**17,382.99**	14,832.52
LIABILITIES			
Non-Current Liabilities			
(a) Provisions	17	**1,149.58**	978.62
Total Non-Current Liabilities		**1,149.58**	978.62
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	18	**1,318.46**	1,356.02
(ii) Other financial liabilities	19	**0.61**	14.28
(b) Other current liabilities	20	**538.03**	743.60
(c) Provisions	17	**5,589.61**	5,625.36
(d) Current tax liabilities (Net)	21	**1,776.64**	703.04
Total Current Liabilities		**9,223.35**	8,442.30
Total Equity and Liabilities		**27,755.92**	24,253.44
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 and on behalf of the Board of		
for M. Bhaskara Rao & Co.	**Satyam Venture Engineering Services Private Limited**		
Chartered Accountants	CIN: U72200AP2000PTC033213		
M.V. Ramana Murthy	**Shivanand Raja**	**G.Jayaraman**	**V.Venkata Kumar Raju**
Partner	Director	Director	Director
	DIN: 00130694	DIN: 01461157	DIN: 02958816
	J.Venkateswarlu	**C.Subramanyam Reddy**	**Rao.S.Vadlamudi**
	Director	Director	CEO
	DIN: 00051001	DIN: 07089237	
	Srinivas R	**Aradhana R.**	
Hyderabad, April 20, 2018	AVP-Finance	Company Secretary	

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Income from operations	22	**32,569.89**	34,647.76
Other income	23	**1,234.49**	497.04
Total Income		**33,804.38**	35,144.80
Expenses			
Sub contracting costs		**69.77**	422.18
Employee benefits expense	24	**22,919.99**	23,539.66
Finance costs		**1,199.82**	-
Depreciation and amortisation expense	25	**808.87**	727.82
Other expenses	26	**4,837.93**	5,536.12
Total Expenses		**29,836.38**	30,225.78
Profit before tax		**3,968.00**	4,919.02
Tax Expense	27		
Current tax		**1,762.00**	1,667.00
Earlier years tax		**(329.96)**	(1,231.21)
Deferred tax		**42.32**	130.68
Total tax expense		**1,474.36**	566.47
Profit for the year		**2,493.64**	4,352.55
Other comprehensive income / (loss)			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		**47.81**	(29.02)
Income tax on above items	27	**(16.55)**	10.04
		31.26	(18.98)
B. Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations	16	**22.57**	(8.89)
Income tax on above items	27	**3.00**	2.91
		25.57	(5.98)
Other comprehensive income / (loss) for the year		**56.83**	(24.96)
Total comprehensive income for the year		**2,550.47**	4,327.59
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,550.47**	4,327.59
Non controlling interests		**-**	-
Earnings per equity share			
Basic and Diluted - (In ₹ per share)	37	**35.98**	61.05
Diluted - (In ₹ per share)			
Corporate Information and Significant accounting policies	12		

Accompanying notes form an intergral part of the financial statements

In terms of our report attached	for and on behalf of the Board of		
for M. Bhaskara Rao & Co.	**Satyam Venture Engineering Services Private Limited**		
Chartered Accountants	CIN: U72200AP2000PTC033213		
M.V. Ramana Murthy	**Shivanand Raja**	**G.Jayaraman**	**V.Venkata Kumar Raju**
Partner	Director	Director	Director
	DIN: 00130694	DIN: 01461157	DIN: 02958816
	J.Venkateswarlu	**C.Subramanyam Reddy**	**Rao.S.Vadlamudi**
	Director	Director	CEO
	DIN: 00051001	DIN: 07089237	
	Srinivas R	**Aradhana R.**	
Hyderabad, April 20, 2018	AVP-Finance	Company Secretary	

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

		Year Ended 31 March 2018	Year Ended 31 March 2017
A.	**Cash flow from operating activities**		
	Profit for the period	**2,550.47**	4,327.59
	Adjustments for		
	Income tax expense recognised in profit or loss	**1,487.91**	553.52
	Interest income recognised in profit or loss	**(141.29)**	(123.19)
	Loss / (Profit) on sale of fixed assets	**(0.81)**	(2.49)
	Depreciation and amortisation of non-current assets	**808.87**	727.82
	Net foreign exchange (gain) / loss	**1.31**	46.52
	Net (Gain) / Loss on sale of investments	**(33.13)**	(7.29)
	Provision for doubtful receivables	**18.95**	
	Fair value measurements	**(59.60)**	(15.93)
	Operating profit / (loss) before working capital changes	**4,632.68**	5,506.55
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	**680.64**	(2,188.31)
	Other Non-Current Assets	**2.00**	0.29
	Other Non-Current Financial Assets	**(1.39)**	(21.52)
	Other Current Financial Assets	**(27.34)**	232.14
	Other Current Assets	**(295.60)**	401.30
	Adjustments for increase / (decrease) in operating liabilities:		
	Non-Current Provisions	**170.96**	204.13
	Trade Payables	**(38.63)**	(461.72)
	Current Provisions	**(35.75)**	51.60
	Other Financial Liabilities	**(13.67)**	(0.85)
	Other Current Liabilities	**(205.57)**	198.65
	Cash generated from operations	**4,868.33**	3,922.26
	Income Tax paid (Net)	**(1,471.74)**	(1,669.17)
	Net cash flow from operating activities (A)	**3,396.59**	2,253.09
B.	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including Capital Work in Progress)	**(791.47)**	(752.49)
	Proceeds from disposal of property, plant and equipment	**1.20**	6.78
	Bank balances not considered as cash and cash equivalents		
	- Placed	**(2,357.37)**	(1,846.81)
	- Matured	**1,752.00**	1,199.40
	Current Investments		
	- Purchased	**(6,800.00)**	(2,600.00)
	- Proceeds from sale / redemption	**4,725.00**	1,686.53
	Interest received	**135.95**	90.82
	Net cash flow from / (used in) investing activities (B)	**(3,334.69)**	(2,215.77)

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

		Year Ended 31 March 2018	Year Ended 31 March 2017
C.	**Cash flow from financing activities**	**-**	-
	Net cash flow from / (used in) financing activities (C)	**-**	-
	Net increase / (decrease) in cash and cash equivalents	**61.90**	37.32
	Cash and cash equivalents at the beginning of the year	**2,118.37**	2,127.57
	Effect of exchange difference on cash and cash equivalents held in foreign currency	**(1.31)**	(46.52)
	Cash and cash equivalents at the end of the year	**2,178.96**	2,118.37

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, April 20, 2018

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Shivanand Raja	**G.Jayaraman**	**V.Venkata Kumar Raju**
Director	Director	Director
DIN: 00130694	DIN: 01461157	DIN: 02958816
J.Venkateswarlu	**C.Subramanyam Reddy**	**Rao.S.Vadlamudi**
Director	Director	CEO
DIN: 00051001	DIN: 07089237	
Srinivas R	**Aradhana R.**	
AVP-Finance	Company Secretary	

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

	Amount
A. Equity Share Capital	
Issued and paid up equity share capital	
Balance as at 31 March 2017	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2018	708.90

B. Other Equity

Particulars	Reserves & Surplus		Items of ther comprehensive income / (loss)		Total
	General Reserve	Surplus in Statement of Profit and Loss	Exchange differences in translating the financial statements of foreign operations	Other items of other comprehensive income	
Balance as at 31 March 2017	12.50	14,116.62	(5.50)	-	14,123.62
Profit for the year	-	2,493.64	-	-	2,493.64
Other Comprehensive Income (net of tax)	-	-	25.57	31.26	56.83
Total comprehensive income for the year	-	2,493.64	25.57	31.26	2,550.47
Balance as at 31 March 2018	12.50	16,610.26	20.07	31.26	16,674.09

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M**.V. Ramana Murthy**
Partner

Hyderabad, April 20, 2018

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Shivanand Raja
Director
DIN: 00130694

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DIN: 00051001

C.Subramanyam Reddy
Director
DIN: 07089237

Rao.S.Vadlamudi
CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 was 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,Japan and Mexico. The standalone financial statements reflect the results of its operations carried on by Indian operations and overseas branches.

   The financial statements for the year ended 31 March 2018 were approved by the Board of Directors and authorised to issue on 20 April 2018.

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 and amendments issued thereafter] and other relevant provisions of the Act.

   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 and 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.

2.5 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 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.

2.7 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

Investment in subsidiaries

Investment in subsidiaries is carried at cost as per Ind AS 27 in Separate Financial Statements.

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.

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 Compnay designates some of these forward contracts / options as hedge instruments and account for 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 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/ 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 effective portion of cash flow hedges and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Statement of Profit or Loss in the same period in which gains/ losses on the item hedged are recognised 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 recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are transferred from effective portion of cash flow hedges and included in the initial measurement of the cost of the nonfinancial asset or non-financial liability.

Profit or loss arising on cancellation or renewal of a forward exchange contract is recognised 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 effective portion of cash flow hedges 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 effective portion of cash flow hedges 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:

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. 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 1 inputs 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.

3.1 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to 31 March 2018

Ind AS 115:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from contracts with Customers'. The standard is effective from financial years commencing from 01 April 2018. Ind AS 115 (Revenue from Contracts with Customers) establishes a new criteria 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 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 is in the process of evaluating the impact of adoption of this new and amended standard.

		As at 31 March 2018	As at 31 March 2017
4.	**Property, Plant and Equipment**		
	Carrying amounts of		
	Plant and Equipment	**293.45**	284.98
	Office Equipments	**63.26**	92.01
	Furniture and Fixtures	**40.68**	50.33
	Vehicles	**1.00**	3.02
	Total	**398.39**	430.34
5.	**Capital work-in-progress**	**-**	5.79
	Total	**-**	5.79
6.	**Other Intangible assets**		
	Carrying amounts of:		
	Computer Software (other than internally generated)	**718.92**	699.10
	Total	**718.92**	699.10

4A Property, Plant and Equipment

(All amounts are ₹ in lakhs unless otherwise stated)

	Gross Block (At Cost)					Depreciation					Net Block
	Cost as at 1 April 2017	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2018	Upto 01 April 2017	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2018	As at 31 March 2018
Tangible Assets											
Plant and Machinery	1,629.09	230.88	121.22	-	1,738.75	1,344.11	222.09	120.90	-	1,445.30	293.45
Office Equipment	325.43	28.49	0.27	-	353.64	233.42	57.16	0.20	-	290.38	63.26
Furniture, Fixtures & Interiors	302.36	32.45	20.12	-	314.69	252.03	42.10	20.12	-	274.01	40.68
Vehicles	32.77	-	-	-	32.77	29.75	2.02	-	-	31.77	1.00
Total	2,289.65	291.81	141.62	-	2,439.85	1,859.31	323.37	141.22	-	2,041.46	398.39

	Gross Block (At Cost)					Depreciation					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
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
Office Equipment	258.50	76.18	9.25	-	325.43	188.50	54.12	9.20	-	233.42	92.01
Furniture, Fixtures & Interiors	271.96	31.98	1.58	-	302.36	220.35	33.24	1.56	-	252.03	50.33
Vehicles	45.02	-	12.25	-	32.77	39.98	2.02	12.25	-	29.75	3.02
Total	**2,075.44**	**261.33**	**47.11**	**-**	**2,289.65**	**1,598.03**	**304.11**	**42.83**	**-**	**1,859.31**	**430.34**

6A Other Intangible assets

	Gross Block (At Cost)					Amortisation					Net Block
	Cost as at 1 April 2017	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2018	Upto 01 April 2017	For the period	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2018	As at 31 March 2018
Software	3,440.60	505.44	-	-	3,946.04	2,741.50	485.62	-	-	3,227.12	718.92
Total	**3,440.60**	**505.44**	**-**	**-**	**3,946.04**	**2,741.50**	**485.62**	**-**	**-**	**3,227.12**	**718.92**

	Gross Block (At Cost)					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
Software	2,953.11	487.49	-	-	3,440.60	2,317.79	423.71	-	-	2,741.50	699.10
Total	**2,953.11**	**487.49**	**-**	**-**	**3,440.60**	**2,317.79**	**423.71**	**-**	**-**	**2,741.50**	**699.10**

(All amounts are ₹ in lakhs unless otherwise stated)

7. Investments

		As at 31 March 2018		As at 31 March 2017	
		Quantity	**Amount**	Quantity	Amount
I	**Non-Current Investments**				
	Trade, Unquoted				
i)	Investments in Equity Instruments				
	In subsidiaries				
	Satyam Venture Engineering Services (Shanghai) Co. Ltd		**94.17**	-	94.17
	Satven GmbH		**20.19**	-	20.19
	Total		**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
(c)	Aggregate amount of impirement in value of investments		**-**		-

Note :

i) Investment in this entity is not denominated in number of shares as per laws of the People's Republic of China.

II	**Current Investments**				
A	**Investment in Mutual Funds - quoted**				
	(at fair value)				
	ICICI Prudential Liquidity Fund - Direct - Growth	7,53,488	**1,931.85**	4,05,002	972.64
	ICICI Prudential Flexible Income - Growth	3,62,929	**1,209.71**	-	-
	Total		**3,141.56**		972.64
(a)	Aggregate amount of quoted investments and market value thereof;		**3,141.56**		972.64
(b)	Aggregate amount of unquoted investments		**-**		-
(c)	Aggregate amount of impirement in value of investments		**-**		-

7.1 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%

7.2 Summarised financial information of material subsidiaries

(All amounts are ₹ in lakhs unless otherwise state)

	As at 31 March 2018	As at 31 March 2017
Satyam Venture Engineering Services (Shanghai) Co. Ltd.		
Non-Current Assets	**71.55**	16.33
Current Assets	**976.36**	438.03
Non-Current Liabilities	**-**	-
Current Liabilities	**801.42**	340.87

(All amounts are ₹ in lakhs unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue	**1,361.18**	688.48
Expenses	**1,207.89**	695.98
Profit / (loss) for the year	**153.28**	-7.50
Other Comprehensive income for the year	**-**	-
Total Comprehensive income for the year	**114.45**	-7.50
Satven GmbH		
Non-Current Assets	**7.24**	-
Current Assets	**677.92**	154.53
Non-Current Liabilities	**-**	-
Current Liabilities	**609.34**	122.47
Revenue	**1,444.40**	390.93
Expenses	**1,390.44**	376.34
Profit / (loss) for the year	**53.96**	14.59
Other Comprehensive income for the year	**-**	-
Total Comprehensive income for the year	**36.12**	9.74

	As at 31 March 2018	As at 31 March 2017
8. Other financial assets measured at amortised cost		
I. Non-Current		
(Unsecured, considered good)		
Other bank balances - in deposit accounts	**100.00**	99.00
Security Deposits	**262.33**	260.00
Total	**362.33**	359.00
II. Current		
(Unsecured, considered good)		
Unbilled revenue	**1,636.60**	1,609.26
Service tax refund receivable	**-**	-
Interest Receivable on deposits	**66.56**	61.22
Total	**1,703.16**	1,670.48
9. Deferred tax assets		
Deferred tax assets	**736.90**	792.77
Deferred tax liabilities	**-**	-
Total	**736.90**	792.77

9.1 Composition of deferred tax assets / (liabilities)

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
Balance at 31 March 2017	**233.55**	**97.21**	**459.10**	**2.91**	**792.77**
Recognised in profit or loss	(15.05)	(90.65)	63.38	-	(42.32)
Recognised in other comprehensive income	-	-	(16.55)	3.00	(13.55)
Balance at 31 March 2018	**218.50**	**6.56**	**505.93**	**5.91**	**736.90**

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
10	**Non-current tax assets (net)**		
	Advance income tax and tax deducted at source (net of provisions ₹ 8,334.60 Lakhs [31 March 2017: ₹ 7,598.80 Lakhs])	**5,355.44**	4,242.14
	Total	**5,355.44**	4,242.14
11.	**Other assets**		
	I. Non-Current		
	(Unsecured, considered good)		
	Capital advances	**-**	2.00
	Total	**-**	2.00
	II. Current		
	MAT Credit Entitlement	**-**	-
	(Unsecured, considered good)		
	Loans and advances to employees	**391.25**	507.26
	Balance with government authorities	**23.94**	129.62
	Prepaid expenses	**512.08**	486.63
	Others	**990.14**	498.30
	Total	**1,917.41**	1,621.81
12.	**Trade receivables**		
	(a) Unsecured, considered good	**8,788.11**	9,487.71
	(b) Unsecured, doubtful	**18.95**	280.89
	Less: allowance for doubtful trade receivables	**(18.95)**	(280.89)
	(a) Unsecured, considered good		-
	Total	**8,788.11**	9,487.71
12.1	**Of the above, trade receivables from:**		
	(a) Related parties [Refer note 33]	**3,296.17**	2,096.20
	(b) Others	**5,491.94**	7,391.51
	Total	**8,788.11**	9,487.71
12.2	**Classification of trade receivables**		
	Non-Current	**-**	-
	Current	**8,788.11**	9,487.71
	Total	**8,788.11**	9,487.71

12.3 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 trade receivables that do not constitute a financing transaction. 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. Before accepting any new customer, the Company assesses the potential customer's credit quality.

The Average credit period on Sale of Services 60 days.

(All amounts are ₹ in lakhs unless otherwise stated)

Age of Trade Receivables

Age of receivables	As at 31 March 2018	As at 31 March 2017
a) Within the credit period	**8,159.47**	7,188.35
b) less than 180 days past due	**448.54**	1,833.70
c) More than 180 days past due	**76.92**	347.28
d) More than 1 year	**122.13**	399.26

Provision for doubtful debts receivables (other than related parties) is made inrespect of receivables past due for more than one year except in cases where the customer has confirmed the balance and realisable in near future.

	As at 31 March 2018	As at 31 March 2017
12.4 Movement in the allowance of doubtful trade receivables		
Balance at the beginning of the year	**280.89**	595.34
Add: Allowance for doubtful receivables	**18.95**	384.35
Less: Provision write back	**3.38**	8.16
Less: Receivables written off	**277.51**	690.65
Balance at the end of the year	**18.95**	280.89

13. Cash and cash equivalents		
Balances with Banks		
(a) with Scheduled banks		
in Current account	**161.13**	670.27
in Deposit account	**680.00**	248.00
(b) with Other banks		
in Current account	**1,336.92**	1,200.10
(c) Remittances in Transit	**-**	-
Cash on hand	**0.93**	-
Cash and cash equivalents as per balance sheet	**2,178.98**	2,118.37

14. Other Bank Balances		
Balances with Banks		
with Scheduled banks		
in Deposit account	**2,340.36**	1,736.93
Total	**2,340.36**	1,736.93

(All amounts are ₹ in lakhs unless otherwise stated)

15. Equity Share capital

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	Amounts	Number of Shares	Amounts
Authorised Share Capital				
Equity share capital of ₹10 each	**7,500,000**	750.00	7,500,000	750.00
Issued, Subscribed and Fully Paid up				
Equity share capital of ₹10 each	**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 ₹10 each

Balance as at beginning of the year	**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

15.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	Amounts	Number of Shares	Amounts
Equity shares of ₹10 each fully paid held by				
Tech Mahindra Limited	**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

15.3 Details of shares held by each shareholders holding more than 5% shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	% of holding	Number of Shares	% of holding
Equity shares of ₹10 each fully paid held by				
Tech Mahindra Limited	**3,544,480**	50%	3,544,480	50%
Venture Global Engineering Services LLC	**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 2018	As at 31 March 2017
16.	**Other Equity**		
	General Reserve	**12.50**	12.50
	Retained Earnings	**16,610.26**	14,116.62
	Other Components of Equity		
	Remeasurement of the defined benefits plans	**31.26**	-
	Exchange difference in translating the financial statements of foreign operations (Net of tax)	**20.07**	(5.50)
	Total	**16,674.09**	14,123.62
16.1	**General Reserve** [note 16.4]		
	Balance at beginning of year	**12.50**	12.50
	Movements	**-**	-
	Balance at end of period / year	**12.50**	12.50
16.2	**Retained Earnings** [note 16.5]		
	Balance at beginning of year	**14,116.62**	9,783.05
	Profit attributable to owners of the Company	**2,493.64**	4,352.55
	Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	**-**	(18.98)
	Balance at end of period / year	**16,610.26**	14,116.62
16.3	**Other Components of Equity**		
	Remeasurement of the defined benefits plans [note 16.6]	**31.26**	-
	Exchange difference in translating the financial statements of foreign operations (Net of tax) [Refer note 16.7]	**20.07**	(5.50)
	Balance at end of period / year	**51.33**	(5.50)

16.4 The Company has transferred the amount from capital reserve upon fulfilment of the contribution attached to the investment subsidy received in earlier years.

16.5 Retained earning represents the Company's undistributed earnings after taxes.

16.6 Represents the acturial gain / (loss) recognised on the defined benefit plan and will not be reclassified to retained earnings.

16.7 Represents the exchange difference accumulated when the foreign operations financial statements are translated from their functional currency to reporting currency of the Company.

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
17.	**Provisions**		
I	**Non-Current**		
	Provision for Employee Benefits *[Refer note 32]*		
	Compensated Absences	**361.76**	352.90
	Gratuity	**787.82**	625.72
	Total	**1,149.58**	978.62
II	**Current**		
	Provision for Employee Benefits *[Refer note 32]*		
	Compensated Absences	**183.32**	212.80
	Gratuity	**114.87**	121.14
	Provision for Contingencies *[Refer note 30.2]*	**5,291.42**	5,291.42
	Total	**5,589.61**	5,625.36
18.	**Trade Payables**		
	Acceptances	**-**	-
	Trade payables other than acceptances	**1,318.46**	1,356.02
	Total	**1,318.46**	1,356.02

18.1 Includes ₹1.53 Lakhs [31 March 2017 : ₹ 29.72 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:

		As at 31 March 2018	As at 31 March 2017
a)	Principal amount remaining unpaid	**Nil**	Nil
b)	Interest due thereon	**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
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
e)	Interest accrued and remaining unpaid	**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

		As at 31 March 2018	As at 31 March 2017
19.	**Other Financial Liabilities**		
	Dues for Capital assets	**0.61**	14.28
	Total	**0.61**	14.28
20.	**Other Current Liabilities**		
	Statutory payables	**538.03**	743.60
	Total	**538.03**	743.60
21.	**Current tax liabilities**		
	Income tax payables (net of advance tax ₹ 2,971.97 Lakhs [31 March 2017: ₹ 3,179.08 Lakhs])	**1,776.64**	703.04
	Total	**1,776.64**	703.04

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
22.	**Income from Services**		
	Income from Services		
	- export of services	**21,654.35**	26,292.14
	- domestic services	**10,255.98**	8,291.86
	Other operating income	**659.56**	63.76
	Total	**32,569.89**	34,647.76
23.	**Other Income**		
	Interest Income		
	Deposits with Banks (at amortised cost)	**141.29**	123.19
	Income tax refund	**531.69**	211.75
	Net Gain / (Loss) on sale of investments	**33.13**	7.29
	Profit on sale of assets (net)	**0.81**	2.49
	Forex gain	**340.17**	-
	Fair value measurements	**59.60**	15.93
	Liability no longer required written back	**121.11**	127.94
	Miscellaneous Income	**6.69**	8.45
	Total	**1,234.49**	497.04
24.	**Employee benefits expense**		
	Salaries and Bonus	**21,876.03**	22,661.55
	Contribution to Provident and Other Funds	**581.58**	521.95
	Gratuity	**257.21**	169.74
	Staff Welfare	**205.17**	186.42
	Total	**22,919.99**	23,539.66
25.	**Depreciation and amortisation expense**		
	On tangible assets	**323.37**	304.11
	On intangible assets	**485.49**	423.71
	Total	**808.87**	727.82
26.	**Other expenses**		
	Rent	**445.66**	428.01
	Rates and taxes	**114.93**	103.69
	Power and fuel	**137.23**	131.88
	Travelling and Conveyance	**1,348.60**	1,647.72
	Communication	**99.66**	120.94
	Marketing expenses	**147.02**	120.52
	Repair and Maintenance	**237.48**	235.12
	Computer Hire Charges	**18.95**	17.18
	Security Services	**48.96**	43.48
	Recruitment, Training and Development	**152.88**	280.99
	General Office Expenses	**27.84**	29.89
	Legal and professional	**420.25**	436.59
	Office Maintenance	**151.90**	137.81
	Computer Maintenance	**1,067.22**	887.52
	Auditors' Remuneration	**30.11**	22.70
	Directors Sitting Fees	**1.50**	1.45
	CSR Expenses	**66.00**	63.89
	Provision for doubtful debts	**18.95**	384.35
	Bad Debts Written off	**277.50**	690.65
	Less: Provision	**(277.50)**	(690.65)
	Bank Charges	**66.30**	39.54
	Miscellaneous expenses	**236.49**	104.42
	Total	**4,837.93**	5,536.12

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
26.1	**Auditors' remuneration includes**		
	for statutory audit	**10.00**	9.63
	for taxation matters	**2.60**	2.30
	for other matters	**17.51**	10.77
		30.11	22.70
27	**Income taxes relating to continuting operations**		
27.1	**Income tax recognised in profit or loss**		
	Current tax		
	In respect of the current year	**1,762.00**	1,667.00
	In respect of the prior years	**(329.96)**	(1,231.21)
		1,432.04	435.79
	Deferred tax		
	In respect of the current year	**42.32**	130.68
	Deferred tax reclassified from equity to profit or loss	**-**	-
		42.32	130.68
27.2	**Reconciliation of income tax expense for the year to the accounting profit is as follows:**		
	Profit before tax from continuing operations	**3,968.00**	4,919.02
	Income tax expense calculated at 34.608% [2016-2017: 34.608%]	**1,373.25**	1,702.38
	Effect of income that is exempt from tax	**0.00**	(0.86)
	Effect of expenses that are not deductible in determining taxable profit	**388.75**	(34.52)
	Deferred tax charge / (credit) accounted in statement of Profit & Loss	**42.32**	130.68
		1,804.32	1,797.68
	Adjustment recognised in the current year in relation to the current tax of earlier years	**(329.96)**	(1,231.21)
	Income tax expense recognised in profit or loss	**1,474.36**	566.47
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)	**16.55**	(10.04)
		16.55	(10.04)
B.	**Items that may be reclassified to profit or loss**		
	Exchange differences in translating the financial statements of foreign operations	**(3.00)**	(2.91)
		(3.00)	(2.91)
		13.55	(12.95)

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
28.	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**26.02**	43.58

29. **Operating Leases**

Rental expenses of ₹ 445.66 Lakhs [31 March 2017 : ₹ 428.01 Lakhs] has been charged to Statement of Profit and Loss in respect of cancellable operating lease.

		As at 31 March 2018	As at 31 March 2017
30.	**Contingent Liabilities**		
A	**Claims against the Company not acknowledged as debt**		
	i Disputed income tax matters *[Refer Note 30.1]*	**1,151.45**	1,740.67
	ii Disputed service tax liability for which the Company preferred appeal	**707.48**	707.48
	iii Disputed interest liability on service tax for which the Company preferred appeal	**Not Ascertained**	Not Ascertained
	iv Others *[Refer Note 30.2]*	**14,460.70**	11,271.14

30.1 Disputed income tax matters

The income tax appeals for assessment years from 2001-02 to 2009-10 have been decided by the Hon'ble Income Tax Tribunal in favour of the Company. Consequential orders determining the refund due have been received up to assessment years 2007-08. Necessary adjustments have been made to reflect reversal of tax provision created for these years to the extent considered not necessary as per the Hon'ble Tribunal order or consequential order per the Hon'ble Tribunal.

The Company is in appeal before various appellate authorities for AY 2010-11 to 2014-15. During the year, assessment for AY 2012-13 was reopened and an addition of ₹ 3,435 Lakhs was made on account of reversal of commission in the books of account, allowed as expenditure in the earlier years. The assessing officer denied to take in to consideration corresponding charge created in the books of account. Accordingly, the Company has recognised following amounts in the financial statements:

i) reversal of tax provision ₹ 654 Lakhs [net of provision ₹ 593 Lakhs towards demand raised for the AY 2012-13] is treated as tax relating to earlier years;

ii) interest income of ₹ 531 Lakhs; and

iii) interest expense of ₹ 1,199 Lakhs.

The primary issue for the rest of the years relates tax arising on account of disallowance of reimbursements to Tech Mahindra Ltd (erstwhile Satyam Computers Services Ltd) for not deducting tax. No provision towards tax is made on this issue as Company is confident of getting a favourable order. The amount is accordingly disclosed under contingent liabilities.

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 ₹ 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 ₹ 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 Hon’ble Bench of Supreme Court, in view of the difference of opinion by an order dated November 1, 2017 has directed the registry to place the SLP’s before the Chief Justice of India for appropriate further course of action.

The Company has not modified the the provision for contingencies amounting to ₹ 5,291.42 Lakhs as on 31 March 2012. The Company has also disclosed an amount of ₹14,460.70 Lakhs [31 March 2017 : ₹11,217.14 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 2018 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, 29.07.2016 and 19.07.2017 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, 2016 and 2017 respectively. In terms of Article 66 of

(All amounts are ₹ in lakhs unless otherwise stated)

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 2018 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 means 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.

I The Principal Assumptions used for the purposes of the acturial valuation as follows

	Details	31-Mar-18	31-Mar-17
1	Discount Rate(s)	**7.60%**	7.40%
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%

II Disclosure of defined benefit cost :

	Details	Year ended 31 March 2018	Year ended 31 March 2017
A	**Amounts Recongnised in statement of Profit & Loss**		
1	Current Service Cost	**158.05**	123.62
2	Past service cost - plan amendements	**45.87**	-
3	Curtailment cost / (credit)	**-**	-
4	Settlement cost / (credit)	**-**	-
5	**Service Cost**	**203.92**	123.62
6	Net interest on net defined benefit liability / (asset)	**53.29**	44.11
7	Immediate recognition of (gains)/losses - other long term employee benefit plans	**-**	-
8	Cost of Termination Benefits	**-**	-
9	**Cost recognised in P&L**	**257.21**	167.73
B	**Amounts Recongnised in Other Comprehensive Income (OCI)**		
1	Actuarial (gain)loss due to DBO experience	**(23.49)**	(19.31)
2	Actuarial (gain)loss due to DBO assumption changes	**(24.32)**	48.34
3	**Actuarial (gain)loss arising during the period**	**(47.81)**	29.02
4	Return on plan assets (Greater)/Less than discount rate	**-**	-
5	Actuarial (gains)/losses recognised in OCI	**(47.81)**	29.02
6	Adjustment for limit on net asset	**-**	-

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
7	Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Prior Period End	-	-
8	**Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End**	(47.81)	29.02
C	**Defined benefit cost**		
1	Service Cost	203.92	123.62
2	Net interest on net defined benefit liability / (asset)	53.29	44.11
3	Actuarial (gains)/losses recognised in OCI	(47.81)	29.02
4	Immediate recognition or (gains)/losses - other long term employee benefit plans	-	-
5	**Defined Benefit Cost**	209.40	196.75

III Changes in benefit obligation and assets

	Details	As at 31 March 2018	As at 31 March 2017
A.	**Changes in defined benefit obligation:**		
1	Defined benefit obligation(DBO) at the end of prior period	746.86	566.49
2	Current service cost	158.05	123.62
3	Interest cost on the DBO	53.29	44.11
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	45.87	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	(23.49)	(19.31)
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	(24.32)	48.34
11	Benefits paid directly by the Company	(53.57)	(16.37)
12	Benefits paid from plan assets	-	-
13	**DBO at end of current period**	902.69	746.86
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)

32. Employee benefit plans cont…

IV Additional Disclosures

	31 March 2018	31 March 2017
A. Expected benefit payments for the year ending		
2019 (PY 2018)	**119.16**	125.55
2020 (PY 2019)	**22.54**	10.94
2021 (PY 2020)	**29.66**	24.25
2022 (PY 2021)	**24.39**	31.73
2023 (PY 2022)	**37.78**	26.67
2024 to 2028 (PY 2023 to 2027)	**447.87**	329.36
B. Current and Non current breakup		
Current liability	**114.87**	121.14
Non current liability	**787.82**	625.72
Total Liability	**902.69**	746.86

V Sensitivity Analysis

Details	**As at 31 March 2018**	As at 31 March 2017
A Discount rate		
Discount rate as at year end	**7.60%**	7.40%
Effect on DBO due to 0.5% increase in discount rate	**(59.23)**	(48.34)
Effect on DBO due to 0.5% decrease in discount rate	**65.77**	53.78
B Salary escalation rate		
Salary escalation rate as at period end	**9.00%**	9.00%
Effect on DBO due to 0.5% increase in salary escalation rate	**63.05**	44.71
Effect on DBO due to 0.5% decrease in salary escalation rate	**(57.79)**	(41.62)
C Withdrawal Rate		
Withdrawal rate as at year end	**21 - 44 years 2%** **45 - 57 years 1%**	21 - 44 years 2% 45 - 57 years 1%
Effect on DBO due to 0.5% increase in withdrawal rate	**(77.04)**	(56.78)
Effect on DBO due to 0.5% decrease in withdrawal rate	**40.23**	32.36

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 ₹ in lakhs unless otherwise stated)

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. Enterprise having significant influence over Tech Mahindra Limited

5. Mahindra & Mahindra Ltd.

D. Under control of Tech Mahindra Limited

6. Tech Mahindra Technologies Inc.
7. Tech Mahindra (Shanghai) Co. Limited
8. Tech Mahindra GmbH
9. Tech Mahindra Foundation

E. Under control of Venture Global Engineering LLC

10. Jiangyin Venture Interior System
11. Venture Diversified Products
12. Venture Mould & Engg Co.
13. Venture Otto South Africa (Prop) Ltd.
14. Venture Auto Design (Shanghai) Co. Ltd.

33.2 Related party transactions during the year are as follows:

	31 March 2018	31 March 2017
Tech Mahindra Limited		
Revenue	**3,745.31**	320.51
Reimbursement of Expenditure	**268.71**	202.41
Tech Mahindra Technologies Inc.		
Revenue	**2,662.68**	5,875.08
Reimbursement of Income	**8.73**	-
Tech Mahindra GmbH		
Revenue	**499.97**	1,267.98
Sub Contracting Costs	**14.00**	54.27
Reimbursement of Expenses	**-**	0.94
Satyam Venture Engineering Services (Shanghai) Co. Ltd		
Revenue	**298.84**	178.88
Advance given during the Period	**83.48**	3.96

(All amounts are ₹ in lakhs unless otherwise stated)

	31 March 2018	31 March 2017
Satven GmbH		
Other Income	**1.43**	0.43
Reimbursement of Expenditure & Interest	**169.32**	12.96
Advance given/(repaid) during the Period	**334.91**	(10.63)
Venture Otto South Africa (Prop) Ltd		
Revenue	**4.97**	4.92
Jiangyin Venture Interior Systems		
Credit notes	**(18.85)**	18.85
Mahindra & Mahindra Ltd.		
Revenue	**132.50**	125.57
Tech Mahindra Foundation		
Contribution made toward CSR Expenditure	**66.00**	63.89

	As at 31 March 2018	As at 31 March 2017
Debit balances outstanding as at 31 March 2018		
Tech Mahindra Limited	**2,839.55**	167.58
Tech Mahindra Technologies Inc	**32.11**	1,777.69
Tech Mahindra GmbH	**497.78**	145.06
Satyam Venture Engineering Services (Shanghai) Co. Ltd	**699.51**	305.46
Satven GmbH	**406.15**	71.24
Mahindra & Mahindra Ltd	**28.22**	34.49
Jiangyin Venture Interior Systems	**9.53**	28.10
Venture	**6.81**	6.82
Venture Diversified Products	**2.62**	2.62
Venture Otto South Africa (Prop) Ltd	**8.96**	3.97
Credit balances outstanding as at 31 March 2018		
Venture Mould & Engg.Co	**0.25**	0.25

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, Mexico and Singapore

The Company's revenue from continuing operations from customers by location of operations are detailed below:

	Year Ended 31 March 2018	Year Ended 31 March 2017
India	**10,417.76**	8,355.62
USA	**12,033.47**	14,063.44
Europe	**3,710.31**	5,374.02
Asia Pacific	**6,287.97**	6,669.59
South Africa	**5.09**	6.06
Canada	**91.54**	40.73
Australia	**23.76**	136.69
Other	**-**	1.60

(All amounts are ₹ in lakhs unless otherwise stated)

The Company's information about its non-current assets by location of operations are detailed below:

	Year Ended 31 March 2018	Year Ended 31 March 2017
India	**7,405.80**	6,476.56
USA	**15.26**	26.23
Europe	**14.52**	35.73
Asia Pacific	**250.75**	106.98

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 Financial Instruments

35.1 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.

35.2 Accounting classification and fair values

The carrying amounts and fair values of financial instruments by class are as follows:

		As at 31 March 2018	As at 31 March 2017
A	**Financial Assets**		
	Financial assets measured at fair value through profit and loss		
	(i) Investments	**3,141.56**	972.64
	Financial assets measured at amortised cost		
	(i) Investments	**114.36**	114.36
	(ii) Security Deposits	**262.33**	260.00
	(iii) Unbilled revenue	**1,636.60**	1,609.26
	(iv) Interest Receivable on deposits	**66.56**	61.22
B	**Financial Liabilities**		
	Financial liabilities measured at fair value	-	-
	Financial liabilities measured at amortised cost	-	-

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.

35.3 Income, Expenses, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Year Ended 31 March 2018	Year Ended 31 March 2017
Financial assets measured at amortised cost		
Interest income	141.29	123.19
Allowance for doubtful debts	18.95	384.35
Financial assets measured at fair value through other comprehensive income	-	-
Financial assets measured at fair value through profit or loss		
Fair value gain/(loss) on investment in Mutual Funds	59.60	15.93
Financial liabilities measured at fair value / amortised cost	-	-

(All amounts are ₹ in lakhs unless otherwise stated)

35.4 Fair value hierarchy

The fair value of financial instruments as referred to in note 35.2 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 fair values of the financial assets and liabilities are defined 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. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March, 2017.

For assets and liabilities which are measured at fair value as at Balance Sheet date, level 1 measurements have been considered. The fair values of investments in mutual fund units is based on the net asset value (‘NAV’) as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

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.

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during the current period.

35.5 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.

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.

The Company has several balances in foreign currency and consequently the company is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affect on the results of the Company, and may fluctuate substantially in the future. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The carrying amounts of the Company’s foreign currency denominated monetary assets and monetary liabilities based on gross exposure and the unhedged foreign currency exposures outstanding at the end of reporting period is as under:

	Liabilities	
	As at 31 March 2018	As at 31 March 2017
USD	**3.32**	0.13
INR	**216.36**	8.14
Euro	**1.37**	0.65
INR	**109.93**	44.92
CND	**0.07**	-
INR	**3.48**	-
JPY	**280.02**	-
INR	**171.99**	-
THB	**0.14**	2.92
INR	**0.27**	5.51

(All amounts are ₹ in lakhs unless otherwise stated)

	Assets	
	As at 31 March 2018	As at 31 March 2017
USD	**40.21**	35.95
INR	**2,620.62**	2,331.27
Euro	**8.57**	200.75
INR	**690.01**	1,728.12
GBP	**1.56**	2.15
INR	**143.56**	174.49
JPY	**5,052.80**	4,303.66
INR	**3,103.43**	2,495.61
CNY	**56.46**	46.38
INR	**584.25**	438.03
CND	**-**	0.29
INR	**-**	14.20
THB	**-**	-
INR	**-**	-
SGD	**0.19**	0.66
INR	**9.27**	30.63
MXP	**0.01**	-
INR	**0.04**	-

Forward Exchange Contracts

The Company enters into foreign Exchange Forward Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the IndianRupee. The counter party to the Company's foreign currency Forward Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions.

B Credit Risk Management

Credit Risk refers to the risk for a counter party default on its contractual obligation resulting a financial loss to the Group. The maximum exposure of the financial assets represents trade receivables.

Credit risk on trade receivables is limited as the customers of the Company mainly consists of the entities having a strong credit worthiness. For doubtful receivables the Company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers.

C Liquidity Risk Management

The Company 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.

36. Pursuant to the order from Ministry of Corporate Affairs, Serious Fraud Investigation Office (SFIO) vide its letter dated January 9, 2009 carried out inspection of books of accounts and other records of the Company under Section 209A of the Act. Consequent to inspection, SFIO has filed a complaint in Economic Offences Court, Hyderabad ("the trial court") against the Company and the then directors. The Company has filed a writ petition in the Hon'ble High court of judicature at Hyderabad to quash the complaint of SFIO. The Hon'ble High Court has directed the trial court not to insist the appearance of directors for examination.

The Management at this juncture, does not foresee adjustments, if any, to be made in the financial statements of the Company.

(All amounts are ₹ in lakhs unless otherwise stated)

37. Earning per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follow.

	As at 31 March 2018	As at 31 March 2017
Profit for the year attributable to owners of the Company	**2,550.47**	4,327.59
Earnings used in the calculation of basic earnings per share	**2,550.47**	4,327.59
Weighted average number of equity shares outstanding during the period	7,088,960	7,088,960
Face Value of Equity Shares - ₹	10	10
Basic and Diluted Earnings per Share *	35.98	61.05

* The Company has no potential dilutive instruments

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Shivanand Raja Director DIN: 00130694	**G. Jayaraman** Director DIN: 01461157	**V. Venkata Kumar Raju** Director DIN: 02958816
J. Venkateswarlu Director DIN: 00051001	**C. Subramanyam Reddy** Director DIN: 07089237	**Rao S. Vadlamudi** CEO
Srinivas R AVP-Finance	**Aradhana R.** Company Secretary	

Hyderabad, April 20, 2018

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 2018, 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 amendments issued thereafter. 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 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 2018, 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.14,460.70 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 2018 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 30.B 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.1,733.07 Lakhs and net assets of Rs.1,434.66 Lakhs as at 31 March 2018, total revenues of Rs.2,797.93 lakhs and net cash inflows amounting to Rs.450 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 amendments issued thereafter;

    (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 2018 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 2018 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.A 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 long term derivative contracts entered into by the Company as at 31 March 2018; and

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 2018.

for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

M.V. Ramana Murthy
Partner
Membership No.206439

Hyderabad, 20 April 2018

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 2018, 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 2018, 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, 20 April 2018

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	4	**399.83**	430.41
(b) Capital work-in-progress	5	**-**	5.79
(c) Other Intangible assets	6	**718.92**	699.10
(d) Financial Assets			
(i) Other financial assets	7	**439.68**	375.27
(e) Deferred tax assets (net)	8	**743.61**	799.48
(f) Non-current tax assets (net)	10	**5,328.41**	4,242.14
(g) Other non-current asset	11	**-**	2.00
Total Non-Current Assets		**7,630.45**	6,554.19
Current assets			
(a) Financial Assets			
(i) Investments	9	**3,141.56**	972.64
(ii) Trade receivables	12	**9,024.16**	9,977.14
(iii) Cash and cash equivalents	13	**2,699.42**	2,188.56
(iv) Other bank balances	14	**2,340.36**	1,736.93
(v) Other financial assets	7	**1,994.29**	1,421.56
(b) Other current assets	11	**1,418.41**	1,526.96
Total Current Assets		**20,618.20**	17,823.79
Total Assets		**28,248.65**	24,377.98
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	**708.90**	708.90
(b) Other Equity	16	**16,888.75**	14,151.51
Total Equity		**17,597.65**	14,860.41
LIABILITIES			
Non-Current Liabilities			
(a) Provisions	17	**1,149.58**	978.62
Total Non-Current Liabilities		**1,149.58**	978.62
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	18	**1,499.22**	1,405.53
(ii) Other financial liabilities	19	**0.61**	14.28
(b) Other current liabilities	20	**627.15**	783.26
(c) Provisions	17	**5,589.61**	5,625.36
(d) Current tax liabilities (Net)	21	**1,784.83**	710.52
Total Current Liabilities		**9,501.42**	8,538.95
Total Equity and Liabilities		**28,248.65**	24,377.98
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 and on behalf of the Board of		
for M. Bhaskara Rao & Co.	**Satyam Venture Engineering Services Private Limited**		
Chartered Accountants	CIN: U72200AP2000PTC033213		
M.V. Ramana Murthy	**Shivanand Raja**	**G.Jayaraman**	**V.Venkata Kumar Raju**
Partner	Director	Director	Director
	DIN: 00130694	DIN: 01461157	DIN: 02958816
	J.Venkateswarlu	**C.Subramanyam Reddy**	**Rao.S.Vadlamudi**
	Director	Director	CEO
	DIN: 00051001	DIN: 07089237	
	Srinivas R	**Aradhana R.**	
Hyderabad, 20 April 2018	AVP-Finance	Company Secretary	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Income from operations	22	**34,901.22**	35,532.36
Other income	23	**1,240.66**	500.47
Total Income		**36,141.88**	36,032.83
Expenses			
Sub contracting costs		**124.90**	422.18
Employee benefits expense	24	**24,974.94**	24,347.41
Finance costs		**1,199.82**	-
Depreciation and amortisation expense	25	**808.90**	727.87
Other expenses	26	**4,878.65**	5,608.39
Total Expenses		**31,987.21**	31,105.85
Profit before tax		**4,154.67**	4,926.98
Tax Expense	27		
Current tax		**1,818.70**	1,671.86
Earlier years tax		**(329.97)**	(1,231.21)
Deferred tax		**42.32**	130.68
Total tax expense		**1,531.05**	571.33
Profit for the year		**2,623.62**	4,355.65
Other comprehensive income / (loss)			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		**47.81**	(29.02)
Income tax on above items	27	**(16.55)**	10.04
		31.26	(18.98)
B. Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations	16	**79.36**	(34.71)
Income tax on above items	27	**3.00**	9.62
		82.36	(25.09)
Other comprehensive income / (loss) for the year		**113.62**	(44.07)
Total comprehensive income for the year		**2,737.24**	4,311.58
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,737.24**	4,311.58
Non controlling interests		**-**	-
Earnings per equity share			
Basic and Diluted - (In ₹ per share)	36	**38.61**	60.82
Diluted - (In ₹ per share)			
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 and on behalf of the Board of		
for M. Bhaskara Rao & Co.	**Satyam Venture Engineering Services Private Limited**		
Chartered Accountants	CIN: U72200AP2000PTC033213		
M.V. Ramana Murthy	**Shivanand Raja**	**G.Jayaraman**	**V.Venkata Kumar Raju**
Partner	Director	Director	Director
	DIN: 00130694	DIN: 01461157	DIN: 02958816
	J.Venkateswarlu	**C.Subramanyam Reddy**	**Rao.S.Vadlamudi**
	Director	Director	CEO
	DIN: 00051001	DIN: 07089237	
	Srinivas R	**Aradhana R.**	
Hyderabad, 20 April 2018	AVP-Finance	Company Secretary	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

		Year Ended 31 March 2018	Year Ended 31 March 2017
A.	**Cash flow from operating activities**		
	Profit for the period	**2,737.24**	4,311.58
	Adjustments for		
	Income tax expense recognised in profit or loss	**1,544.60**	551.67
	Interest income recognised in profit or loss	**(139.86)**	(334.83)
	Loss / (Profit) on sale of fixed assets	**(0.81)**	(2.49)
	Depreciation and amortisation of non-current assets	**808.90**	727.87
	Net (Gain) / Loss on sale of investments	**(33.13)**	(7.29)
	Net foreign exchange (gain) / loss	**1.31**	46.52
	Provision for doubtful receivables	**18.95**	384.35
	Fair value measurements	**(59.60)**	(15.93)
	Operating profit / (loss) before working capital changes	**4,877.60**	5,661.45
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	**934.02**	(2,791.21)
	Other Non-Current Assets	**2.00**	0.29
	Other Non-Current Financial Assets	**(62.47)**	(37.79)
	Other Current Financial Assets	**(567.38)**	379.77
	Other Current Assets	**108.55**	402.32
	Adjustments for increase / (decrease) in operating liabilities:		
	Non-Current Provisions	**170.96**	204.13
	Trade Payables	**92.70**	(451.15)
	Current Provisions	**(35.75)**	51.60
	Other Financial Liabilities	**(13.67)**	(0.85)
	Other Current Liabilities	**(156.11)**	202.74
	Cash generated from operations	**5,350.46**	3,621.29
	Income Tax paid (Net)	**(1,500.68)**	(1,669.71)
	Net cash flow from operating activities (A)	**3,849.77**	1,951.56
B.	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including Capital Work in Progress)	**(792.93)**	(752.49)
	Proceeds from disposal of property, plant and equipment	**1.20**	6.73
	Bank balances not considered as cash and cash equivalents		
	- Placed	**(2,357.37)**	(1,846.81)
	- Matured	**1,752.00**	1,199.40
	Current Investments		
	- Purchased	**(6,800.00)**	(2,600.00)
	- Proceeds from sale / redemption	**4,725.00**	1,686.53
	Interest received	**134.51**	302.46
	Net cash flow from / (used in) investing activities (B)	**(3,337.59)**	(2,004.13)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

		Year Ended 31 March 2018	Year Ended 31 March 2017
C.	**Cash flow from financing activities**	**-**	-
	Net cash flow from / (used in) financing activities (C)	**-**	-
	Net increase / (decrease) in cash and cash equivalents	**512.19**	(52.55
	Cash and cash equivalents at the beginning of the year	**2,188.56**	2,287.64
	Effect of exchange difference on cash and cash equivalents held in foreign currency	**(1.31)**	(46.52)
	Cash and cash equivalents at the end of the year	**2,699.44**	2,188.56

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, 20 April 2018

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Shivanand Raja
Director
DIN: 00130694

G.Jayaraman
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Director
DIN: 07089237

Rao.S.Vadlamudi
CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are ₹ in lakhs unless otherwise stated)

A. Equity Share Capital	Amount
Issued and paid up equity share capital	
Balance as at 31 March 2017	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2018	708.90

B. Other Equity

Particulars	Reserves & Surplus		Items of ther comprehensive income / (loss)		Total
	General Reserve	Surplus in Statement of Profit and Loss	Exchange differences in translating the financial statements of foreign operations	Other items of other comprehensive income	
Balance as at 31 March 2017	12.50	14,157.18	(18.17)	-	14,151.51
Profit for the year	-	2,623.62	-	-	2,623.62
Other Comprehensive Income (net of tax)	-	-	82.36	31.26	113.62
Total comprehensive income for the year	-	2,623.62	82.36	31.26	2,737.24
Balance as at 31 March 2018	12.50	16,780.80	64.19	31.26	16,888.75

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

M.V. Ramana Murthy
Partner

Hyderabad, 20 April 2018

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200AP2000PTC033213

Shivanand Raja
Director
DIN: 00130694

G.Jayaraman
Director
DIN: 01461157

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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 FOR THE YEAR ENDED 31 MARCH 2018

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 was 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,Japan and Mexico.

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:

These Consolidated 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 and amendments issued thereafter] and other relevant provisions of the Act.

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 and 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. 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.

3.1 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to 31 March 2018

Ind AS 115:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from contracts with Customers'. The standard is effective from financial years commencing from 01 April 2018. Ind AS 115 (Revenue from Contracts with Customers) establishes a new criteria 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 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 is in the process of evaluating the impact of adoption of this new and amended standard.

		As at 31 March 2018	As at 31 March 2017
4.	**Property, Plant and Equipment**		
	Carrying amounts of		
	Plant and Equipment	**294.88**	285.05
	Office Equipments	**63.26**	92.01
	Furniture and Fixtures	**40.68**	50.33
	Vehicles	**1.01**	3.02
	Total	**399.83**	430.41
5.	**Capital work-in-progress**	**-**	5.79
	Capital work-in-progress	**-**	5.79
	Total	**-**	5.79
		-	
6.	**Other Intangible assets**		
	Carrying amounts of:		
	Computer Software (other than internally generated)	**718.92**	699.10
	Total	**718.92**	699.10

4A Property, Plant and Equipment

(All amounts are ₹ in lakhs unless otherwise stated)

	Gross Block (At Cost)					Depreciation					Net Block	
	Cost as at 31 March 2017	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2018	Upto 31 March 2017	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible Assets												
Plant and Machinery	1,629.70	232.34	121.22	-	1,740.82	1,344.66	222.16	120.90	0.02	1,445.93	294.88	285.04
Office Equipment	325.43	28.49	0.27	-	353.65	233.42	57.16	0.20	-	290.38	63.27	92.01
Furniture, Fixtures & Interiors	302.36	32.45	20.12	-	314.69	252.03	42.10	20.12	-	274.01	40.68	50.33
Vehicles	32.77	-	-	-	32.77	29.75	2.02	-	-	31.77	1.00	3.02
Total	2,290.26	293.28	141.61	-	2,441.93	1,859.86	323.44	141.22	0.02	2,042.09	399.84	430.40

	Gross Block (At Cost)					Depreciation					Net Block	Net Block
	Cost as at 31 March 2016	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2017	Upto 31 March 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	153.11	24.04		1,629.70	1,149.75	214.78	19.83	-0.05	1,344.66	285.03	350.87
Office Equipment	258.50	76.18	9.25	-	325.43	188.50	54.13	9.20	-	233.42	92.01	70.00
Furniture, Fixtures & Interiors	271.96	31.98	1.58	-	302.36	220.35	33.24	1.56	-	252.03	50.33	51.61
Vehicles	45.02	-	12.25	-	32.77	39.98	2.01	12.25	-	29.75	3.02	5.04
Total	**2,076.10**	**261.28**	**47.11**	**-**	**2,290.26**	**1,598.58**	**304.16**	**42.83**	**-0.05**	**1,859.86**	**430.39**	**477.52**

6A Other Intangible assets

	Gross Block (At Cost)					Amortisation					Net Block	Net Block
	Cost as at 31 March 2017	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2018	Upto 31 March 2017	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2018	As at 31 March 2018	As at 31 March 2017
Software	3,440.60	505.44	-	-	3,946.04	2,741.50	485.62	-	-	3,227.12	718.92	699.10
Total	**3,440.60**	**505.44**	**-**	**-**	**3,946.04**	**2,741.50**	**485.62**	**-**	**-**	**3,227.12**	**718.92**	**699.10**

	Gross Block (At Cost)					Amortisation					Net Block	Net Block
	Cost as at 31 March 2016	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2017	Upto 31 March 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
Software	2,953.11	487.49	-	-	3,440.60	2,317.79	423.71	-	-	2,741.50	699.10	635.32
Total	**2,953.11**	**487.49**	**-**	**-**	**3,440.60**	**2,317.79**	**423.71**	**-**	**-**	**2,741.50**	**699.10**	**635.32**

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
7.	**Other financial assets measured at amortised cost**		
	I. Non-Current		
	(Unsecured, considered good)		
	Other bank balances - in deposit accounts	**100.00**	99.00
	Security Deposits	**339.68**	276.27
	Total	**439.68**	375.27
	II. Current		
	(Unsecured, considered good)		
	Unbilled revenue	**1,927.72**	1,360.34
	Service tax refund receivable	**-**	-
	Interest Receivable on deposits	**66.56**	61.22
	Total	**1,994.29**	1,421.56
8.	**Deferred tax assets**		
	Deferred tax assets	**743.61**	799.48
	Deferred tax liabilities	**-**	-
	Total	**743.61**	799.48

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
Balance at 31 March 2017	**233.55**	**97.21**	**459.10**	**9.62**	**799.48**
Recognised in profit or loss	(15.05)	(90.65)	63.38	-	(42.31)
Recognised in other comprehensive income	-	-	(16.55)	3.00	(13.55)
Balance at 31 March 2018	**218.50**	**6.56**	**505.93**	**12.62**	**743.61**

9. Investments

		As at 31 March 2018		As at 31 March 2017	
		Units	**Amount**	Units	Amount
I	**Current Investments**				
	Trade, Unquoted				
A	**Investments in Mutual Funds-quoted**				
	(at fair value)				
	ICICI Prudential Liquidity Fund - Direct - Growth	753488	**1,931.85**	405002	972.64
	ICICI Prudential Flexible Income - Growth	362929	**1,209.71**	-	-
	Total		**3,141.56**		972.64
(a)	Aggregate amount of quoted investments and market value thereof;		**3,141.56**		972.64
(b)	Aggregate amount of unquoted investments; and		**-**		-
(c)	Aggregate amount of impirement in value of investments		**-**		-

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
10	**Non-current tax assets (net)**		
	Advance income tax	**5,328.41**	4,242.14
	(net of provisions ₹ 8,361.63 Lakhs [31 March 2017: ₹ 7,598.80 Lakhs])		
	Total	**5,328.41**	4,242.14
11.	**Other assets**		
	I. Non-Current		
	Capital advances	**-**	2.00
	Total	**-**	2.00
	II. Current		
	Prepaid expenses	**512.99**	486.63
	Loans and advances to employees	**412.76**	515.43
	Balance with government authorities	**23.94**	129.62
	Others	**468.72**	395.28
	Total	**1,418.41**	1,526.96
12.	**Trade receivables**		
	(a) Unsecured, considered good	**9,024.16**	9,977.14
	(b) Unsecured, doubtful	**18.95**	280.89
	Less: provision for doubtful receivables	**(18.95)**	(280.89)
	Total	**9,024.16**	9,487.71
12.1	**Of the above, trade receivables from:**		
	(a) Related parties [Refer note 32]	**2,835.90**	2,096.20
	(b) Others	**6,188.26**	7,880.94
	Total	**9,024.16**	9,977.14
12.2	**Classification of trade receivables**		
	Non-Current	**-**	-
	Current	**9,024.16**	9,977.14
	Total	**9,024.16**	9,977.14

12.3 The Average credit period on Sale of Services 60 days .

Age of Trade Receivables

Age of receivables	As at 31 March 2018	As at 31 March 2017
a) Within the credit period	**8,103.54**	7,499.99
b) less than 180 days past due	**516.36**	2,005.90
c) More than 180 days past due and less than 365 days	**159.08**	352.87
d) More than 1 year	**264.13**	399.26

Provision for doubtful debts receivables (other than related parties) is made inrespect of receivables past due for more than one year except in cases where the customer has confirmed the balance and realisable in near future.

		As at 31 March 2018	As at 31 March 2017
12.4	**Movement in the allowance of doubtful trade receivables**		
	Balance at the beginning of the year	**280.89**	595.34
	Add: Allowance for doubtful receivables	**18.95**	384.35
	Less: Provision write back	**3.38**	8.16
	Less: Receivables written off	**277.51**	690.65
	Balance at the end of the year	**18.95**	280.89

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
13.	**Cash and cash equivalents**		
	Balances with Banks		
	(a) with Scheduled banks		
	in Current account	**681.57**	740.46
	in Deposit account	**680.00**	248.00
	(b) with Other banks		
	in Current account	**1,336.92**	1,200.10
	Cash on hand	**0.93**	-
	Cash and cash equivalents as per balance sheet	**2,699.42**	2,118.56
14.	**Other Bank Balances**		
	Balances with Banks		
	with Scheduled banks		
	in Deposit account	**2,340.36**	1,736.93
	Total	**2,340.36**	1,736.93

15. Equity Share capital

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	Amounts	Number of Shares	Amounts
Authorised Share Capital				
Equity share capital of ₹10 each	**7,500,000**	750.00	7,500,000	750.00
Issued, Subscribed and Fully Paid up				
Equity share capital of ₹10 each	**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 ₹10 each				
Balance as at beginning of the year	**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

15.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	Amounts	Number of Shares	Amounts
Equity shares of ₹10 each fully paid held by				
Tech Mahindra Limited	**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

(All amounts are ₹ in lakhs unless otherwise stated)

15.3 Details of shares held by each shareholders holding more than 5% shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	% of holding	Number of Shares	% of holding
Equity shares of ₹10 each fully paid held by				
Tech Mahindra Limited	**3,544,480**	50%	3,544,480	50%
Venture Global Engineering Services LLC	**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.

		As at 31 March 2018	As at 31 March 2017
16.	**Other Equity**		
	General Reserve	**12.50**	12.50
	Retained Earnings	**16,780.80**	14,157.18
	Other Components of Equity		
	Remeasurement of the defined benefits plans	**31.26**	-
	Exchange difference in translating the financial statements of foreign operations (Net of tax)	**64.19**	(18.17)
	Total	**16,888.75**	14,151.51
16.1	**General Reserve** [note 16.4]		
	Balance at beginning of year	**12.50**	12.50
	Movements	**-**	-
	Balance at end of period / year	**12.50**	12.50
16.2	**Surplus in Statement of Profit and Loss** [Refer note 16.5]		
	Balance at beginning of year	**14,157.18**	9,820.51
	Profit attributable to owners of the Company	**2,623.62**	4,355.65
	Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	**-**	(18.98)
	Balance at end of period / year	**16,780.80**	14,157.18
16.3	**Other Components of Equity**		
	Remeasurement of the defined benefits plans [note 16.6]	**31.26**	-
	Exchange difference in translating the financial statements of foreign operations (Net of tax) [Refer note 16.7]	**64.19**	(18.17)
	Balance at end of period / year	**95.45**	(18.17)

16.4 The Company has transferred the amount from capital reserve upon fulfilment of the contribution attached to the investment subsidy received in earlier years.

16.5 Retained earning represents the Company's undistributed earnings after taxes.

16.6 It represents the acturial gain / (loss) recognised on the defined benefit plan and will not be reclassified to retained earnings.

16.7 It represents the exchange difference accumulated when the foreign operations financial statements are converted from their functional currency to presentation currency of the Company.

(All amounts are ₹ in lakhs unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
17.	**Provisions**		
I	**Non-Current**		
	Provision for Employee Benefits		
	Compensated Absences	**361.76**	352.90
	Gratuity	**787.82**	625.72
	Total	**1,149.58**	978.62
II	**Current**		
	Provision for Employee Benefits		
	Compensated Absences	**183.32**	212.80
	Gratuity	**114.87**	121.14
	Provision for Contingencies *[Refer note 30.2]*	**5,291.42**	5,291.42
	Total	**5,589.61**	5,625.36
18.	**Trade Payables**		
	Acceptances	**-**	-
	Trade payables other than acceptances	**1,499.22**	1,405.53
	Total	**1,499.22**	1,405.53

18.1 Includes ₹1.53 Lakhs [31 March 2017 : ₹ 41.31 Lakhs] dues to related parties *[Refer note 32]*

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:

		As at 31 March 2018	As at 31 March 2017
a)	Principal amount remaining unpaid	**Nil**	Nil
b)	Interest due thereon	**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
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
e)	Interest accrued and remaining unpaid	**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

		As at 31 March 2018	As at 31 March 2017
19.	**Other Financial Liabilities**		
	Dues for Capital assets	**0.61**	14.28
	Total	**0.61**	14.28
20.	**Other Current Liabilities**		
	Statutory payables	**627.15**	783.26
	Total	**627.15**	783.26
21.	**Current tax liabilities**		
	Income tax payables (net of advance tax ₹ 2,971.97 Lakhs [31 March 2017: ₹ 3,179.08 Lakhs])	**1,784.83**	710.52
	Total	**1,784.83**	710.52

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
22.	**Income from Services**		
	Income from Services		
	- export of services	**23,985.68**	27,176.74
	- domestic services	**10,255.98**	8,291.86
	Other operating income	**659.56**	63.76
	Total	**34,901.22**	35,532.36
23.	**Other Income**		
	Interest Income		
	Deposits with Banks (at amortised cost)	**139.86**	123.08
	Income tax refund	**531.69**	211.75
	Net Gain / (Loss) on sale of investments	**33.13**	7.29
	Profit on sale of assets (net)	**0.81**	2.49
	Forex gain/loss	**340.11**	-
	Fair value measurements	**59.60**	15.93
	Miscellaneous Income	**14.34**	11.99
	Total	**1,240.66**	500.47
24.	**Employee benefits expense**		
	Salaries and Bonus	**23,917.61**	23,453.09
	Contribution to Provident and Other Funds	**581.58**	521.95
	Gratuity	**257.21**	169.74
	Staff Welfare	**218.54**	202.63
	Total	**24,974.94**	24,347.41
25.	**Depreciation and amortisation expense**		
	On tangible assets	**323.28**	304.16
	On intangible assets	**485.62**	423.71
	Total	**808.90**	727.87
26.	**Other expenses**		
	Rent	**467.44**	436.09
	Rates and taxes	**121.82**	107.22
	Power and fuel	**137.23**	131.88
	Travelling and Conveyance	**1,402.61**	1,668.65
	Communication	**101.92**	122.10
	Marketing expenses	**156.49**	120.52
	Repair and Maintenance	**173.71**	235.12
	Computer Hire Charges	**18.95**	17.18
	Security Services	**48.96**	43.48
	Recruitment, Training and Development	**155.99**	281.64
	General Office Expenses	**30.02**	37.78
	Legal and professional	**525.13**	477.92
	Provision for doubtful debts	**18.95**	384.35
	Bad Debts Written off	**277.50**	690.65
	Less: Provision	**(277.50)**	(690.65)
	Forex loss	**-**	298.39
	Office Maintenance	**151.90**	137.81

(All amounts are ₹ in lakhs unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
	Computer Maintenance	**1,067.22**	887.52
	Auditors' Remuneration	**30.11**	22.70
	Directors Sitting Fees	**1.50**	1.45
	CSR Expenses	**66.00**	63.89
	Bank Charges	**68.51**	40.90
	Miscellaneous expenses	**134.18**	91.80
	Total	**4,878.65**	5,608.39
26.1	**Auditors' remuneration includes**		
	for statutory audit	**10.00**	9.63
	for taxation matters	**2.60**	2.30
	for other matters	**17.51**	10.77
		30.11	22.70
27	**Income taxes relating to continuting operations**		
27.1	**Income tax recognised in profit or loss**		
	Current tax		
	In respect of the current year	**1,818.70**	1,671.86
	In respect of the prior years	**(329.97)**	(1,231.21)
		1,488.72	440.65
	Deferred tax		
	In respect of the current year	**42.32**	130.68
	Deferred tax reclassified from equity to profit or loss	**-**	-
		42.32	130.68
27.2	**Reconciliation of income tax expense for the year to the accounting profit is as follows:**		
	Profit before tax from continuing operations	**4,154.67**	4,926.98
	Income tax expense calculated at 34.608% [2016-2017: 34.608%]	**1,437.85**	1,705.13
	Effect of income that is exempt from tax	**(0.28)**	(0.86)
	Effect of expenses that are not deductible in determining taxable profit (permanent disallowances)	**381.13**	(32.42)
	Deferred tax charge / (credit) accounted in statement of Profit & Loss	**42.32**	130.68
		1,861.02	1,802.53
	Adjustment recognised in the current year in relation to the current tax of prior years	**(329.97)**	(1,231.21)
	Income tax expense recognised in profit or loss (relating to continuing operations)	**1,531.05**	571.32
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)	**16.55**	(10.04)
		16.55	(10.04)
B.	**Items that may be reclassified to profit or loss**		
	Exchange differences in translating the financial statements of foreign operations	**(3.00)**	(9.62)
		(3.00)	(9.62)
		13.55	(19.66)

		As at 31 March 2018	As at 31 March 2017
28.	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**26.02**	43.58

29. Operating Leases

Rental expenses of ₹ 467.44 Lakhs [31 March 2017 : ₹ 436.09 Lakhs] has been charged to Statement of Profit and Loss in respect of cancellable operating lease.

		As at 31 March 2018	As at 31 March 2017
30.	**Contingent Liabilities**		
A	**Claims against the Company not acknowledged as debt**		
	i Disputed income tax matters *[Refer Note 30.1]*	**1,151.45**	1,740.67
	ii Disputed service tax liability for which the Company preferred appeal	**707.48**	707.48
	iii Disputed interest liability on service tax for which the Company preferred appeal	**Not Ascertained**	Not Ascertained
	iv Others *[Refer Note 30.2]*	**14,460.70**	11,217.14

30.1 Disputed income tax matters

The income tax appeals for assessment years from 2001-02 to 2009-10 have been decided by the Hon’ble Income Tax Tribunal in favour of the Company. Consequential orders determining the refund due have been received up to assessment years 2007-08. Necessary adjustments have been made to reflect reversal of tax provision created for these years to the extent considered not necessary as per the Hon’ble Tribunal order or consequential order per the Hon’ble Tribunal.

The Company is in appeal before various appellate authorities for AY 2010-11 to 2014-15. During the year, assessment for AY 2012-13 was reopened and an addition of ₹ 3,435 Lakhs was made on account of reversal of commission in the books of account, allowed as expenditure in the earlier years. The assessing officer denied to take in to consideration corresponding charge created in the books of account. Accordingly, the Company has recognised following amounts in the financial statements:

i) reversal of tax provision ₹ 654 Lakhs [net of provision ₹ 593 Lakhs towards demand raised for the AY 2012-13] is treated as tax relating to earlier years;

ii) interest income of ₹ 531 Lakhs; and

iii) interest expense of ₹ 1,199 Lakhs.

The primary issue for the rest of the years relates tax arising on account of disallowance of reimbursements to Tech Mahindra Ltd (erstwhile Satyam Computers Services Ltd) for not deducting tax. No provision towards tax is made on this issue as Company is confident of getting a favourable order. The amount is accordingly disclosed under contingent liabilities.

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 Hon’ble Bench of Supreme Court, in view of the difference of opinion by an order dated November 1, 2017 has directed the registry to place the SLP’s before the Chief Justice of India for appropriate further course of action.

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.14,460.70 Lakhs [31 March 2017: Rs.11,217.14 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 2018 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.

(All amounts are ₹ in lakhs unless otherwise stated)

30.B 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, 29.07.2016 and 19.07.2017 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, 2016 and 2017 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 2018 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.

31. 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 2018	As at 31 March 2017
Satyam Venture Engineering Services (Shanghai) Co. Ltd	China	100%	100%
Satven GmbH	Germany	100%	100%

Disclosure of additional information as required by the Schedule III as at and for the year ended 31 March 2018

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 consolidated net assets	Amount	As % of consolidated profit or loss	Amount in ₹	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Satyam Venture Engineering Services Private Limited	91.85%	16,162.98	90.05%	2,362.68	100.00%	113.62	90.47%	2,476.30
Subsidiaries - Foreign								
Satyam Venture Engineering Services (Shanghai) Co. Ltd	5.41%	952.70	14.91%	391.20	-	-	14.29%	391.20
Satven GmbH	2.74%	481.97	-4.96%	(130.26)	-	-	-4.76%	(130.26)
Total	100.00%	17,597.65	100.00%	2,623.62	100.00%	113.62	100.00%	2,737.24

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 consolidated net assets	Amount	As % of consolidated profit or loss	Amount in ₹	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive 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%	4,142.11
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

(All amounts are ₹ in lakhs unless otherwise stated)

32. Related Party Transactions

32.1 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 (Shanghai) Co. Limited (formerly known as Satyam Computer Services (Shanghai) Co. Limited)
6. Tech Mahindra GmbH
7. Tech Mahindra Foundation

D. Under control of Venture Global Engineering LLC

8 Jiangyin Venture Interior System
9. Venture Diversified Products
10. Venture Mould & Engg Co
11. Venture Otto South Africa (Prop) Ltd
12. Venture Auto Design(Shanghi)Co. Ltd

32.2 Related party transactions during the year are as follows:

	As at 31 March 2018	As at 31 March 2017
Tech Mahindra Limited		
Revenue	**3,745.31**	320.51
Reimbursement of Expenditure	**268.71**	202.41
Tech Mahindra Technologies Inc		
Revenue	**2,662.68**	5,875.08
Reimbursement of Income	**8.73**	-
Tech Mahindra GmbH		
Revenue	**499.97**	1,267.98
Sub Contracting Costs	**14.00**	54.27
Reimbursement of Expenses		0.94
Venture Otto South Africa (Prop) Ltd		
Revenue	**4.97**	4.92
Mahindra & Mahindra Ltd.		
Revenue	**132.50**	125.57
Jiangyin Venture Interior Systems		
Credit notes	**(18.85)**	18.85
Tech Mahindra Foundation		
Contribution made toward CSR Expenditure	**66.00**	63.89

(All amounts are ₹ in lakhs unless otherwise stated)

32.2 Related party transactions during the year are as follows: (Contd.)

	As at 31 March 2018	As at 31 March 2017
Debit balances outstanding as at 31 March 2018		
Tech Mahindra Limited	**2,839.55**	167.58
Tech Mahindra Technologies Inc	**32.11**	1,777.69
Tech Mahindra GmbH	**497.78**	145.06
Mahindra & Mahindra Ltd	**28.22**	34.49
Jiangyin Venture Interior Systems	**9.53**	28.10
Venture	**6.81**	6.82
Venture Diversified Products	**2.62**	2.62
Venture Otto South Africa (Prop) Ltd	**8.96**	3.97
Credit balances outstanding as at 31 March 2018		
Venture Mould & Engg.Co	**0.25**	0.25

33. Segment Information

33.1 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.

33.2 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, Mexico and Singapore

The Company's revenue from continuing operations from customers by location of operations are detailed below:

	Year ended 31 March 2018	Year ended 31 March 2017
India	**10,417.76**	8,355.62
USA	**12,033.47**	14,063.44
Europe	**4,981.20**	5,751.27
Asia Pacific	**7,348.41**	7,176.94
South Africa	**5.09**	6.06
Canada	**91.54**	40.73
Australia	**23.76**	136.69
Other	**-**	1.60

The Company's information about its non-current assets by location of operations are detailed below:

	Year ended 31 March 2018	Year ended 31 March 2017
India	**7,348.48**	6,385.19
USA	**15.26**	26.23
Europe	**14.52**	35.73
Asia Pacific	**252.19**	107.04
South Africa	**-**	-
Canada	**-**	-
Australia	**-**	-
Other	**-**	-

33.3 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.

(All amounts are ₹ in lakhs unless otherwise stated)

34 Financial Instruments

34.1 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.

34.2 Accounting classification and fair values

The carrying amounts and fair values of financial instruments by class are as follows:

			As at 31 March 2018	As at 31 March 2017
A	**Financial Assets**			
	Financial assets measured at fair value through profit and loss			
	(i)	Investments	**3,141.56**	972.64
	Financial assets measured at amortised cost			
	(ii)	Other financial assets	**1,994.29**	1,421.56
	(ii)	Security Deposits	**339.68**	276.27
	(iii)	Unbilled revenue	**1,927.72**	1,360.34
	(iv)	Interest Receviable on deposits	**66.56**	61.22
B	**Financial Liabilities**			
	Financial liabilities measured at fair value		**-**	-
	Financial liabilities measured at amortised cost		**-**	-

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.

34.3 Income, Expenses, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	As at 31 March 2018	As at 31 March 2017
Financial assets measured at amortised cost		
Interest income	**139.86**	123.08
Allowance for doubtful debts	**18.95**	384.35
Financial assets measured at fair value through other comprehensive income	**-**	-
Financial assets measured at fair value through profit or loss		
Fair value gain/(loss) on investment in Mutual Funds	**59.60**	15.93
Financial liabilities measured at fair value / amortised cost	**-**	-

34.4 Fair value hierarchy

The fair value of financial instruments as referred to in note 34.2 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).

(All amounts are ₹ in lakhs unless otherwise stated)

The fair values of the financial assets and liabilities are defined 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. Methods and assumptions used to estimate the fair values are consistent with those used for the Year ended 31 March , 2017.

For assets and liabilities which are measured at fair value as at Balance Sheet date, level 1 measurements have been considered. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

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.

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during the current period.

34.5 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.

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.

The Company has several balances in foreign currency and consequently the company is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure and the unheadged foreign currency exposures outstanding at the end of reporting period is as under:

	Liabilities	
	As at 31 March 2018	As at 31 March 2017
USD	**3.32**	0.13
INR	**216.36**	8.14
Euro	**3.89**	0.65
INR	**313.12**	44.92
CND	**0.07**	-
INR	**3.48**	-
GBP	**0.03**	-
INR	**2.05**	-
CNY	**4.46**	-
INR	**46.17**	-

(All amounts are ₹ in lakhs unless otherwise stated)

	Liabilities	
	As at 31 March 2018	As at 31 March 2017
JPY	**280.02**	-
INR	**171.99**	-
THB	**0.14**	2.92
INR	**0.27**	5.51

	Assets	
	As at 31 March 2018	As at 31 March 2017
USD	**51.18**	35.95
INR	**3,335.31**	2,331.27
Euro	**21.98**	200.75
INR	**1,768.62**	1,728.12
GBP	**2.00**	2.15
INR	**183.80**	174.49
JPY	**3,451.93**	4,303.66
INR	**2,120.17**	2,495.61
CNY	**101.14**	46.38
INR	**1,046.47**	438.03
CND	**1.21**	0.29
INR	**97.10**	14.20
SGD	**0.19**	0.66
INR	**9.27**	30.63
MXP	**0.01**	-
INR	**0.02**	-

Forward Exchange Contracts

The Company enters into foreign Exchange Forward Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the IndianRupee. The counter party to the Company's foreign currency Forward Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions.

B Credit Risk Management

Credit Risk refers to the risk for a counter party default on its contractual obligation resulting a financial loss to the Group. The maximum exposure of the financial assets represents trade receivables.

Credit risk on trade receivables is limited as the customers of the Company mainly consists of the entities having a strong credit worthiness. For doubtful receivables the Company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers.

C Liquidity Risk Management

The Company 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.

(All amounts are ₹ in lakhs unless otherwise stated)

35. Pursuant to the order from Ministry of Corporate Affairs, Serious Fraud Investigation Office (SFIO) vide its letter dated January 9, 2009 carried out inspection of books of accounts and other records of the Company under Section 209A of the Act. Consequent to inspection, SFIO has filed a complaint in Economic Offences Court, Hyderabad ("the trial court") against the Company and the then directors. The Company has filed a writ petition in the Hon'ble High court of judicature at Hyderabad to quash the complaint of SFIO. The Hon'ble High Court has directed the trial court not to insist the appearance of directors for examination.

The Management at this juncture, does not foresee adjustments, if any, to be made in the financial statements of the Company.

36. Earning per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follow.

(Amounts in ₹)

	As at 31 March 2018	As at 31 March 2017
Profit for the year attributable to owners of the Company	**2,737.24**	4,311.58
Earnings used in the calculation of basic earnings per share	**2,737.24**	4,311.58
Weighted average number of equity shares outstanding during the period	**7,088,960**	7,088,960
Face Value of Equity Shares - ₹	**10**	10
Basic and Diluted Earnings per Share *	**38.61**	60.82

* The Company has no potential dilutive instruments

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

Shivanand Raja
Director
DIN: 00130694

G.Jayaraman
Director
DIN: 01461157

V.Venkata Kumar Raju
Director
DIN: 02958816

J.Venkateswarlu
Director
DIN: 00051001

C.Subramanyam Reddy
Director
DIN: 07089237

Rao.S.Vadlamudi
CEO

Srinivas R
AVP-Finance

Aradhana R.
Company Secretary

Hyderabad, 20 April 2018

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, 2017.

Financial Results:

For the year ended December 31st, 2017	2017 CNY	2017 INR	2016 CNY	2016 INR
Income	1,21,81,754	11,69,53,367	54,31,218	5,45,73,969
Profit / (Loss) before tax	13,61,418	1,30,70,566	(1,07,111)	(10,76,272)
Profit/(Loss) after tax	10,21,064	98,02,929	(1,07,111)	(10,76,272)

Conversion Rate Used for 2017: CNY to INR= 9.6007

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 1,21,81,754 (Equivalent to INR 11,69,53,367). Profit after tax was CNY 10,21,064 (Equivalent to INR 98,02,929). 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

Place: Shanghai

Date: June 21, 2018

AUDITOR'S REPORT

HTKZSZ No. 1080[2018]

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, 2017 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, 2017, 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 21, 2018

Financial Statements Of Foreign Investment Enterprises In Shanghai For Year 2017
BALANCE SHEET

KWNQ Form 01

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. **2017-12-31** **Amount Unit: CNY**

ITEM	LINE	ENDING BALANCE	BEGINNING BALANCE	ITEM	LINE	ENDING BALANCE	BEGINNING BALANCE
CURRENT ASSETS:	1	**—**	—	**CURRENT LIABILITIES:**	47	**—**	—
Monetary assets	2	**1,819,274.89**	569,883.84	Short-term loan	48		
Short-term investments	3			Notes payable	49		
Notes receivable	4			Accounts payable	50	**5,574,694.57**	2,306,094.57
Dividend receivable	5			Prepayment From Customers	51		
Interest receivable	6			Accrued wages	52	**198,284.00**	30,213.00
Accounts receivable	7	**6,124,767.48**	2,932,027.88	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	**219,368.19**	76,837.05
Export return tax receivable	12			Inclu: tax payable	58		
other receivable	13	**725,916.00**	310,000.00				
	14						
Inventories	15			Other payable	59	**472,832.12**	215,051.12
Including: raw material	16			Accrued expense	60		
Finished products	17			Perceivable liabilities	61		
To hold assets for sale	18			A liability for sale			
Other current assets	19			Deferred income	62		
TOTAL CURRENT ASSETS	20	**8,669,958.37**	3,811,911.72	Long-term liability due within one year	63		
	18			Other current liabilities	64		
LONG TERM INVESTMENTS	19			**TOTAL CURRENT LIABILITIES**	65	**6,465,178.88**	2,628,195.74
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**	5,850.00		73		
Fixed assets-net value	28	**650.00**	650.00	DEFERRED TAX:	74		
Less: Provision for loss on fixed-assets	29			Deferred tax credit items	75		
Net value of fixed-assets	30	**650.00**	650.00	**TOTAL LONG TERM LIABILITIES**	76	**-**	-
Construction materials	31			**TOTAL LIABILITIES**	77	**6,465,178.88**	2,628,195.74
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**	650.00	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	**1,211,516.92**	190,453.41
				Discount difference of foreign currency statement	94		
				TOTAL OWNERS' EQUITY	95	**2,205,429.49**	1,184,365.98
				Less: loss of asset	96		
				TOTAL OWNERS' EQUITY (except the loss of assets)	97	**2,205,429.49**	1,184,365.98
TOTAL ASSETS	46	**8,670,608.37**	3,812,561.72	TOTAL LIABILITIES AND OWNERS' EQUITY	98	**8,670,608.37**	3,812,561.72

Financial Statements of Foreign Investment Enterprises in Shanghai for Year 2017
PROFIT STATEMENTS

KWNQ Form 02

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. **2017-12** **Amount Unit: CNY**

ITEM	Line	Current Year	Last Year	ITEM	Line	Current Year	Last Year
I. Total Business Income	1	**12,174,070.53**	5,415,942.89	Add: Gain from change of fair value	20		
Business Income	2	**12,174,070.53**	5,415,942.89	Investment Gain	21		
Inside: Main Business Income	3	**12,174,070.53**	5,415,942.89	Include: Gain from Joint-venture	22		
Other Business Income	4			**III. Profit from Business Operation**	23	**1,355,525.32**	-122,386.51
II. Net Business Cost	5	**10,818,545.21**	5,538,329.40	Add: (1) Non-Business revenue	24	**7,683.65**	15,275.52
Include: (1) Businese cost	6	**2,455,704.00**	985,398.00	include: Gain from disposal of Non-current assets	25		
Inside: Main Business Cost	7	**2,455,704.00**	985,398.00	Gain fron Non-monetary transaction	26		
Other Business Cost	8			Allowance	27		
(2) Operation tax and additional	9	**65,155.77**	30,025.38	Gain from Liability re-arrangement	28		
(3) Operation expense	10	**7,728,215.44**	3,996,042.61	Less: Non-Operation expenditure	29	**1,790.96**	
(4) Administration expense	11	**563,322.14**	528,723.95	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	**6,147.86**	-1,860.54	**IV. Profit before Tax**	33	**1,361,418.01**	-107,110.99
Inside: Interest payout	15			Less: Income Tax	34	**340,354.50**	
Interest income	16			Add: Unconfirmed Investment Loss	35		
Net loss of exchange	17			**V. Net Profit**	36	**1,021,063.51**	-107,110.99
(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	**1,021,063.51**	-107,110.99

Financial Statements of Foreign Investment Enterprises in Shanghai for Year 2017

CASH FLOW STATEMENT

KWNQ Form 03

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. **2017-12**

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	**9,646,411.90**	4,396,474.99	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	**258,315.41**	643,356.15	**Net cash flows from investing activities**	24		
Sub-total of cash inflows	5	**9,904,727.31**	5,039,831.14	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	**6,256,796.57**	3,183,183.57	include proceeds of investment by minor shreholder	27		
Cash apid for all type of taxes	8	**684,034.94**	887,449.29	Proceeds from borrowing	28		
Cash paid relating to other operating activities	9	**1,714,504.75**	1,683,972.48	Other proceeds relating to financing activities	29		
Sub-total of cash outflows	10	**8,655,336.26**	5,781,285.22	**Sub-total of cash inflows**	30		
Net cash flows from operating activities	11	**1,249,391.05**	-741,454.08	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	**1,249,391.05**	-741,454.08
Cash paid to acquire fixed assets, intangible assets and other long-term assets	19			**6. Cash equivalents at the beginning of the period**	39	**569,883.84**	1,311,337.92
Cash paid to acquire investments	20			**7. Cash equivalents at the end of period**	40	**1,819,274.89**	569,883.84

NOTES TO THE FINANCIAL STATEMENTS OF FOR THE YEAR ENDED DECEMBER 31, 2017

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.: 91310000593145765W) 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 25%.
Urban construction tax :	The Urban construction tax rate applicable to the Company in this year is 5%.
Education surcharge:	The Education surcharge rate applicable to the Company in this year is 5%.

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, 2017, the balance of Cash & Cash Equivalents is CNY 1,819,274.89:

Item	Book balance at end of year	Book balance at beginning of year
Cash	**0.00**	0.00
Cash in bank	**1,819,274.89**	569,883.84
Total	**1,819,274.89**	569,883.84

2. Accounts receivable

As at December 31, 2017, the balance of accounts receivable is CNY 6,124,767.48, 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	**6,124,767.48**	**100.00%**
1-2 years	**0.00**	**0.00%**
Total	**6,124,767.48**	**100.00%**

3. Other receivable

As at December 31, 2017, the balance of accounts receivable is CNY 725,916.00. The aging of accounts receivable is analyzed below:

Aging	Book balance at end of year	
	Amount	%
Within 1 year	**725,916.00**	**100.00%**
1-2 years	**0.00**	**0.00%**
Total	**725,916.00**	**100.00%**

4. Fixed Assets:

Net Value on December 31, 2017 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	**5,850.00**	**0.00**	**0.00**	**5,850.00**
Sub-total	**5,850.00**	**0.00**	**0.00**	**5,850.00**
Net Value	**650.00**			**650.00**

5. Accounts Payable

As at December 31, 2017, the balance of accounts payable is CNY 5,574,694.57. The aging of accounts payable is analyzed below:

Aging	Book balance at end of year	
	Amount	%
Within 1 year	2,441,712.00	43.80%
1-2 years	3,132,982.57	56.20%
Total	5,574,694.57	100.00%

The major customers are as follows:

The list of units	Amount
SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	5,562,194.57

6. Tax Payable

As at December 31, 2017, the balance of tax payable is CNY 219,368.19. The detail is as follows:

	Book balance at end of year
Value added tax	43,031.65
Income tax	0.00
City building duty	2,151.54
Educational expenses to add	2,151.55
River fee	0.00
The individual income tax	84,727.69
Business income taxes	87,305.76
Total	219,368.19

7. Other payable

As at December 31, 2017, the balance of other payable is CNY 472,832.12. The aging of other payable is analyzed below:

Aging	Book balance at end of year	
	Amount	%
Within 1 year	257,781.00	54.52%
1-2 years	215,051.12	45.48%
Total	472,832.12	100.00%

7. Paid-in Capital

As at December 31, 2017, 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 190,453.41

Plus: Increased this year 1,021,063.51

Less: Decreased this year Undistributed profits at the end of the year 1,211,516.92

9. Operating Income & Operating Cost

Detailed as follows:

Item	Actual this year	
	Operating income	Operating cost
Total	12,174,070.53	2,455,704.00

10. Operating Expenses

Item	Amount at current year
wages	6,094,477.19
External costs	454,532.14
Consulting services	915,442.60
Fare	104,770.81
Business promotion expenses	13,121.00
Other	145,871.70
Total	7,728,215.44

11. Management fees

Item	Amount at current year
Office expenses	50,651.81
Travel	262,426.04
Communication costs	20,924.91
Employee benefits expenditures	162,319.38
Consultancy fee	0.00
Auditing and inspection charges	30,500.00
Bookkeeping agency fee	36,500.00
Depreciation expense	0.00
Trainning fee	0.00
Total	563,322.14

12. Finance charges

Bank charges	6,311.58
Interest return	(534.41)
Exchange gain or loss	370.69
Total	6,147.86

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	5,562,194.57

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.

June 21, 2018.

SATVEN GmbH

Board of Directors
Mr. Vadlamudi Srinivasa Rao

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, 2018.

Financial Results

For the year ended March 31st, 2018	**2018 EURO**	**2018 INR**	2017 EURO	2017 INR
Income	**19,16,544**	**14,44,39,828**	531,093	39,093,255
Profit / (Loss) before tax	**71,601**	**53,96,209**	19,827	14,59,437
Profit/(Loss) after tax	**47,922**	**36,11,618**	13,227	973,617

Conversion Rate used in 2018: EURO to INR= 75.365

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 19,16,544 (Equivalent to INR 14,44,39,828). Profit after tax was EURO 47,922 (Equivalent to INR 36,11,618). 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, 2018

AUDITOR’S CERTIFICATE FOR SATVEN GmbH, MUNICH

We have audited the financial statements-Tested to March 31,2018, including the accounting of satven GmbH, Munich for the financial year April 1, 2017- March 31,2018, 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, 2018

Sieger Burggraf GmbH

Wirtschaftsprufungsgesellschaft

(Christoph Sieger)

Chartered Accountant

SATVEN GmbH

BALANCE SHEET AS OF MARCH 31, 2018

			12/31/2018	3/31/2017
			EUR	EUR
ASSETS				
A.	CURRENT ASSETS			
I.	Receivables and other assets			
	1.	Trade receivables	**470,996.36**	150,777.09
	2.	Other assets	**35,904.10**	11,804.59
			506,900.46	162,581.68
II.	Cash		**343,512.72**	60,536.87
B.	**PREPAID EXPENSES**		**1,137.15**	0.00
			851,550.33	223,118.55

			12/31/2018	3/31/2017
EQUITY AND LIABILITIES				
			12/31/2018	3/31/2017
			EUR	EUR
A.	**EQUITY**			
	I.	Subscribed capital	**25,000.00**	25,000.00
	II.	Retained earnings	**21,289.03**	8,062.19
	III.	Profit of the year	**47,921.86**	13,226.84
			94,210.89	46,289.03
B.	**ACCRUALS**			
	1.	Tax accruals	**33,914.00**	10,800.00
	2.	Other accruals	**109,800.00**	44,553.00
			143,714.00	55,353.00
C.	**LIABILITIES**			
	1.	Trade payables of which with a maturity of up to one year EUR 45.287,21 (pr. y. EUR 393,21)	**45,287.21**	393.21
	2.	Liabilities to affiliated companies - of which with a maturity of up to one year EUR 504.671,00 (pr. y. EUR 102.851,99)	**504,671.00**	102,851.99
	3.	Other liabilities - of which for taxes EUR 54.601,63 (Vj. EUR 12.652,71) - of which for social security Sicherheit EUR 4.568,71 (Vj. EUR 2.152,02) - of which with a maturity of up to one year one year EUR 63.667,23 (pr. y. EUR 18.231,32)	**63,667.23**	18,231.32
			613,625.44	121,476.52
			851,550.33	223,118.55

PROFIT AND LOSS STATEMENT FOR THE PERIOD APRIL 01, 2017 TO MARCH 31, 2018

				2017/2018	2016/2017
				EUR	EUR
1.	Sales			**1,908,911.88**	528,842.86
2.	Other income			**7,617.88**	2,249.68
3.	Personnel expenses				
	a)	Wages and salaries	**1,387,873.75**		378,223.54
	b)	Social security and pension expenses	**299,297.32**		76,441.06
				1,687,171.07	454,664.60
4.	Other operating expenses			**155,939.00**	56,087.83
5.	Interest and similar expenses			**1,832.24**	513.27
	- thereof to affiliates EUR 1.832,24 (pr.y. 513,27)				
6.	Taxes on income			**23,665.59**	6,600.00
7.	Result after tax			**47,921.86**	13,226.84
8.	Profit of the year			**47,921.86**	13,226.84

NOTES TO THE FINANCIAL STATEMENTS APRIL 01, 2017 TO MARCH 31, 2018

A. General Information

Satven GmbH, Legal seat Munich, Local court Stuttgart HRB 749841

The financial statements as of March 31, 2018 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.

B. Accounting an Valuation Principles

The trade receivables and other assets have been accounted at face value.

The cash has been accounted at face value.

As prepaid expenses are shown payments before the reporting date that represent expenses for a certain period after this date.

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. Other Information

The managing director in the financial year 2017/2018 was

Mr Rao S. Vadlamudi

Rao S. Vadlamudi

TECH MAHINDRA SERVICOS DE INFORMATICA LTDA

Board of Directors
Mr. Arvind Malhotra
Mr. Pimentel
Mr. Anil Joshi

Registered Office
Avenida Maria Coelho de Aguiar,
215 – Block C, 5th Floor – Jardim
São Luiz – São Paulo – SP – CEP: 05804-000

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 S.A. (Former Tech Mahindra Serviços de Informática Ltda.)
São Paulo - SP

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tech Mahindra Serviços de Informática S.A. ("the Company") as at March 31, 2018, 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, 2018, 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.

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, April 20, 2018.

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, 2018 AND MARCH 31, 2017

(In Thousands of Reais)

	Note	31.03.2018	31.03.2017
CURRENT ASSETS		**65,452**	55,635
Cash and cash equivalents	4	**2,048**	10,709
Trade accounts receivable	5	**49,264**	39,419
Taxes recoverable		**1,458**	3,811
Related parties	8	**10,410**	-
Other receivables		**2,272**	1,696
NON-CURRENT ASSETS		**47.604**	45,600
Related parties	8	**1,729**	3,225
Property & equipment		**4,051**	2,297
Intangible assets	6	**38,005**	38,076
Judicial deposits		**3,054**	1,099
Long term investments		**765**	-
Other receivables		**-**	903
TOTAL ASSETS		**113,056**	101,235
CURRENT		**98,850**	98,302
Trade accounts payable		**3,823**	5,138
Salary and social charges		**10,968**	8,569
Taxes liabilities		**1,432**	1,018
Loans and financing	7	**7,026**	8,770
Financial instruments derivatives	11.2 (b)	**103**	80
Related parties	8	**64,783**	51,873
Other liabilities		**10,715**	22,854
NON-CURRENT LIABILITIES		**9,454**	878
Provision for contingencies	9	**3,426**	878
Other liabilities		**6,028**	-
EQUITY	10	**4,752**	2,055
Capital		**63,117**	49,033
Retained losses		**(58,365)**	(46,978)
TOTAL LIABILITIES AND EQUITY		**113,056**	101,235
TOTAL ASSETS		**113,056**	101,235

See accompanying notes.

INCOME STATEMENTS FOR THE YEAR ENDED AS OF MARCH 31, 2018 AND 2017

(In Thousands of Reais)

	Note	**31.03.2018**	31.03.2017
Net operating revenue		**188,710**	131,336
Cost of services rendered		**(177,475)**	(146,244)
Gross profit		**11,235**	(14,908)
Operating income (expenses)			
General and administrative expenses		**(17,340)**	(10,284)
Other operating income		**12**	123
		(17,328)	(10,161)
Financial result			
Financial income		**6,435**	21,424
Financial expenses		**(11,729)**	(22,051)
		(5,294)	(627)
Loss before income and social contribution taxes		**(11,387)**	(25,696)
Income tax and social contribution		**-**	-
Total of income tax and social contribution			-
Loss for the year		**(11,387)**	(25,696)
Losses per unit of interest – R$	13	**(0.180)**	(0.524)

The Company has no other comprehensive income.

See accompanying notes.

STATEMENTS OF CHANGES IN EQUITY AS OF MARCH 31, 2018 AND 2017

(In Thousands of Reais)

EVENTS	CAPITAL	CAPITAL TO BE PAID-IN	RETAINED (EARNINGS) LOSSES	TOTAL
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**
Capital increase	14,084	-	-	14,084
Loss for the year	-	-	(11,387)	(11,387)
Balances at 31.03.2018	**63,117**	**-**	**(58,365)**	**4,752**

See accompanying notes.

CASH FLOW STATEMENTS AS OF MARCH 31, 2018 AND 2017

(In Thousands of Reais)

	31.03.2018	31.03.2017
Cash flow from operating activities		
Income (loss) before income and social contribution taxes	**(11,387)**	(25,696)
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities:		
Depreciation and amortization	**2,156**	1,694
Decrease (increase) in assets:		
Trade accounts receivable	**(9.845)**	2,767
Taxes recoverable	**2,353**	59
Other receivables	**(2,392)**	5,242
Related parties	**(8,915)**	(3,156)
Increase (decrease) in liabilities:		
Trade accounts payable	**(1,315)**	(540)
Taxes payable and others	**5,362**	1,476
Related parties	**12,910**	20,923
Provisions	**-**	(1,000)
Other liabilities	**(6,113)**	7,539
Financial instruments derivatives	**23**	80
Net cash provided by operating activities	**(17,163)**	9,388
Cash flow from investing activities		
Fixed asset and intangible purchases	**(3,839)**	(1,259)
Net cash used in investing activities	**(3,839)**	(1,259)
Cash flow from financing activities		
Increase (decrease) in loans and financing	**(1,743)**	1,870
Increase of social capital	**14,084**	-
Net cash provided by financing activities	**12.341**	1,870
Increase (decrease) in cash and cash equivalents	**(8,661)**	9,999
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	**10,709**	710
Cash and cash equivalents at the end of the year	**2,048**	10,709

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS AS OF MARCH 31, 2018 AND 2017

(In Thousands of Reais)

1. Operations

Tech Mahindra Serviços de Informática S.A. former Tech Mahindra Serviços de Informática Ltda. ("Tech Mahindra" or "Company") is a closely held corporation 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 S.A. 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 April 19, 2018.

The 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.

3.14 Adoption of new standards, amendments to and interpretations of existing standards issued by the IASB and standards issued but not yet effective

3.14.1 New and revised standards already issued but not yet adopted

The Company has not early adopted the following new and revised IFRSs already issued and not yet effective:

Pronouncement	**Description**	**Applicable to annual periods beginning on or after**
IFRS 9 (CPC 48) - Financial Instruments	Several changes in classification and measurement, measurement of impairment and hedge accounting.	January 1st, 2018
IFRS 15 (CPC 47) - Revenue from contracts with customers	Implements a principle-based model and a definitive guide as when to recognize revenue. It also introduces new disclosures.	January 1st, 2018
IFRS 16 (CPC 6 - R2) - Leases	Requires a review on lease arrangements for both lessors and lessees, replacing IAS 17 (CPC 6). The definition of finance lease disappear, except for short-term leases and for contracts involving immaterial amounts.	January 1st, 2019
IFRS 2 (CPC 10 - R1) - Classification and measurement of share based payment	Between other changes describes modifications of settled options of shares.	January 1st, 2018
IFRS 10 (CPC 36 - R3) and IAS 28 (CPC 18 - R2) improvements – Sell or asset contribution between investor and associate or Joint Venture	In case of assets sell or contribution between investor and associates or joint venture, the transaction effect only be recognized in profit and loss while the transaction be with a not related third party.	January 1st, 2018

Pronouncement	Description	Applicable to annual periods beginning on or after
IAS 7 (CPC 3 – R2) - Initiatives to improvement the statements	Describes about disclosures that enable users to measure the changes in liabilities related to financing activities.	January 1st, 2017
IAS 12 (CPC 32) - Deferred tax income recognize for unrealized losses	Describes the treatment of temporary differences.	January 1st, 2017

The Company is analyzing the impacts of the standards and does not expect significant effects on their adoption.

4. Cash and cash equivalents

	31.03.2018	31.03.2017
Cash and banks	**157**	73
Short term investments	**1,891**	10,636
	2,048	10,709

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

	31.03.2018	31.03.2017
Accounts receivable – invoiced	**23,208**	14,750
Accounts receivable – invoices to be issued	**27,514**	25,582
(-) Provision for doubtful accounts	**(1,458)**	(913)
	49,264	39,419

Changes in the allowance for doubtful accounts:

	31.03.2018	31.03.2017
Balances at the beginning of the year	**(913)**	-
Provision set up (+)	**(545)**	(913)
Write-off (-)	**-**	-
Recovered amounts (-)	**-**	-
Balance at the end of the year	**(1,458)**	(913)

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$26,089 totalizing R$36,828 related to goodwill. Additionally, on January 1st, 2017, Tech Mahindra incorporated Complex IT Solution figure´s.

7. Loan and financing

	Average annual interest	Beginning date	Maturity date	31.03.2018	31.03.2017
Current liabilities					
Bank Citibank (K Giro)	100% CDI+2,47%	02/02/2018	28/01/2019	**4,053**	4,083
Bank Citibank (Garantida)	100% CDI+2,5%	03/01/2018	19/12/2018	**255**	-
Bank Itaú (i)	Libor + 4,72	15/02/2018	24/08/2018	**2,718**	4,687
				7,026	8,770

(i) The loans are indexed by derivative financial instruments. Refer to note 11.2 (b).

8. Related parties

Operation with related party refers to consulting services rendered to Tech Mahindra Limited.

As of March 31, 2018 and 2017 the amounts are summarized as follows:

	31.03.2018	31.03.2017
Tech Mahindra Limited	**10,410**	-
Total current assets	**10,410**	-
Tech Mahindra Americas Inc.	**35**	-
Tech Mahindra Limited	**1,694**	3,225
Total non-current assets	**1,729**	3,225
Tech Mahindra Limited	**49.618**	30,538
Tech Mahindra Americas Inc.	**15.165**	21,335
Total current liabilities	**64,783**	51,873

Remuneration of key management

Expenses related to remuneration of key management personnel of the Company, recognized in P&L, totaled R$3,867 at March 31, 2018 (R$2,206 at March 31, 2017).

9. Provision for contingencies

The Company, in the normal course of its operations, is a party to judicial proceedings. Management, based on information from its legal advisors and the analysis of judicial proceedings pending judgment, concluded and set up a provision amounting to R$3,426 (R$878 as of March 31, 2017) related to labor causes classified as probable loss risk assessment.

10. Equity

As of March 31, 2018, the capital is represented by 63,117,498 (Sixty three million, one hundred seventeen thousands, four hundred ninety eight) shares related to social capital amounts to R$1.00 recorded as follows:

Shareholders	**Nº Quotas**	**%**
Tech Mahindra Limited	63,117,497	99,99
Mr. Antonio Alberto Rosati	1	0,01
	63,117,498	**100,00**

11. Financial instrument and risk management

11.1 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.

11.2 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	**31.03.2018 Book value**	31.03.2017 Book value	**31.03.2018 Fair value**	31.03.2017 Fair value
Cash and cash equivalents	**2,048**	10,709	**2,048**	10,709
Trade accounts receivable	**49,264**	39,419	**49,264**	39,419
Taxes recoverable	**1,458**	3,811	**1,458**	3,811
Related parties	**12,139**	3,225	**12,139**	3,225
Other receivables	**2,272**	2,599	**2,272**	2,599
	67,181	59,763	**67,181**	59,763

Financial liabilities	**31.03.2018 Book value**	31.03.2017 Book value	**31.03.2018 Fair value**	31.03.2017 Fair value
Trade accounts payable	**3,823**	5,138	**3,823**	5,138
Salary and social charges	**10,968**	8,569	**10,968**	8,569
Taxes liabilities	**1,432**	1,018	**1,432**	1,018
Loans and financing	**7,026**	8,770	**7,026**	8,770
Financial instruments derivatives	**103**	80	**103**	80
Related parties	**64,783**	51,873	**64,783**	51,873
Other liabilities	**16,743**	22,854	**16,743**	22,854
	104,878	98,302	**104,878**	98,302

(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, 2018 and 2017, outstanding contracts Non-Deliverable Forwards (NDFs) were:

	31.03.2018		
Type	**Nominal amount**	**Fair value (market value - R$)**	**Loss (Unrealized) –31.03.2017**
NDF – Liabilities			
Foreign currency - US$	**854**	**2,718**	**(103)**
			(103)
Current liabilities			**(103)**
Non-current liabilities			-

	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, 2018 and 2017 in the "Financial results" line.

12. Insurance coverage (unaudited)

At March 31, 2018 and 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.

13. 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.

14. 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:

	31.03.2018	31.03.2017
Basic and diluted earnings per unit of interest		
Numerator		
Loss for the year attributed to Company unit of interest holders (in thousands of reais)	**(11,387)**	(25,696)
Denominator (in units of interest)		
Weighted average number of units of interest	**63,117,498**	49,032,318
Basic and diluted earnings (losses) per units of interest (in R$)	**(0.180)**	(0.524)

15. 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
01/07/2015	30/06/2018	R$33	IGM-M	Rio de Janeiro
15/10/2017	15/10/2020	R$3	IGP-M	São Paulo
14/12/2017	13/11/2020	R$3	IGP-M	São Paulo

b) Guarantee letters

At March 31 2018, the Company has a guarantee letter with Citibank an amount of KBRL3.325.

TECH MAHINDRA DE MÉXICO, S. DE R. L. DE C. V.

Board of Directors

Mr. Arvind Malhotra

Mr. Pablo Gallegos

Mr. Jenny Jacob

Registered Office

Av. Eje 5 Note # 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, 2017 and 2016, 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, 2017 and 2016, 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

TECH MAHINDRA DE MÉXICO, S. DE R. L. DE C. V.

BALANCE SHEETS

As of December 31, 2017 and 2016

(In Mexican pesos)

	2017 **$**	2016 $
Assets		
Current assets:		
Cash	**39,089,726**	24,374,828
Accounts receivable - Net	**202,608,177**	97,376,187
Due from Tech Mahindra Limited	**-**	-
Guaranteed deposits – Current	**206,369**	216,825
Advances to employees	**2,531,349**	-
Prepaid expenses	**1,214,213**	1,653,411
Total current assets	**245,649,834**	123,621,250
Property and equipment - Net	**28,787,711**	5,828,788
Guaranteed deposits	**2,603,921**	1,153,220
Deferred income taxes	**2,099,128**	1,460,397
Total	**279,140,594**	132,063,655
Liabilities and partners' equity		
Current liabilities:		
Accounts payable	**142,244**	110,819
Issuance of stock, not subscribed	**-**	-
Due to Tech Mahindra Limited	**177,739,610**	90,136,242
Accrued expenses and taxes	**75,546,014**	25,484,699
Employee Benefits	**248,583**	78,765
Total currents liabilities	**115,810,531**	115,810,525
Non-current liabilities:		
Employee benefits	**104,557**	34,306
Total liabilities	**115,915,088**	115,878,291
Partners' equity:		
Social parts	**12,934,771**	12,934,771
Retained earnings	**12,424,815**	3,284,056
Total partners' equity	**25,359,586**	16,218,827
Total	**279,140,594**	132,063,655

See accompanying notes to financial statements.

STATEMENTS OF OPERATIONS

For the years ended December 31, 2017 and 2016

(In Mexican pesos)

	2017 $	2016 $
Revenue – net sales	**517,062,980**	244,784,068
Costs and expenses:		
Cost of sales	**482,932,327**	228,946,086
Sales and administrative expenses	**17,456,728**	9,858,175
Other income	**1,482,501**	1,700,135
Operating income	**18,156,424**	7,679,942
Comprehensive financing results:		
Exchange loss – Net		
	(5,446,535)	(3,095,463)
	(5,446,535)	(3,095,463)
Income before income tax expense	**12,709,890**	4,584,479
	3,569,132	2,520,909
Income Tax Expenses		
Net income	**9,140,757**	2,063,570

See accompanying notes to financial statements.

TECH MAHINDRA DE MÉXICO, S. DE R. L. DE C. V.

STATEMENTS OF PARTNERS' EQUITY

For the years ended December 31, 2017 and 2016

(In Mexican pesos)

	Social Parts	Retained earnings (accumulated deficit)	Total partners' equity
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
	-	9,140,757	9,140,757
Net Income			
Balance as at December 31, 2017	12,934,771	12,424,815	25,359,586

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

(In Mexican pesos)

	2017 **$**	2016 $
Operating activities:		
Income income before income taxes	**12,709,890**	4,584,479
Items related to investment activities:		
Depreciation	**5,105,750**	1,943,817
Finance cost	**-**	52,522
	17,815,640	6,580,818
(Increase) decrease in:		
Accounts receivable – Net	**(111,583,082)**	(79,813,127)
Prepaid expenses	**439,199**	(815,228)
Guaranteed deposits	**(1,440,246)**	(176,310)
Increase (decrease) in:		
Accounts payable	**31,427**	92,809
Due to Tech Mahindra Limited	**87,603,368**	90,136,242
Direct employee benefits	**240,069**	79,611
Accrued expenses and taxes		
	50,061,314	20,217,435
Tax paid	**(388,119)**	(11,747,658)
Net cash flows provided by (used in) operating activities	**24,963,930**	24,554,592
Investing activities:		
Acquisitions of equipment	**(28,064,672)**	(3,632,351)
Net cash flows used in investing activities	**(28,064,672)**	(3,632,351)
Financing activities:		
Issuance of common stock not subscribed	**-**	-
Issuance of common stock	**-**	-
Finance cost paid	**-**	(52,522)
Net cash flows provided by financing activities	**-**	(52,522)
Net increase (decrease) in cash and cash equivalents	**14,714,898**	20,869,718
Cash and cash equivalents at the beginning of the year	**23,374,828**	3,505,109
Cash and cash equivalents at the end of the year	**38,089,726**	24,374,828

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, 2017 and 2016 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, 2017 and 2016 were 12.26% and 10.52%, 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, 2017 and 2016 were 6.77% and 3.36%, 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:

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, 2017 and 2016, 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.

j. Revenue recognition – Revenues from services rendered are recognized in the period in which they are rendered.

4. Accounts receivable

	2017 $	2016 $
Customers	**199,495,371**	89,972,592
Allowance for doubtful debts	**(1,577,368)**	-
Debtors (net of PDD)	**197,918,003**	89,972,592
Recoverable taxes, VAT	**-**	-
Recoverable income tax	**3,261,379**	7,081,123
Recoverable expenses	**623,416**	-
Less : Allowance	**(623,416)**	-
	-	-
Guarantee deposits , officers and employees	**104,012**	64,579
Others	**1,324,783**	293,000
Allowance For doubtful Accounts	**-**	(35,106)
	202,608,177	97,376,187

5. Property and equipment

	December 31, 2017 $	December 31, 2016 $
Investment:		
Plant & Machinery	**11,382,253**	368,252
Furniture and fixtures	**8,935,303**	2,494,488
Equipment and computers	**14,132,510**	3,522,653
Leasehold improvements	**1,215,194**	1,215,194
	35,665,260	7,600,587
Accumulated depreciation:		
Plant & Machinery	**(1,069,581)**	(92,063)
Furniture and fixtures	**(1,596,941)**	(679,502)
Equipment and computers	**(3,684,444)**	(716,689)
Leasehold improvements	**(526,583)**	(283,545)
	(6,877,549)	(1,771,799)
Net property and equipment	**28,787,711**	5,828,788

Depreciation recognized in the statements of operations was $ 5,109,450 and $1,943,817 in 2017 and 2016, 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 $ 353,140 and $$846 in 2017 and 2016, respectively. Other disclosures required under accounting provisions are not considered material.

b. The amount of deferred PTU recognized in the statements of operation of the period is:

	2017 $	2016 $
PTU:		
Current	**4,047,658**	3,160,041
Deferred	**(638,731)**	(639,132)
	3,408,927	2,520,909

7. Periods of payment and recovery of financial liabilities and assets

As of December 2016 y 2015, financial liabilities amounted $177,881,854 and $ 90,247,061, respectively and financial assets amounted $ 245,649,834 and $123,621,250, respectively, within a settlement period no more than 12 months.

8. Partners' equity

a. As of December 31, 2017 and 2016 partner units at par value (historical pesos), is as follows:

	Number of social parts	**Amount in historical pesos**	Number of social parts	Amount in historical pesos
	2017		2016	
Fixed capital				
Series "A" partner units*	**2**	**1**	2	1
(Non Withdrawable)				
Variable capital				
Series "B" partner units**	**1**		1	
		12,934,770		12,934,770
Total	**3**	**12,934,771**	3	12,934,770

* 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 January 4, 2016, variable social parts was increased by $5,015,522, through cash contributions.

c. 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.

d. 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.

e. The balances of the partners' equity tax accounts as of December 31 are:

	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:

	2017 **$**	2016 $
Tech Mahindra Limited:		
Sales	**232,382,470**	94,968,584
Sub-contracting cost	**(308,661,368)**	(146,824,474)
Other Income	**1,481,617**	1,694,728

b. Balances due from and to related parties are as follows:

	2017 **$**	2016 $
Due from Tech Mahindra Limited	**-**	-
Due to Tech Mahindra Limited	**177,739,610**	90,136,242

10. Other income (expenses)

a. Breakdown as follows:

	2016 $	2015 $
Rental income	**1,481,617**	1,694,728
Sundry Balances written Back	**-**	5,407
	1,481,617	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 2017 and 2016 and it will continue at 30% in 2017 and thereafter.

a. ISR consists of the following:

	2017 $	2016 $
ISR:		
Current	**4,047,658**	3,160,041
Deferred	**(638,731)**	(639,132)
	3,408,927	2,520,909

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:

	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:

	2016 $	2015 $
Deferred income tax		
Deferred income tax assets:		
Accrued bonuses and other accruals	**2,099,128**	1,460,397
Deferred ISR asset	**2,099,128**	1,460,397
Net deferred ISR asset	**2,099,128**	1,460,397

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.

c. 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.

d. 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 , 2018, 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. UlhasYargop
Mr. Manish Vyas
Mr. Sameer Padhye
Mr. Andy Geisse

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

This report together with the audited accounts of FixStream Networks Inc. for the year ended March 31, 2018 is as follows:

Financial Results (US$):

For the year ended March 31,	**2018 US $**	2017 US $
Income	**3,108,200.00**	739,313.00
Profit/(Loss) before tax	**(6,713,663.00)**	(7,162,969)
Profit/(Loss)after tax	**(14,779,304.00)**	(4,151,179)

Review of Operations:

The Company is a 73.45% 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, Mr. Sameer Padhye and Mr. Andy Geisse 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 : June 12, 2018
Place : San Jose, California

INDEPENDENT AUDITOR'S REPORT

Board of Directors
FixStream Networks, Inc.
a Delaware Corporation,
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 Delaware Corporation, a 73.45% owned subsidiary of Tech Mahindra Limited, an India corporation, which comprise the balance sheets as of March 31, 2018 and 2017, and the related statements of income 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 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 99.99% 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, Fixstream India Private Limited (formerly 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 73.45% owned subsidiary of Tech Mahindra Limited, as of March 31, 2018 and 2017, 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 herein 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 19, 2018

BALANCE SHEETS

	Note	March 31, 2018 $	2017 $
ASSETS:			
Current assets:			
Cash	3	**210,304**	576,093
Due from affiliated companies	6	**913,000**	179,000
Due from parent company	8	**1,111,100**	15,000
Prepaid expenses		**175,196**	130,548
Total current assets		**2,409,600**	900,641
Investment in subsidiary	4	**42,047**	42,047
Other assets:			
Restricted cash	3	**282,155**	281,873
Security deposits		**42,272**	11,709
Deferred tax asset	5	**-**	8,065,466
Total other assets		**324,427**	8,359,048
Property and equipment, net	7	**136,693**	207,735
Total Assets		**2,912,767**	9,509,471
LIABILITIES AND STOCKHOLDER'S DEFICIT			
Liabilities:			
Current liabilities:			
Accounts payable		**188,381**	213,755
Accrued expenses		**220,475**	234,808
Due to parent company	8	**924,084**	1,950
Due to affiliated companies	6	**1,334,861**	680,769
Deferred revenue		**91,480**	-
Income tax payable	5	**1,535**	800
Total current liabilities		**2,760,816**	1,132,082
Convertible-redeemable preferred stock	13	**10,000,000**	10,000,000
Non Current liabilities:			
Notes payable to affiliated company	9	**10,943,001**	4,577,351
Note payable to parent company	8	**4,874,840**	4,688,990
Total non current liabilities		**15,817,841**	9,266,341
Stockholder's deficit			
Common stock	14	**665**	663
Additional paid in capital		**51,393**	49,030
Accumulated deficit		**(25,717,948)**	(10,938,645)
Total stockholder's deficit		**(25,665,890)**	(10,888,952)
Total Liabilities and Stockholder's Deficit		**2,912,767**	9,509,471

FIXSTREAM NETWORKS INC

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Schedule	Three Months Ended March 31, 2018 $	Three Months Ended March 31, 2017 $	Twelve Months Ended March 31, 2018 $	Twelve Months Ended March 31, 2017 $
REVENUE	I	**521,119**	193,474	**3,108,200**	739,313
COST OF SALES		**28,088**	-	**136,084**	69,786
GROSS PROFIT		**493,031**	193,474	**2,972,116**	669,527
OPERATING EXPENSES:					
Personnel	II	**1,665,057**	1,413,963	**6,199,969**	5,162,767
General and administrative	III	**655,482**	563,603	**2,819,797**	2,259,932
Depreciation		**20,273**	38,495	**113,508**	149,956
Total operating expenses		**2,340,812**	2,016,061	**9,133,274**	7,572,655
OTHER INCOME (EXPENSE)					
Interest income		**304**	368	**1,376**	1,499
Gain / (Loss) on disposal of asset		**1,426**	-	**(17,110)**	-
Other interest expense		**(1,492)**	(1,950)	**(1,492)**	(4,464)
Foreign currency gain (loss)		**17,318**	-	**16,222**	-
Intercompany interest expense		**(163,738)**	(90,964)	**(551,501)**	(258,826)
Total other expense		**(146,182)**	(92,546)	**(552,505)**	(261,791)
Loss before income tax expense / (benefit)		**(1,993,963)**	(1,915,133)	**(6,713,663)**	(7,164,919)
INCOME TAX EXPENSE (BENEFIT)	Note 5	**175**	(786,078)	**8,065,641**	(3,011,790)
NET LOSS		**(1,994,138)**	(1,129,055)	**(14,779,304)**	(4,153,129)
Accumulated deficit, beginning of period		**(23,723,810)**	(9,809,590)	**(10,938,644)**	(6,785,516)
Accumulated deficit, end of period		**(25,717,948)**	(10,938,645)	**(25,717,948)**	(10,938,645)

STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2018 **$**	2017 $	**2018** **$**	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	**(1,994,138)**	(1,129,055)	**(14,779,304)**	(4,153,129)
Adjustments to reconcile net loss to				
net cash used in operating activities:				
Depreciation	**20,273**	38,495	**113,508**	149,956
Deferred income tax benefit	**-**	(786,878)	**8,065,466**	(3,012,590)
Changes in operating assets and liabilities:				
Due from parent company	**(81,225)**	11,880	**(173,966)**	(144,089)
Receivable from affiliates	**(633,500)**	121,253	**(734,000)**	(179,000)
Prepaid expenses	**(24,091)**	(25,418)	**(44,648)**	(65,525)
Deferred revenue	**(8,520)**	527	**(358,597)**	450,077
Accounts payable	**79,165**	(7,833)	**(25,373)**	161,195
Accrued expenses	**43,483**	113,108	**(14,333)**	111,007
Income tax payable	**175**	800	**735**	800
Security deposit	**-**	-	**(30,563)**	-
Payable to related party	**1,409,163**	232,642	**1,104,169**	222,662
Net Cash Used in Operating Activities	**(1,189,215)**	(1,430,479)	**(6,876,906)**	(6,458,636)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	**(16,722)**	(22,733)	**(42,466)**	(115,681)
Net Cash Used in Investing Activities	**(16,722)**	(22,733)	**(42,466)**	(115,681)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase in restricted cash	**(69)**	(69)	**(282)**	(281)
Issued common stocks	**-**	7	**2**	13
Issued additional paid in capital	**353**	7,624	**2,363**	14,409
Net change in note payable to affiliated company	**117,912**	1,545,138	**6,365,650**	4,382,620
Net change in note payable to parent company	**45,826**	45,826	**185,850**	1,381,475
Net Cash Provided by Financing Activities	**164,022**	1,598,526	**6,553,583**	5,778,236
Net change in cash	**(1,041,915)**	145,314	**(365,789)**	(796,081)
Cash, beginning of period	**1,252,219**	430,779	**576,093**	1,372,174
Cash, end of period	**210,304**	576,093	**210,304**	576,093
Supplemental Disclosures:				
Cash paid for interest	**-**	368	**-**	1,499
Cash paid for income tax	**-**	-	**-**	-

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

1. NATURE OF OPERATIONS

FixStream Networks, Inc. (the “Company”) is a 73.45% 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 Fixstream India Private Limited, formerly known as Quexa Systems Private Limited (“FIXIND”). FIXIND 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, 2018 and 2017 TechM holding is 73.45% and 73.50%, respectively.

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 FIXIND. 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 Three 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, 2018 and 2017, 1,981,843 and 552,159 of granted shares have vested, respectively.

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,	
	2018	2017
	$	$
Cash	**492,459**	857,966
Less: restricted cash - money market account	**(282,155)**	(281,873)
Net available cash	**210,304**	576,093

The 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, 2018 and 2017 of $282,155 and $281,873, respectively.

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 FIXIND located in Bangalore, India, which is accounted for using the cost method at $42,047. The book value of the subsidiary was reported at $406,831 and $274,587 at March 31, 2018 and 2017 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 consists of the following:	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2018 $	2017 $	**2018 $**	2017 $
Federal	**-**	-	**-**	-
State	**175**	800	**175**	800
Total current income tax expense	**175**	800	**175**	800
Deferred income tax benefit consists of the following:				
Federal	**159,974**	(656,326)	**1,013,594**	(2,421,606)
State	**(83,888)**	(130,552)	**(252,782)**	(590,984)
Expected income tax (benefit) at statutory rate	**76,261**	(786,078)	**760,987**	(3,011,790)
Valuation allowance for deferred tax assets				
Federal	**(159,974)**	-	**5,417,868**	-
State	**83,888**	-	**1,886,786**	-
Net current and deferred income tax expense (benefit)	**175**	(786,078)	**8,065,641**	(3,011,790)

Deferred tax assets consists of the following:	**March 31,**	
	2018 $	2017 $
Federal	**5,417,869**	6,431,463
State	**1,886,784**	1,634,003
Total deferred tax asset	**7,304,653**	8,065,466
Valuation allowance for deferred tax assets	**(7,304,653)**	-
Deferred tax asset, net	**-**	8,065,466

As of March 31, 2018 and 2017, the Company had approximately $24,557,770 and $18,490,444, respectively of estimated federal net operating losses and $21,734,912 and $18,484,195, of state net operating losses available to be carried forward, respectively, through March 31, 2037. 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, 2015.

The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended March 31, 2018. Such objective evidence limits the ability to consider other subjective evidence such as management's projects for future growth.

On the basis of this evaluation, as of March 31, 2018 and 2017, a valuation allowance of $7,304,653 and $0 has been recorded to provide for the deferred tax asset that is more likely than not to be realized. The amount in future of the deferred tax asset considered to be realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as the company's projections for growth.

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, 2018 and 2017, FixStream Networks had intercompany transactions with its 99.99% owned subsidiary FIXIND. FIXIND provides software development service to the Company and bills the Company for such services on a monthly basis.

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2018 **$**	2017 $	**2018** **$**	2017 $
Beginning balance, due (to) from FIXIND	**(244,491)**	(140,747)	**(230,692)**	(8,030)
FIXIND billings for R&D services	**(398,329)**	(329,945)	**(1,505,032)**	(1,222,662)
Expense reimbursement - debit/credit notes	**-**	-	**(2,096)**	-
Advances paid to FIXIND	**325,000**	240,000	**1,420,000**	1,000,000
Ending balance, due (to) from FIXIND	**(317,820)**	(230,692)	**(317,820)**	(230,692)

Due (to) from FIXIND consists of:	**March 31,**	
	2018 **$**	2017 $
Amounts due to FIXIND	**(317,820)**	(230,692)
Amounts due from FIXIND	**-**	-
	(317,820)	(230,692)

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with Tech Mahindra (Americas) Inc. ("TMA"), an affiliated company. Transactions with TMA are summarized below:

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2018 **$**	2017 $	**2018** **$**	2017 $
Beginning balance, due (to) from TMA	**(20,958)**	4,292	**(223,958)**	-
Expense reimbursement - debit/credit notes	**146,417**	156,750	**563,417**	334,542
Amounts paid from TMA	**(229,500)**	(385,000)	**(443,500)**	(558,500)
Ending balance, due (to) from TMA	**(104,041)**	(223,958)	**(104,041)**	(223,958)

Due (to) from TMA consists of:	March 31,	
	2018 **$**	2017 $
Amounts due to TMA	**(1,017,041)**	(402,958)
Amounts due from TMA	**913,000**	179,000
	(104,041)	(223,958)

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with Societe de Telecommunications Africaine (STA) Abidjan ("STA"), an affiliated company. Transactions with STA are summarized below:

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2018 $	2017 $	**2018 $**	2017 $
Beginning balance, due (to) from STA	**-**	-	**(36,616)**	-
Cost of services	**-**	19,384	**36,616**	69,846
Prepayment received from STA	**-**	(56,000)	**-**	(106,462)
Ending balance, due (to) from STA	**-**	(36,616)	**-**	(36,616)

Due (to) from STA consists of:	March 31,	
	2018 $	2017 $
Amounts due to STA	**-**	(36,616)
Amounts due from STA	**-**	-
	-	(36,616)

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with Tech Mahindra (Malaysia) Sdn. Bhd ("TM MA"), an affiliated company. Transactions with MA are summarized below:

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2018 $	2017 $	**2018 $**	2017 $
Beginning balance, due (to) from TM MA	**-**	(18,380)	**(10,503)**	-
Cost of goods sold	**-**	-	**7,877**	21,006
Interest from MA	**-**	3,151	**-**	-
Prepayment received from MA	**-**	4,726	**2,626**	(31,509)
Ending balance, due (to) from TM MA	**-**	(10,503)	**-**	(10,503)

Due (to) from TM MA consists of:	March 31,	
	2018 $	2017 $
Amounts due to TM MA	**-**	(10,503)
Amounts due from TM MA	**-**	-
	-	(10,503)
Total amounts due to affiliated companies	**(1,334,861)**	(680,769)
Total amounts due from affiliated companies	**913,000**	179,000
	(421,861)	(501,769)

7. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:	March 31,	
	2018 $	2017 $
Computer equipment	**484,397**	443,299
Furniture	**8,918**	6,859
Software	**40,134**	40,134
Leasehold improvements	**5,000**	38,739
Less: accumulated depreciation	**(401,756)**	(321,296)
Property and equipment, net	**136,693**	207,735

Depreciation expense for the three months ended March 31, 2018 and 2017 was $20,273 and $38,495, respectively. Depreciation expense for the twelve months ended March 31, 2018 and 2017 was $113,508 and $149,956, respectively. The depreciation policies followed by the Company are described in Note 2E.

8. TRANSACTIONS WITH PARENT COMPANY

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with its parent company, TechM. Transactions with the parent company are summarized below:

	Three Months Ended March 31,		Twelve Months Ended March 31,	
Beginning balance, due from (to) parent company	**2018 $**	2017 $	**2018 $**	2017 $
	725,042	26,880	**13,050**	(131,039)
Revenue from services	**277,542**	15,000	**2,175,504**	41,880
Payments made by parent company	**-**	(26,880)	**(275,377)**	176,504
Income and reimbursements (to) from parent company	**(815,568)**	(1,950)	**(1,726,161)**	(74,295)
	187,016	13,050	**187,016**	13,050

Due to parent company consists of:	March 31,	
	2018 $	2017 $
Amounts due to parent company	**(924,084)**	(1,950)
Amounts due from parent company	**1,111,100**	15,000
	187,016	13,050

Note payable to parent company:	March 31,	
	2018 $	2017 $
Note payable to Tech Mahindra Limited ("TechM"). 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, for the three months ended March 31, 2018 and 2017, respectively. Interest expense on the note was $185,850 and $188,990 , for the twelve months ended March 31, 2018 and 2017, respectively. Outstanding principal balance of the note was $4,500,000 as of March 31, 2018 and 2017.	**4,874,840**	4,688,990
Subtotal	**4,874,840**	4,688,990
Less: current portion	**-**	-
Long-term portion	**4,874,840**	4,688,990

9. NOTES PAYABLE TO AFFILIATED COMPANY

Note payable to related party consists of the following:

	March 31,	
	2018 $	2017 $
Note payable to 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 expense on the loan was $16,718 for the three months ended March 31, 2018 and 2017, respectively. Interest expense was $109,037 and $41,237 for the twelve months ended March 31, 2018 and 2017, respectively.	**1,609,037**	1,541,237
Note payable to 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 expense on the loan was $14,425 for the three months ended March 31, 2018 and 2017. Interest expense on the loan was $80.618 and $22,118 for the twelve months ended March 31, 2018 and 2017.	**1,580,618**	1,522,118

	March 31, 2018 $	March 31, 2017 $
Note payable to 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 expense on the loan was $13,801 and $13,996 for the three months ended March 31, 2018 and 2017. Interest expense on the loan was $84,946 and $13,996 for the twelve months ended March 31, 2018 and 2017.	**1,584,946**	1,513,996
Note payable to 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 expense on the loan was $17,642 for the three months ended March 31, 2018. Interest expense on the loan was $66,453 for the twelve months ended March 31, 2018.	**1,566,453**	-
Note payable to 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 expense on the loan was $17,531 for the three months ended March 31, 2018. Interest expense on the loan was $48,504 for the twelve months ended March 31, 2018.	**1,548,504**	-

9. NOTES PAYABLE TO AFFILIATED COMPANY (CONTINUED)

Note payable to related party consists of the following:

	March 31, 2018 $	March 31, 2017 $
Note payable to 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 expense on the loan was $16,126 for the three months ended March 31, 2018. Interest expense on the loan was $32,073 for the twelve months ended March 31, 2018.	**1,532,072**	-
Note payable to 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 expense on the loan was $17,975 for the three months ended March 31, 2018. Interest expense on the loan was $21,371 for the twelve months ended March 31, 2018.	**1,521,370**	-
Subtotal	**10,943,001**	4,577,351
Less: current portion	**-**	-
Long-term portion	**10,943,001**	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, 2018 and 2017 of $282,155 and $281,873, respectively. The balance of the outstanding line of credit at March 31, 2018 and 2017 was $0. The line is payable on demand by the Company. Interest expense was $0 and $0 for the three and twelve months ended March 31, 2018 and 2017, 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, 2018 and 2017.

The Plan's administrative expense which is paid by the Company was $580 and $503 for the three months ended March 31, 2018 and 2017, respectively. The Plan's administrative expense which is paid by the Company was $2,242 and $2,678 for the twelve months ended March 31, 2018 and 2017, respectively.

12. STOCK-BASED COMPENSATION

Key employees are granted stock options under 2013 Equity Incentive Plan. For all of the stock options granted before September 30, 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 September 30, 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, 2017, the exercise price is a set price of $0.196 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, 2018 and 2017, 3,582,281 and 3,209,686 respectively, shares have been granted and 1,981,843 and 1,176,763 shares have been vested, respectively.

A summary of stock options for the three months ended March 31, 2018 and 2017, is presented below:

	Three Months Ended March 31,			
	2018		2017	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	**3,893,281**	**0.14**	3,212,186	0.11
Granted	**101,990**	**0.26**	225,000	0.15
Exercised	**(2,292)**	**-**	(69,375)	-
Forfeited or expired	**(410,698)**	**0.20**	(158,125)	0.01
Outstanding at end of period	**3,582,281**	**0.14**	3,209,686	0.12

A summary of stock options for the twelve months is presented below:

	Three Months Ended March 31,			
	2018		2017	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	**3,893,281**	**0.13**	2,764,353	0.12
Granted	**101,990**	**0.20**	1,192,000	0.15
Exercised	**(2,292)**	**-**	(134,166)	-
Forfeited or expired	**(410,698)**	**0.15**	(612,501)	0.09
Outstanding at end of period	**3,582,281**	**0.14**	3,209,686	0.12

As of March 31, 2018 and 2017, the aggregate intrinsic value of stock options outstanding was $1,474,087 and $1,368,155 respectively; the aggregate intrinsic value of stock options exercisable was $871,225 and $529,477, respectively.

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,	
	2018 $	2017 $
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%**	0.52%
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 6,649,521 and 6,632,854 were issued and outstanding at March 31, 2018 and 2017, 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 July 1, 2017 through June 30, 2020. Total rental expense related to this lease was $59,768 and $35,157 for the three months ended March 31, 2018 and 2017, respectively. Total rental expense related to this lease was $197,108 and $139,944 for the twelve months ended March 31, 2018 and 2017, respectively.

The future minimum rental payments for this lease are as follows:

Year ended March 31,	
2019	**244,448**
2020	**251,783**
2021	**63,413**
	559,644

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, 2018 and 2017, the Company had $242,459 and $326,093, respectively, deposited with the financial institution that exceeded the Federally insured limit.

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 19, 2018, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 19, 2018, that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

	Three Months Ended March 31,		Twelve Months Ended March 31,	
Schedule I	**2018 $**	2017 $	**2018 $**	2017 $
REVENUES				
Revenue from affiliated companies	**423,959**	-	**2,786,040**	113,372
Revenue from third parties	**97,160**	193,474	**322,160**	625,941
	521,119	193,474	**3,108,200**	739,313
Schedule II				
PERSONNEL EXPENSES				
Personnel cost	**1,307,573**	1,150,374	**4,948,747**	4,212,400
Employee benefits	**113,736**	107,154	**413,800**	376,116
Payroll taxes	**112,579**	92,749	**325,917**	280,984
Contract services	**107,819**	54,231	**332,567**	201,910
Employee related expenses	**23,350**	9,455	**178,938**	91,357
	1,665,057	1,413,963	**6,199,969**	5,162,767
Schedule III				
GENERAL AND ADMINISTRATIVE				
R&D expense	**400,643**	342,563	**1,561,743**	1,368,887
Sales and marketing	**55,634**	48,163	**358,786**	264,100
Miscellaneous expense	**15,291**	8,937	**208,997**	18,713
Rent	**59,768**	35,157	**197,108**	139,944
Travel	**49,721**	44,737	**195,436**	170,605
Professional fees	**38,988**	43,495	**129,090**	166,371
Office expenses	**19,345**	33,785	**127,900**	103,613
Insurance	**7,555**	4,479	**23,168**	16,736
Taxes - other	**6,001**	818	**10,802**	5,582
Communications	**2,536**	1,469	**6,767**	5,381
	655,482	563,603	**2,819,797**	2,259,932

INDEPENDENTAUDITORS'REPORTONSUPPLEMENTALINFORMATION

Board of Directors
FixStream Networks, Inc.
a wholly owned subsidiary of Tech Mahindra Limited,
an India corporation
San Jose, California

Our report on our audits of the financial statements of FixStream Networks, Inc., a 73.45% own ended March 31, 2018 and 2017, appears on pages herein. 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 herein 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 consolidated financial statements, and, accordingly, we express no opinion on it.

USD amounts in the supplemental schedules are translated for convenience into Indian Rupees (INR) the exchange rate of INR 65.17 to 1.00 USD for both 2018 and 2017.

Catrakilis Kraitzick Hrabova, LLC.
Atlanta, Georgia

April 19, 2018

SUPPLEMENTAL BALANCE SHEETS

	Note	March 31, 2018 USD	2018 INR	2017 USD	2017 INR
ASSETS:					
Current assets:					
Cash	3	**210,304**	**13,705,512**	576,093	37,543,981
Due from affiliated company	6	**913,000**	**59,500,210**	179,000	11,665,430
Due from parent company	8	**1,111,100**	**72,410,387**	15,000	977,550
Prepaid expenses		**175,196**	**11,417,523**	130,548	8,507,814
Total current assets		**2,409,600**	**157,033,632**	900,641	58,694,775
Investment in subsidiary	4	**42,047**	**2,740,203**	42,047	2,740,203
Other assets:					
Restricted cash	3	**282,155**	**18,388,041**	281,873	18,369,663
Security deposits		**42,272**	**2,754,866**	11,709	763,076
Deferred tax asset	5	**-**	**-**	8,065,466	525,626,419
Total other assets		**324,427**	**21,142,907**	8,359,048	544,759,158
Property and equipment, net	7	**136,693**	**8,908,283**	207,735	13,538,090
Total Assets		**2,912,767**	**189,825,025**	9,509,471	619,732,226
LIABILITIES AND STOCKHOLDER'S DEFICIT					
Liabilities:					
Current liabilities:					
Accounts payable		**188,381**	**12,276,790**	213,755	13,930,413
Accrued expenses		**220,475**	**14,368,356**	234,808	15,302,437
Due to parent company	8	**924,084**	**60,222,554**	1,950	127,082
Due to affiliated company	6	**1,334,861**	**86,992,891**	680,769	44,365,716
Deferred revenue		**91,480**	**5,961,752**	-	-
Income tax payable	5	**1,535**	**100,036**	800	52,136
Total current liabilities		**2,760,816**	**179,922,379**	1,132,082	73,777,784
Convertible-redeemable preferred stock	13	**10,000,000**	**651,700,000**	10,000,000	651,700,000
Non Current liabilities:					
Note payable to affiliated company	9	**10,943,001**	**713,155,375**	4,577,351	298,305,965
Note payable to parent company	8	**4,874,840**	**317,693,323**	4,688,990	305,581,478
Total non current liabilities		**15,817,841**	**1,030,848,698**	9,266,341	603,887,443
Stockholder's deficit					
Common stock	14	**665**	**43,338**	663	43,208
Additional paid in capital		**51,393**	**3,349,282**	49,030	3,195,285
Accumulated deficit		**(25,717,948)**	**(1,676,038,671)**	(10,938,645)	(712,871,495)
Total stockholder's deficit		**(25,665,890)**	**(1,672,646,051)**	(10,888,952)	(709,633,002)
Total Liabilities and Stockholder's Deficit		**2,912,767**	**189,825,025**	9,509,471	619,732,226

See notes to supplemental financial statements

SUPPLEMENTAL STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Schedule	Three Months Ended March 31,				Twelve Months Ended March 31,			
		2018		2017		**2018**		2017	
		USD	**INR**	USD	INR	**USD**	**INR**	USD	INR
REVENUE	I	**521,119**	**33,961,325**	193,474	12,608,701	**3,108,200**	**202,561,394**	739,313	48,181,028
COST OF SALES		**28,088**	**1,830,495**	-	-	**136,084**	**8,868,594**	69,786	4,547,954
GROSS PROFIT		**493,031**	**32,130,830**	193,474	12,608,701	**2,972,116**	**193,692,800**	669,527	43,633,074
OPERATING EXPENSES:									
Personnel	II	**1,665,057**	**108,511,765**	1,413,963	92,147,969	**6,199,969**	**404,051,980**	5,162,767	336,457,525
General and administrative	III	**655,482**	**42,717,762**	563,603	36,730,008	**2,819,797**	**183,766,170**	2,259,932	147,279,768
Depreciation		**20,273**	**1,321,191**	38,495	2,508,719	**113,508**	**7,397,316**	149,956	9,772,633
Total operating expenses		**2,340,812**	**152,550,718**	2,016,061	131,386,696	**9,133,274**	**595,215,466**	7,572,655	493,509,926
OTHER INCOME (EXPENSE)									
Interest income		**304**	**19,812**	368	23,983	**1,376**	**89,674**	1,499	97,690
Gain / (Loss) on disposal of asset		**1,426**	**92,932**	-	-	**(17,110)**	**(1,115,059)**	-	-
Other Interest expense		**(1,492)**	**(97,234)**	(1,950)	(127,082)	**(1,492)**	**(97,234)**	(4,464)	(290,919)
Foreign currency gain / (loss)		**17,318**	**1,128,614**	-	-	**16,222**	**1,057,188**	-	-
Intercompany interest expense		**(163,738)**	**(10,670,805)**	(90,964)	(5,928,124)	**(551,501)**	**(35,941,320)**	(258,826)	(16,867,690)
Total other expense		**(146,182)**	**(9,526,681)**	(92,546)	(6,031,223)	**(552,505)**	**(36,006,751)**	(261,791)	(17,060,919)
Loss before income tax expense / (benefit)		**(1,993,963)**	**(129,946,569)**	(1,915,133)	(124,809,218)	**(6,713,663)**	**(437,529,417)**	(7,164,919)	(466,937,771)
INCOME TAX EXPENSE / (BENEF	Note 5	**175**	**11,405**	(786,078)	(51,228,703)	**8,065,641**	**525,637,824**	(3,011,790)	(196,278,354)
NET LOSS		**(1,994,138)**	**(129,957,974)**	(1,129,055)	(73,580,515)	**(14,779,304)**	**(963,167,241)**	(4,153,129)	(270,659,417)
Accumulated deficit, beginning of period		**(23,723,810)**	**(1,546,080,698)**	(9,809,590)	(639,290,980)	**(10,938,644)**	**(712,871,429)**	(6,785,516)	(442,212,078)
Accumulated deficit, end of period		**(25,717,948)**	**(1,676,038,671)**	(10,938,645)	(712,871,495)	**(25,717,948)**	**(1,676,038,671)**	(10,938,645)	(712,871,495)

See notes to supplemental financial statements

SUPPLEMENTAL STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		**2018**		2017	
CASH FLOWS FROM OPERATING ACTIVITIES:	**USD**	**INR**	USD	INR	**USD**	**INR**	USD	INR
Net loss	**(1,994,138)**	**(129,957,973)**	(1,129,055)	(73,580,514)	**(14,779,304)**	**(963,167,241)**	(4,153,129)	(270,659,417)
Adjustments to reconcile net loss to net cash used in operating activities:								
Depreciation	**20,273**	**1,321,191**	38,495	2,508,719	**113,508**	**7,397,316**	149,956	9,772,633
Deferred income tax benefit	**-**	**-**	(786,878)	(51,280,839)	**8,065,466**	**525,626,419**	(3,012,590)	(196,330,490)
Changes in operating assets and liabilities:								
Due from parent company	**(81,225)**	**(5,293,433)**	11,880	774,220	**(173,966)**	**(11,337,364)**	(144,089)	(9,390,280)
Receivable from affiliates	**(633,500)**	**(41,285,195)**	121,253	7,902,058	**(734,000)**	**(47,834,780)**	(179,000)	(11,665,430)
Prepaid expenses	**(24,091)**	**(1,570,010)**	(25,418)	(1,656,491)	**(44,648)**	**(2,909,710)**	(65,525)	(4,270,264)
Security deposits	**(8,520)**	**(555,248)**	527	34,345	**(358,597)**	**(23,369,766)**	450,077	29,331,518
Accounts payable	**79,165**	**5,159,183**	(7,833)	(510,477)	**(25,373)**	**(1,653,558)**	161,195	10,505,078
Payable to related party	**1,409,163**	**91,835,153**	232,642	15,161,279	**1,104,169**	**71,958,694**	222,662	14,510,883
Income tax payable	**175**	**11,405**	800	52,136	**735**	**47,900**	800	52,136
Security deposits	**-**	**-**	-	-	**(30,563)**	**(1,991,791)**	-	-
Accrued expenses	**43,483**	**2,833,787**	113,108	7,371,250	**(14,333)**	**(934,084)**	111,007	7,234,326
Net Cash Used in Operating Activities	**(1,189,215)**	**(77,501,140)**	(1,430,479)	(93,224,314)	**(6,876,906)**	**(448,167,965)**	(6,458,636)	(420,909,307)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Capital expenditures	**(16,722)**	**(1,089,773)**	(22,733)	(1,481,510)	**(42,466)**	**(2,767,509)**	(115,681)	(7,538,931)
Net Cash Used in Investing Activities	**(16,722)**	**(1,089,773)**	(22,733)	(1,481,510)	**(42,466)**	**(2,767,509)**	(115,681)	(7,538,931)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Decrease (Increase) in restricted cash	**(69)**	**(4,497)**	(69)	(4,497)	**(282)**	**(18,378)**	(281)	(18,313)
Issued common stocks	**-**	**-**	7	456	**2**	**130**	13	847
Issued additional paid in capital	**353**	**23,005**	7,624	496,856	**2,363**	**153,997**	14,409	939,035
Net change in note payable to affiliated company	**117,912**	**7,684,325**	1,545,138	100,696,643	**6,365,650**	**414,849,411**	4,382,620	285,615,345
Net change in note payable to parent company	**45,826**	**2,986,480**	45,826	2,986,480	**185,850**	**12,111,845**	1,381,475	90,030,726
Net Cash Provided by Financing Activities	**164,022**	**10,689,313**	1,598,526	104,175,938	**6,553,583**	**427,097,005**	5,778,236	376,567,640
Net change in cash	**(1,041,915)**	**(67,901,600)**	145,314	9,470,114	**(365,789)**	**(23,838,469)**	(796,081)	(51,880,598)
Cash, beginning of period	**1,252,219**	**81,607,112**	430,779	28,073,867	**576,093**	**37,543,981**	1,372,174	89,424,580
Cash, end of period	**210,304**	**13,705,512**	576,093	37,543,981	**210,304**	**13,705,512**	576,093	37,543,981
Supplemental Disclosures:								
Cash paid for interest	**-**	**-**	368	23,983	**-**	**-**	1,499	97,690
Cash paid for income tax	**-**	**-**	-	-	**-**	**-**	-	-

See notes to supplemental financial statements

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

1. NATURE OF OPERATIONS

FixStream Networks, Inc. (the "Company") is a 73.45% 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 Fixstream India Private Limited, formerly known as Quexa Systems Private Limited ("FIXIND"). FIXIND 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 (INR 0.0065) par value per share (the "Series A Preferred Stock"), at a purchase price of $0.54347 (INR 35,417) per share. As of March 31, 2018 and 2017 TechM holding is 73.45% and 73.50%, respectively.

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 FIXIND. 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.

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 Three 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, 2018 and 2017, 1,981,843 and 552,159 of granted shares have vested, respectively.

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,			
	2018		2017	
	USD	**INR**	USD	INR
Cash	**492,459**	**32,093,553**	857,966	55,913,644
Less: restricted cash - money market	**(282,155)**	**(18,388,041)**	(281,873)	(18,369,663)
Net available cash	**210,304**	**13,705,512**	576,093	37,543,981

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, 2018 and 2017 of $281,155 (INR 18,388,041) and $281,873 (INR 18,369,663), respectively.

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 (INR 2,740,203). The book value of the subsidiary was reported at $406,831 (INR 26,513,176) and $274,587 (INR 17,894,835) at March 31, 2018 and 2017 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.

	Three Months Ended March,			
Current income tax expense consists of the following:	**2018**		2017	
	USD	**INR**	USD	INR
Federal	**-**	**-**	-	-
State	**175**	**11,405**	800	52,136
Total current income tax expense	**175**	**11,405**	800	52,136
Deferred income tax benefit consists of the following:				
Federal	**159,974**	**10,425,506**	(656,326)	(42,772,765)
State	**(83,888)**	**(5,466,981)**	(130,552)	(8,508,074)
Expected income tax (benefit) at statutory rate	**76,261**	**4,969,930**	(786,078)	(51,228,703)
Valuation allowance for deferred tax assets				
Federal	**(159,974.00)**	**(10,425,506)**	-	-
State	**83,888.00**	**5,466,981**	-	-
Net current and deferred income tax expense (benefit)	**175**	**11,405**	(786,078)	(51,228,703)

	Twelve Months Ended March,			
Current income tax expense consists of the following:	**2018**		2017	
	USD	**INR**	USD	INR
Federal	**-**	**-**	-	-
State	**175**	**11,405**	800	52,136
Total current income tax expense	**175**	**11,405**	800	52,136
Deferred income tax benefit consists of the following:				
Federal	**1,013,594**	**66,055,921**	(2,421,606)	(157,816,063)
State	**(252,782)**	**(16,473,804)**	(590,984)	(38,514,428)
Total deferred income tax benefit	**760,812**	**49,582,117**	(3,012,590)	(196,330,491)
Expected income tax (benefit) at statutory rate	**760,987**	**49,593,522**	(3,011,790)	(196,278,355)
Valuation allowance for deferred tax assets				
Federal	**5,417,868.00**	**353,082,458**	-	-
State	**1,886,786.00**	**122,961,844**	-	-
Net current and deferred income tax expense (benefit)	**8,065,641**	**525,637,824**	(3,011,790)	(196,278,355)

Deferred tax assets consists of the following:	**March 31, 2018**		March 31, 2017	
Federal	**USD**	**INR**	USD	INR
	5,417,869	**353,082,523**	6,431,463	419,138,444
State	**1,886,784**	**122,961,713**	1,634,003	106,487,975
Total deferred tax asset	**7,304,653**	**476,044,236**	8,065,466	525,626,419
Valuation allowance for deferred tax assets	**(7,304,653)**	**(476,044,236)**	-	-
Deferred tax asset, net	**-**	**-**	8,065,466	525,626,419

As of March 31, 2018 and 2017, the Company had approximately $24,557,770 (INR 1,600,429,871) and $18,490,444 (INR 1,205,022,235), respectively of estimated federal net operating losses and $21,734,912 (INR 1,416,464,215) and $18,484,195 (INR

1,204,614,988), of state net operating losses available to be carried forward, respectively, through March 31, 2037. 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, 2015.

The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended March 31, 2018. Such objective evidence limits the ability to consider other subjective evidence such as management's projects for future growth.

On the basis of this evaluation, as of March 31, 2018 and 2017, a valuation allowance of $7,304,653 (INR 476,044,236) and $0 has been recorded to provide for the deferred tax asset that is more likely than not to be realized. The amount in future of the deferred tax asset considered to be realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as the company's projections for growth.

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 COMPANY

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with its 99.99% owned subsidiary FIXIND. FIXIND provides software development service to the Company and bills the Company for such services on a monthly basis.

	Three Months Ended March 31,			
	2018		2017	
Beginning balance, due from (to) FIXIND	**USD**	**INR**	USD	INR
	(244,491)	**(15,933,478)**	(140,747)	(9,172,482)
FIXIND billings for R&D services	**(398,329)**	**(25,959,101)**	(329,945)	(21,502,516)
Advances paid to FIXIND	**325,000**	**21,180,250**	240,000	15,640,800
Ending balance, due from FIXIND	**(317,820)**	**(20,712,329)**	(230,692)	(15,034,198)

	Twelve Months Ended March 31,			
	2018		2017	
Beginning balance, due from (to) FIXIND	**USD**	**INR**	USD	INR
	(230,692)	**(15,034,198)**	(8,030)	(523,315)
FIXIND billings for R&D services	**(1,505,032)**	**(98,082,935)**	(1,222,662)	(79,680,883)
Expense reimbursement - debit/credit notes	**(2,096)**	**(136,596)**	-	-
Advances paid to FIXIND	**1,420,000**	**92,541,400**	1,000,000	65,170,000
Ending balance, due from FIXIND	**(317,820)**	**(20,712,329)**	(230,692)	(15,034,198)

Due from (to) FIXIND consists of:	**March 31, 2018**		March 31, 2017	
Amounts due to FIXIND	**USD**	**INR**	USD	INR
	(317,820)	**(20,712,329)**	(230,692)	(15,034,199)
Amounts due to from FIXIND	**-**	**-**	-	-
	(317,820)	**(20,712,329)**	(230,692)	(15,034,199)

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with Tech Mahindra (Americas) Inc. (“TMA”), an affiliated company. Transactions with TMA are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due (to) from TMA	**(20,958)**	**(1,365,833)**	4,292	279,710
Revenue for services received	**146,417**	**9,541,996**	156,750	10,215,398
Amounts paid from TMA	**(229,500)**	**(14,956,515)**	(385,000)	(25,090,451)
Ending balance, due (to) from TMA	**(104,041)**	**(6,780,352)**	(223,958)	(14,595,343)

	Twelve Months Ended March 31,			
	2018		2017	
Beginning balance, due (to) from TMA	**USD**	**INR**	USD	INR
	(223,958)	**(14,595,343)**	-	-
Revenue for services received	**563,417**	**36,717,886**	334,542	21,802,102
Amounts paid from TMA	**(443,500)**	**(28,902,895)**	(558,500)	(36,397,445)
Ending balance, due (to) from TMA	**(104,041)**	**(6,780,352)**	(223,958)	(14,595,343)

Due (to) from TMA consists of:	**March 31, 2018**		March 31, 2017	
Amounts due to TMA	**USD**	**INR**	USD	INR
	(1,017,041)	**(66,280,562)**	(402,958)	(26,260,773)
Amounts due from TMA	**913,000**	**59,500,210**	179,000	11,665,430
	(104,041)	**(6,780,352)**	(223,958)	(14,595,343)

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with Societe de Telecommunications Africaine (STA) Abidjan (“STA”), an affiliated company. Transactions with STA are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due (to) from STA	**-**	**-**	-	-
Cost of services	**-**	**-**	19,384	1,263,255
Prepayment received from STA	**-**	**-**	(56,000)	(3,649,520)
Ending balance, due (to) from STA	**-**	**-**	(36,616)	(2,386,265)

	Twelve Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due (to) from STA	**(36,616)**	**(2,386,265)**	-	-
Cost of services	**36,616**	**2,386,265**	69,846	4,551,864
Prepayment received from STA	**-**	**-**	(106,462)	(6,938,129)
Ending balance, due (to) from STA	**-**	**-**	(36,616)	(2,386,265)

Due (to) from STA consists of:	**March 31, 2018**		March 31, 2017	
	USD	**INR**	USD	INR
Amounts due to STA	**-**	**-**	(36,616)	(2,386,265)
Amounts due from STA	**-**	**-**	-	-
	-	**-**	(36,616)	(2,386,265)

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with Tech Mahindra (Malaysia) Sdn. Bhd ("TM MA"), an affiliated company. Transactions with MA are summarized below:

	Three Months Ended March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Beginning balance, due (to) from MA	**-**	**-**	(18,380)	(1,197,825)
Cost of services	**-**	**-**	-	-
Interest from MA	**-**	**-**	3,151	205,351
Prepayment received from MA	**-**	**-**	4,726	307,993
Ending balance, due (to) from MA	**-**	**-**	(10,503)	(684,481)

	Twelve Months Ended March 31,			
	2018		2017	
Beginning balance, due (to) from MA	**USD**	**INR**	USD	INR
	(10,503)	**(684,481)**	-	-
Cost of services	**7,877**	**513,344**	21,006	1,368,961
Interest from MA	**-**	**-**	-	-
Prepayment received from MA	**2,626**	**171,137**	(31,509)	(2,053,442)
Ending balance, due (to) from MA	**-**	**-**	(10,503)	(684,481)

Due (to) from MA consists of:	**March 31, 2018**		March 31, 2017	
Amounts due to MA	**USD**	**INR**	USD	INR
	-	**-**	(10,503)	(684,481)
Amounts due from MA	**-**	**-**	-	-
	-	**-**	(10,503)	(684,481)

	March 31, 2018		March 31, 2017	
Total amounts due to affiliated companies	**USD**	**INR**	USD	INR
	(1,334,861)	**(86,992,891)**	(680,769)	(44,365,716)
Total amounts due from affiliated companies	**913,000**	**59,500,210**	179,000	11,665,430
	(421,861)	**(27,492,681)**	(501,769)	(32,700,286)

7. PROPERTY AND EQUIPMENT

	March 31,			
Property and equipment are summarized as follows:	**2018**		2017	
	USD	**INR**	USD	INR
Computer equipment	**484,397**	**31,568,152**	443,299	28,889,796
Furniture	**8,918**	**581,186**	6,859	447,001
Software	**40,134**	**2,615,533**	40,134	2,615,533
Leasehold improvements	**5,000**	**325,851**	38,739	2,524,621
Less: accumulated depreciation	**(401,756)**	**(26,182,439)**	(321,296)	(20,938,860)
Property and equipment, net	**136,693**	**8,908,283**	207,735	13,538,090

Depreciation expense for the three months ended March 31, 2018 and 2017 was $20,273 (INR 1,321,191) and $38,495 (INR 2,508,719), respectively. Depreciation expense for the twelve months ended March 31, 2018 and 2017 was $113,508 (INR 7,397,316) and $149,956 (INR 9,772,633), respectively. The depreciation policies followed by the Company are described in Note 2E.

8. TRANSACTIONS WITH PARENT COMPANY

During the periods ended March 31, 2018 and 2017, FixStream Networks had intercompany transactions with its parent company, TechM. Transactions with the parent company are summarized below:

	Three Months Ended March 31,			
	2018		2017	
Beginning balance, due from (to) parent company	**USD**	**INR**	USD	INR
	725,042	**47,250,987**	26,880	1,751,770
Revenue from services	**277,542**	**18,087,412**	15,000	977,550
Payments made by parent company	**-**	**-**	(26,880)	(1,751,770)
Income and reimbursements (to) from parent company	**(815,568)**	**(53,150,567)**	(1,950)	(127,082)
	187,016	**12,187,832**	13,050	850,468

	Twelve Months Ended March 31,			
	2018		2017	
Beginning balance, due from (to) parent company	**USD**	**INR**	USD	INR
	13,050	**850,469**	(131,039)	(8,539,812)
Revenue from services	**2,175,504**	**141,777,596**	41,880	2,729,320
Payments made by parent company	**(275,377)**	**(17,946,319)**	176,504	11,502,766
Income and reimbursements (to) from parent	**(1,726,161)**	**(112,493,912)**	(74,295)	(4,841,806)
	187,016	**12,187,834**	13,050	850,468

Due from (to) parent company consists of:	**March 31, 2018**		March 31, 2017	
Amounts due to parent company	**USD**	**INR**	USD	INR
	(924,084)	**(60,222,554)**	(1,950)	(127,082)
Amounts due from parent company	**1,111,100**	**72,410,387**	15,000	977,550
	187,016	**12,187,833**	13,050	850,468

	March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Note payable TML	**4,874,840**	**317,693,323**	4,688,990	305,581,478
Subtotal	**4,874,840**	**317,693,323**	4,688,990	305,581,478
Less: current portion	**-**	**-**	-	-
Long-term portion	**4,874,840**	**317,693,323**	4,688,990	305,581,478

Note payable to Tech Mahindra Limited ("TechM"). 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 (INR 2,986,480), for the three months ended March 31, 2018 and 2017, respectively. Interest expense on the note was $185,850 (INR 12,111,845) and $188,990 (INR 12,316,478) , for the twelve months ended March 31, 2018 and 2017, respectively. Outstanding principal balance of the note was $4,500,000 (INR 293,265,000) as of March 31, 2018 and 2017.

9. NOTE PAYABLE TO AFFILIATED COMPANY

	March 31,			
	2018		2017	
	USD	**INR**	USD	INR
Note payable to TMA	**1,609,037**	**104,860,941**	1,541,237	100,442,415
Note payable to TMA	**1,580,618**	**103,008,875**	1,522,118	99,196,430
Note payable to TMA	**1,584,946**	**103,290,931**	1,513,996	98,667,119
Note payable to TMA	**1,566,453**	**102,085,742**	-	-
Note payable to TMA	**1,548,504**	**100,916,006**	-	-
Note payable to TMA	**1,532,072**	**99,845,132**	-	-
Note payable to TMA	**1,521,370**	**99,147,683**	-	-
Subtotal	**10,943,001**	**713,155,375**	4,577,351	298,305,965
Less: current portion	**-**	**-**	-	-
Long-term portion	**10,943,001**	**713,155,375**	4,577,351	298,305,965

Note payable to Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest expense on the loan was $16,718 (INR 1,089,512) for the three months ended March 31, 2018 and 2017, respectively. Interest expense was $109,037 (INR 7,105,941) and $41,237 (INR 2,687,415) for the twelve months ended March 31, 2018 and 2017, respectively.

Note payable to Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest expense on the loan was $14,425 (INR 940,077) for the three months ended March 31, 2018 and 2017. Interest expense on the loan was $80,618 (INR 5,253,875) and $22,118 (INR 1,441,430) for the twelve months ended March 31, 2018 and 2017.

Note payable to Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest expense on the loan was $13,801 (INR 899,411) and $13,996 (INR 912,119) for the three months ended March 31, 2018 and 2017. Interest expense on the loan was $84,946 (INR 5,535,931) and $13,996 (INR 912,119) for the twelve months ended March 31, 2018 and 2017.

Note payable to Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest expense on the loan was $17,642 (INR 1,149,729) for the three months ended March 31, 2018. Interest expense on the loan was $66,453 (INR 4,330,742) for the twelve months ended March 31, 2018.

Note payable to Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest expense on the loan was $17,531 (INR 1,142,495) for the three months ended March 31, 2018. Interest expense on the loan was $48,504 (INR 3,161,006) for the twelve months ended March 31, 2018.

Note payable to Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest expense on the loan was $16,126 (INR 1,050,931) for the three months ended March 31, 2018. Interest expense on the loan was $32,073 (INR 2,090,197) for the twelve months ended March 31, 2018.

Note payable to Tech Mahindra (Americas) Inc. The note is unsecured. The outstanding balance includes principal loan balances of $1,500,000 (INR 97,755,000), the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. Interest expense on the loan was $17,975 (INR 1,171,431) for the three months ended March 31, 2018. Interest expense on the loan was $21,371(INR 1,392,748) for the twelve months ended March 31, 2018.

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 (INR 22,809,500) 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, 2018 and 2017 of $282,155 (INR 18,388,041) and $281,873 (INR 18,369,663), respectively. The balance of the outstanding line of credit at March 31, 2018 and 2017 was $0. The line is payable on demand by the Company. Interest expense was $0 and $0 for the three and twelve months ended March 31, 2018 and 2017, respectively.

11. EMPLOYMEE 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, 2018 and 2017.

The Plan's administrative expense which is paid by the Company was $580 (INR 37,799) and $503 (INR 32,781) for the three months ended March 31, 2018 and 2017, respectively. The Plan's administrative expense which is paid by the Company was $2,242 (INR 146,111) and $2,678 (INR 174,525) for the twelve months ended March 31, 2018 and 2017, respectively.

12. STOCK-BASED COMPENSATION

Key employees are granted stock options under 2013 Equity Incentive Plan. For all of the stock options granted before September 30, 2014, the exercise price is a set price of $0.04 (INR 2.606) per share on the date of the grant and an option's maximum term is ten years. For stock options granted after September 30, 2014, the exercise price is a set price of $0.11 (INR 7.186) per share on the date of the grant and an option's maximum term is ten years. For stock options granted after March 31, 2017, the exercise price is a set price of $0.196 (INR 12,773) 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, 2018 and 2017, 3,582,281 and 3,209,686 respectively, shares have been granted and 1,981,843 and 1,176,763 shares have been vested, respectively.

A summary of stock options for the three months ended March 31, 2018 and 2017 is presented below:

	Three Months Ended March 31, 2018		
	Shares	**Weighted-Average Exercise Price**	**Weighted-Average Exercise Price**
		USD	**INR**
Outstanding at beginning of period	**3,893,281**	**0.14**	**9.1**
Granted	**101,990**	**0.26**	**16.9**
Exercised	**(2,292)**	**-**	**-**
Forfeited or expired	**(410,698)**	**0.20**	**13.0**
Outstanding at end of period	**3,582,281**	**0.14**	**9.1**

	Three Months Ended March 31, 2017		
	Shares	Weighted-Average	Weighted-Average Exercise Price
Outstanding at beginning of period		USD	INR
	3,212,186	0.11	7.2
Granted	225,000	0.15	9.8
Exercised	(69,375)	-	-
Forfeited or expired	(158,125)	0.01	0.7
Outstanding at end of period	3,209,686	0.12	7.8

As of March 31, 2018 and 2017, the aggregate intrinsic value of stock options outstanding was $1,474,087 (INR 96,066,250) and $1,368,155 (INR 89,162,661) respectively; the aggregate intrinsic value of stock options exercisable was $871,225 (INR 56,777,733) and $529,477 (INR 34,506,016), respectively.

A summary of stock options for the twelve months ended is presented below:

	Three Months Ended March 31, 2018		
	Shares	**Weighted-Average Exercise Price**	**Weighted-Average Exercise Price**
		USD	**INR**
Outstanding at beginning of period	**3,209,686**	**0.13**	**8.5**
Granted	**1,159,960**	**0.20**	**13.0**
Exercised	**(11,667)**	**-**	**-**
Forfeited or expired	**(775,698)**	**0.15**	**9.8**
Outstanding at end of period	**3,582,281**	**0.14**	**9.1**

	Twelve Months Ended March 31, 2017		
	Shares	Weighted-Average Exercise Price	Weighted-Average Exercise Price
		USD	INR
Outstanding at beginning of period	2,764,353	0.12	7.8
Granted	1,192,000	0.15	9.8
Exercised	(134,166)	-	-
Forfeited or expired	(612,501)	0.09	5.9
Outstanding at end of period	3,209,686	0.12	7.8

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, 2018	
	USD **$**	**INR** **$**
Weighted average fair value per option granted during the period	**0.54**	**35.2**
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**

	March 31, 2017	
	USD $	INR $
Weighted average fair value per option granted during the period	0.54	35.2
Assumptions:		
Weighted average stock price volatility	0.00%	0.00%
Weighted average risk free rate of return	0.64%	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) (INR 35.417) by the Series A Conversion Price, currently set at $0.54347 (INR 35.417).

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 6,649,521 and 6,632,854 were issued and outstanding at March 31, 2018 and 20167 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 July 1, 2017 through June 30, 2020. Total rental expense related to this lease was $59,768 (INR 3,895,081) and $35,157 (INR 2,291,182) for the three months ended March 31, 2018 and 2017, respectively. Total rental expense related to this lease was $197,108 (INR 12,845,528) and $139,944 (INR 9,120,150) for the twelve months ended March 31, 2018 and 2017, respectively.

The future minimum rental payments for this lease are as follows:

Year ended March 31,	USD	INR
2019	244,448	15,930,676
2020	251,783	16,408,698
2021	63,413	4,132,625
	559,644	36,471,999

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 (INR 16,292,500) for substantially all depository accounts. As of March 31, 2018 and 2017, the Company had $242,459 (INR 15,801,053) and $326,093 (INR 21,251,481), respectively, deposited with the financial institution that exceeded the Federally insured limit.

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 19, 2018, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 19, 2018, that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES (USD & INR)

	Three Months Ended March 31,				Twelve Months Ended March 31,			
	2018		2017		**2018**		2017	
	USD $	**INR $**	USD $	INR $	**USD $**	**INR $**	USD $	INR $
Schedule I								
REVENUES								
Revenue from affiliated companies	**423,959**	**27,629,408**	-	-	**2,786,040**	**181,566,227**	113,372	7,388,453
Revenue from third parties	**97,160**	**6,331,917**	193,474	12,608,701	**322,160**	**20,995,167**	625,941	40,792,575
	521,119	**33,961,325**	193,474	12,608,701	**3,108,200**	**202,561,394**	739,313	48,181,028
Schedule II								
PERSONNEL EXPENSES	**1,307,573**		1,138,240		**4,948,747**		4,180,303	
Personnel cost		**85,214,532**		74,179,101		**322,509,842**		272,430,347
Employee benefits	**113,736**	**7,412,175**	107,154	6,983,226	**413,800**	**26,967,346**	376,116	24,511,480
Payroll taxes	**112,579**	**7,336,773**	92,749	6,044,452	**325,917**	**21,240,011**	280,984	18,311,727
Contract services	**107,819**	**7,026,564**	54,231	3,534,234	**332,567**	**21,673,391**	201,910	13,158,475
Employee related expenses	**23,350**	**1,521,720**	21,589	1,406,955	**178,938**	**11,661,389**	123,454	8,045,497
	1,665,057	**108,511,764**	1,413,963	92,147,968	**6,199,969**	**404,051,979**	5,162,767	336,457,526
Schedule III								
GENERAL AND ADMINISTRATIVE								
R&D expense	**400,643**	**26,109,904**	342,563	22,324,831	**1,561,743**	**101,778,791**	1,368,887	89,210,366
Sales and marketing	**55,634**	**3,625,668**	48,163	3,138,783	**358,786**	**23,382,084**	264,100	17,211,397
Miscellaneous expense	**15,291**	**996,514**	8,937	582,424	**208,997**	**13,620,334**	18,713	1,219,526
Rent	**59,768**	**3,895,081**	35,157	2,291,182	**197,108**	**12,845,528**	139,944	9,120,150
Travel	**49,721**	**3,240,318**	44,737	2,915,510	**195,436**	**12,736,564**	170,605	11,118,328
Professional fees	**38,988**	**2,540,848**	43,495	2,834,569	**129,090**	**8,412,795**	166,371	10,842,398
Office expense	**19,345**	**1,260,714**	33,785	2,201,768	**127,900**	**8,335,243**	103,613	6,752,459
Insurance	**7,555**	**492,359**	4,479	291,896	**23,168**	**1,509,859**	16,736	1,090,685
Taxes - other	**6,001**	**391,085**	818	53,309	**10,802**	**703,966**	5,582	363,779
Communications	**2,536**	**165,271**	1,469	95,735	**6,767**	**441,005**	5,381	350,680
	655,482	**42,717,762**	563,603	36,730,007	**2,819,797**	**183,766,169**	2,259,932	147,279,768

FIXSTREAM INDIA PRIVATE LIMITED

Board of Directors
Mr. Abhinay Padhye Prabhakar
Mr. Suhas Nilkanth Phadke

Registered Office
Unit no.408/409/410/417, 4th Floor,
Sigma Tech park, Delta Tower,
Varthur Main Road, Ramagondanahalli,
Bengaluru Bangalore
Karnataka - 560066

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, 2018.

Fixstream India Private Limited (formerly known as 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 enabled services, 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 6 times during this financial year.

Sl. No.	Date of Board Meeting
1.	April 10, 2017
2.	April 22, 2017
3.	June 09, 2017
4.	September 21, 2017
5.	December 12, 2017
6.	February 26, 2018

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	2017-2018	2016-2017
Gross Income	` 9,71,84,448/-	` 8,16,50,305/-
Provision for Depreciation	` 7,33,033/-	` 9,08,273/-
Net Profit Before Tax	` 1,17,40,613/-	` 1,02,28,623/-
Provision for Tax	` 33,63,530/-	` 34,53,127/-
Net Profit After Tax	` 83,77,082/-	` 67,75,496/-
Balance of Profit brought forward	` 1,69,47,354/-	` 1,03,33,955/-
Balance available for appropriation	` 2,52,89,411/-	` 1,69,47,354/-
Proposed Dividend on Equity Shares	Nil	Nil
Tax on proposed Dividend	Nil	Nil
Transfer to General Reserve	Nil	Nil
Surplus carried to Balance Sheet	` 2,52,89,411/-	` 1,69,47,354/-

AMOUNTS TO BE CARRIED FORWARD TO RESERVES

Sl. No	Particulars	Amount
	NIL	

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN 31.03.2017 AND 24.04.2018 (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 on energy 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. 9,71,84,448/- (Rupees Nine Crore Seventy One Lakh Eighty Four Thousand Four Hundred and Forty Eight 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 Fixstream India Private Limited

Abhinay Padhye Prabhakar Director DIN: 06699864 No. 43-B, Skylark Greens, 7th Main, Varthur Road, Ramagondanahalli, Bangalore - 560066 Date: April 24, 2018 Place: Bengaluru	**Suhas Nilkanth Phadke** Director DIN: 07380656 No. A-2808, Shobha May Flower, Green Glen Layout, Bellandur Outer Ring Road, Bangalore - 560103 Date: April 24, 2018 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 31-03-2018

[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	U72200KA2013PTC104459
Registration Date	14/01/2013
Name of the Company	Fixstream India Private Limited (Formerly Known as 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	Unit no.408/409/410/417,4th Floor,Sigma Tech park, Delta Tower, Varthur Main Road, Ramagondanahalli, Bengaluru 560066
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:-

Sl 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 –

Sl 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	
(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%	

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	
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 Rs.1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
(ii) Individual shareholders holding nominal share capital in excess of Rs.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			
		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**	**% change in shareholding during the year**
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		Shareholding at the beginning of the year		Cumulative shareholding during the year	
	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 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		Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of the Directors and KMP	**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 (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	` 72,67,836 NIL	` 29,41,733 Nil	` 1,02,09,569
2.	Stock Option	NIL	Nil	
3.	Sweat Equity	NIL	Nil	
4.	Commission - As % of profit - Others, specify…	NIL	Nil	
5.	Others, please specify	NIL	Nil	
	Total (A)			
	Ceiling as per the Act	Not Applicable	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: 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 Fixstream India Private Limited

Abhinay Padhye Prabhakar

Director

DIN: 06699864

No. 43-B, Skylark Greens, 7th Main, Varthur Road, Ramagondanahalli, Bangalore - 560066

Date: April 24, 2018

Place: Bengaluru

Suhas Nilkanth Phadke

Director

DIN: 07380656

No. A-2808, Shobha May Flower, Green Glen Layout, Bellandur Outer Ring Road, Bangalore - 560103

Date: April 24, 2018

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, 2018, no advance amount was paid

For Fixstream India Private Limited

Abhinay Padhye Prabhakar

Director

DIN: 06699864

No. 43-B, Skylark Greens, 7th Main, Varthur Road, Ramagondanahalli, Bangalore - 560066

Date: April 24, 2018

Place: Bengaluru

Suhas Nilkanth Phadke

Director

DIN: 07380656

No. A-2808, Shobha May Flower, Green Glen Layout, Bellandur Outer Ring Road, Bangalore - 560103

Date: April 24, 2018

Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT

To the Members of

FIXSTREAM INDIA PRIVATE LIMITED

Report on the Ind AS Financial Statements

I have audited the accompanying Ind AS financial statements of **M/s. FIXSTREAM INDIA PRIVATE LIMITED (formerly known as Quexa Systems Private Limited)** ("the Company"), which comprise the Balance Sheet as at **March 31, 2018**, 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 (hereinafter referred to as 'Ind AS financial statements').

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 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 read with relevant rules issued thereunder.

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. 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, 2018**, 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 section 143(11) of the Act, 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;

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In my opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rule issued thereunder;

(e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 my separate Report in “Annexure – B”; 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 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.

RICHA KHETAWAT
Chartered Accountant
Membership No.: 416333
Place: Bengaluru
Date: 25 April, 2018

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: 25 April, 2018

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 **M/s. FIXSTREAM INDIA PRIVATE LIMITED (formerly known as Quexa Systems Private Limited)** ("the Company") as of **March 31, 2018** 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 ('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

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, 2018**, 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: 25 April, 2018

FIXSTREAM INDIA PRIVATE LIMITED (Formerly known as Quexa Systems Private Limited)

BALANCE SHEET AS AT 31, 2018

In ₹

Details	Note No.	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	**574,424**	920,967
(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
(f) Deferred tax assets (Net)	33	**1,960,110**	1,456,910
(g) Other non-current assets	8	**-**	-
Total non-current assets		**4,601,684**	4,445,027
Current assets			
(a) Financial assets			
(i) Investments	9	**-**	-
(ii) Trade receivables	10	**20,672,316**	14,957,746
(iii) Cash and cash equivalents	11	**4,095,416**	7,551,076
(iv) Other balances with banks	12	**-**	-
(v) Loans	13	**-**	-
(vi) Other financial assets	14	**-**	-
(b) Current tax assets (net)	16	**-**	99,199
(c) Other current assets	15	**5,641,279**	1,505,984
Total current assets		**30,409,011**	**24,114,005**
Total assets		**35,010,695**	**28,559,032**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	**170,070**	170,070
(b) Other equity	18	**26,294,740**	17,952,682
Equity attributable to owners of the company		**26,464,810**	18,122,752
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**-**	-
(ii) Other financial liabilities	20	**-**	-
(b) Provisions	21	**6,609,104**	4,401,094
(c) Deferred tax liabilities (Net)		**-**	-
(d) Other non-current liabilities	22	**-**	-
Total non-current liabilities		**6,609,104**	4,401,094
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	**-**	-
(i) Trade payables	24	**1,116,850**	4,551,366
(ii) Other financial liabilities	25	**-**	-
(b) Other current liabilities	26	**279,098**	1,210,045
(c) Provisions	27	**360,333**	273,775
(d) Current tax liabilities (Net)	16	**180,500**	-
Total current liabilities		**1,936,781**	6,035,186
Total equity and liabilities		**35,010,695**	28,559,032

See accompanying notes forming part of the IND AS interim financial statements 1 to 40

As per my report of even date

for and on behalf of the Board

FIXSTREAM INDIA PRIVATE LIMITED

RICHA KHETAWAT	**ABHINAY PADHYE**	**SUHAS PHADKE**
Chartered Accountant	Director	Director
Membership No: 416333	DIN: 06699864	DIN: 07380656
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date: 24 April, 2018	Date: 24 April, 2018	Date: 24 April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR

In ₹

	Details	Note No.	April 01, 2017 to March 31, 2018	April 01, 2016 to March 31, 2017
I	Revenue from operations		**97,184,448**	81,650,305
II	Other income	28	**-**	-
III	**Total revenue (I +II)**		**97,184,448**	81,650,305
IV	**EXPENSES**			
	Employee benefits expense	29	**70,382,173**	60,037,799
	Cost of technical sub-contractors		**3,404,848**	1,288,508
	Finance costs	30	**-**	-
	Depreciation and amortisation expense	31	**733,033**	908,273
	Other expenses	32	**10,923,781**	9,187,102
	Total expenses		**85,443,835**	71,421,682
V	**Profit before Tax (III-IV)**		**11,740,613**	10,228,623
VI	**Tax expense**			
	Current tax	33	**3,980,500**	3,700,800
	MAT charge / (credit)			
	Tax expense of prior years'	33	**(127,090)**	96,361
	Deferred tax	33	**(489,880)**	(344,034)
	Total tax expense		**3,363,530**	3,453,127
VII	**Profit after tax (V-VI)**		**8,377,082**	6,775,496
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		**(48,345)**	(242,163)
	(b) Equity instruments through other comprehensive income		**-**	-
	(c) Others - Deferred tax impact on remeasurement of defined benefit liabilities		**13,320**	80,066
	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)		**(35,025)**	(162,097)
IX	**Total comprehensive income (VII + VIII)**		**8,342,057**	6,613,399
	Earnings per Equity Share (Face Value of INR. 10/- each)			
	Basic	38	**490.51**	388.86
	Diluted	38	**490.51**	388.86
	See accompanying notes forming part of the IND AS interim financial statements	1 to 40		

As per my report of even date

for and on behalf of the Board

FIXSTREAM INDIA PRIVATE LIMITED

RICHA KHETAWAT
Chartered Accountant
Membership No: 416333
Place: Bengaluru
Date: 24 April, 2018

ABHINAY PADHYE
Director
DIN: 06699864
Place: Bengaluru
Date: 24 April, 2018

SUHAS PHADKE
Director
DIN: 07380656
Place: Bengaluru
Date: 24 April, 2018

CASH FLOW STATEMENT FOR THE YEAR

In ₹

Details		April 01, 2017 to March 31, 2018		April 01, 2016 to March 31, 2017	
A.	**Cash Flow from operating activities**				
	Net profit before tax and other comprehensive income but before exceptional items		11,692,268		9,986,460
	Less: Exceptional items		-		-
	Profit before Tax		11,692,268		9,986,460
	Adjustments for:				
	Depreciation and amortization expense	733,033		908,273	
	Interest income	-		-	
			733,033		908,273
	Operating profit before working capital changes		**12,425,301**		**10,894,733**
	Movement in working capital				
	Decrease / (increase) in trade receivables	(5,714,570)		(14,425,095)	
	Decrease / (increase) in other assets	(4,036,094)		(448,147)	
	Increase / (decrease) in trade payables	(3,434,516)		219,149	
	Increase / (decrease) in provisions	2,294,568		802,504	
	Increase / (decrease) in other liabilities	(930,948)		157,667	
			(11,821,560)		(13,693,922)
	Cash generated from operations		**603,741**		**(2,799,189)**
	Income-tax refund / (paid) - net		**(3,672,910)**		**(3,797,161)**
	Net cash flow from / (used in) operating activities (A)		**(3,069,169)**		**(6,596,350)**
B.	**Cash Flow from investing activities**				
	Purchase of property, plant and equipment and intangible assets	(386,491)		(229,223)	
	Proceeds from sale of property, plant and equipment	-		-	
	Purchase of current investments	-		-	
	Sale of current investments	-		-	
	Interest received	-		-	
	Net cash flow from / (used in) investing activities (B)		**(386,491)**		**(229,223)**
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)		(3,455,660)		(6,825,573)
	Cash and cash equivalents at the beginning of the year		7,551,076		14,376,649
	Cash and cash equivalents at the end of the year		**4,095,416**		**7,551,076**

As per my report of even date

for and on behalf of the Board

FIXSTREAM INDIA PRIVATE LIMITED

RICHA KHETAWAT	**ABHINAY PADHYE**	**SUHAS PHADKE**
Chartered Accountant	Director	Director
Membership No: 416333	DIN: 06699864	DIN: 07380656
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date: 24 April, 2018	Date: 24 April, 2018	Date: 24 April, 2018

STATEMENTS OF CHANGES IN EQUITY

A. Equity Share Capital

In ₹

Balance as of April 01, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
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, 2017	-	-	1,005,329	-	-	-	16,947,354	-	-	-	17,952,683
Profit for the year			-				8,377,082				8,377,082
Other comprehensive income			-				(35,025)				(35,025)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**8,342,057**	**-**	**-**	**-**	**8,342,057**
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, 2018	-	-	1,005,329	-	-	-	25,289,411	-	-	-	26,294,740

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**

As per my report of even date

for and on behalf of the Board

FIXSTREAM INDIA PRIVATE LIMITED

RICHA KHETAWAT
Chartered Accountant
Membership No: 416333
Place: Bengaluru
Date: 24 April, 2018

ABHINAY PADHYE
Director
DIN: 06699864
Place: Bengaluru
Date: 24 April, 2018

SUHAS PHADKE
Director
DIN: 07380656
Place: Bengaluru
Date: 24 April, 2018

NOTES TO ACCOUNTS

DETAILS ABOUT THE COMPANY

Registration and other details

FixStream India Private Limited (formerly known as Quexa Systems Private Limited) (the "Company" or "Fixstream India") 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.

The company 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 Bengaluru, Karnataka, 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 year. 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.

1.6 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.

1.10 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, 2017	Additions during the year	Deletions during the year	Balance as at March 31, 2018	As at April 01, 2017	For the year	Reversals	Balance as at March 31, 2018	As at April 01, 2017	As at March 31, 2018
Tangible assets										
Computers and peripherals	3,025,177	366,666	-	**3,391,843**	2,252,447	661,443	-	**2,913,890**	772,730	**477,953**
Furniture and fixtures	94,878	-	-	**94,878**	88,918	2,440	-	**91,358**	5,960	**3,520**
Office equipments	288,863	19,824	-	**308,687**	146,586	69,150	-	**215,736**	142,277	**92,951**
Taken on finance lease										
Computers and peripherals	-	-	-	-	-	-	-	-	-	-
Plant and equipments	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Total	**3,408,918**	**386,491**	**-**	**3,795,408**	**2,487,951**	**733,033**	**-**	**3,220,984**	**920,967**	**574,424**
Previous Year	*3,179,695*	*229,223*	-	***3,408,918***	*1,579,678*	*908,273*	-	***2,487,951***	*1,600,017*	***920,967***

Note: i) Numbers in Italics represents previous year disclosures.

NOTE 3: INVESTMENT PROPERTY

In ₹

Description of asset	As at March 31, 2018	As at March 31, 2017
Complete investment properties (I -II)	-	-

Details	As at March 31, 2018	As at March 31, 2017
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, 2018 (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, 2017	-	40,699	40,699
Additions during the year	-	-	-
Disposals / adjustments	-	-	-
Balance as at March 31, 2018	**-**	**40,699**	**40,699**
II. Accumulated depreciation			
Balance as at April 1, 2017	-	40,699	40,699
Amortisation expense for the year	-	-	-
Disposals / adjustments	-	-	-
Balance as at March 31, 2018	**-**	**40,699**	**40,699**
Net Block as at March 31, 2018 (I - II)	**-**	**-**	**-**

NOTE 5: TRADE RECEIVABLES: NON-CURRENT

In ₹

Details	As at March 31, 2018	As at March 31, 2017
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, 2018	As at March 31, 2017
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

Details	As at March 31, 2018	As at March 31, 2017
Unbilled revenue	-	-
Interest receivable		
On bank deposits	-	-
Others	-	-
	-	-
Security deposits		
- Secured, considered good	-	-
- Unsecured, considered good	**2,067,150**	2,067,150
- Doubtful	-	-
Less : Allowance for doubtful deposits	-	-
	2,067,150	**2,067,150**
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**

NOTE 8: OTHER NON-CURRENT ASSETS

In ₹

Details	As at March 31, 2018	As at March 31, 2017
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, 2018	As at March 31, 2017
- **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, 2018	As at March 31, 2017
- Trade receivables		
Over six months		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Allowance for doubtful debts	-	-
	-	-
- Others		
Secured, considered good	-	-
Unsecured, considered good	20,672,316	14,957,746
Doubtful	-	-
Less: Allowance for doubtful debts	-	-
	20,672,316	14,957,746
Finance receivables	-	-
Less: Allowance for credit losses	-	-
	-	-
Other receivables		
Operating lease receivable	-	-
Less: Allowance for credit losses	-	-
	-	-
Total	**20,672,316**	**14,957,746**

NOTE 11: CASH AND CASH EQUIVALENTS

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Cash-in-hand	16,603	12,559
Fund-in-transit	-	-
Balances with banks		
In current account	4,078,813	7,538,517
In deposit account	-	-
Total	**4,095,416**	**7,551,076**

NOTE 12: OTHER BALANCES WITH BANKS

In ₹

Details	As at March 31, 2018	As at March 31, 2017
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, 2018	As at March 31, 2017
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, 2018	As at March 31, 2017
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, 2018	As at March 31, 2017
Unbilled revenue	-	-
Advances to Related Parties	-	-
Balance with Government Authorities #		
Considered good	**2,913,260**	1,249,504
Considered doubtful	-	-
Less: Provision	-	-
	2,913,260	**1,249,504**
Advances to employees		
Considered good	-	-
Considered doubtful	-	-
Less: Provision	-	-
	-	-
Contractually re-imbursable expenses		
Considered good	-	-
Considered doubtful	-	-
Less: Allowance for doubtful receivables	-	-
	-	-
Prepaid expenses	**2,631,615**	181,596
Others loans and advances		
Advance to vendors	**96,403**	74,884
Other loans and advances	-	-
	96,403	**74,884**
Considered good	**96,403**	74,884
Considered doubtful	-	-
Less: Allowance on other loans and advances	-	-
	96,403	**74,884**
Total	**5,641,279**	**1,505,984**

Balances with government authorities represents indirect taxes credits

NOTE-16: CURRENT TAX ASSET / (LIABILITIES) - NET

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Advance income-taxes - net of provisions	**(180,500)**	99,199
Total	**(180,500)**	**99,199**

NOTE 17: EQUITY SHARE CAPITAL

Details	March 31, 2018		March 31, 2017	
	Number	In `.	Number	In `.
Authorised				
30,000 equity shares of ₹ 10/- each	**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**
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
Shares issued during the year	**-**	**-**	-	-
Total	**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**

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, 2018		As at March 31, 2017	
	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, 2018	As at March 31, 2017
- **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
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**
- **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	**16,947,354**	10,333,955
Add: Profit for the year	**8,377,082**	6,775,496
Add: Other comprehensive income	**(35,025)**	(162,097)
Less: Equity dividends (including Tax on Dividends)	-	-
Add: Transfer from general reserve	-	-
Add: Transfer from share options outstanding account	-	-
Closing balance	**25,289,411**	**16,947,354**
- **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	**26,294,740**	**17,952,682**

NOTE 19: BORROWINGS - NON-CURRENT

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
Secured borrowings:		
From banks	-	-
(i) Cash credits / Loans repayable on demand etc.,	-	-
Finance lease obligations	-	-
From others	-	-
	-	-
Unsecured borrowings - at amortised Cost		
Bonds / Debentures		
1. Non-convertible bonds / debentures / preference shares	-	-
2. Other convertible bonds / debentures / preference Shares	-	-
Term loans		
1. From banks	-	-
2. From financial institutions and others	-	-
3. From government	-	-
4. From others	-	-
	-	-
Total	-	-

NOTE 20: OTHER FINANCIAL LIABILITIES: NON-CURRENT

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Deposits received from dealers	-	-
Creditors for capital supplies / services	-	-
Contractual obligations	-	-
Foreign currency derivatives liabilities	-	-
Contingent consideration on acquisitions	-	-
Total	-	-

NOTE 21: PROVISIONS: NON-CURRENT

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
- Gratuity	**4,253,379**	2,727,541
- Compensated absences	**2,355,725**	1,673,553
Total	**6,609,104**	**4,401,094**

NOTE - 22: OTHER NON-CURRENT LIABILITIES

In ₹

Details	As at March 31, 2018	As at March 31, 2017
- Other deferred revenues	-	-
Total	-	-

NOTE - 23: CURRENT BORROWINGS

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Secured borrowings		
- From banks		
Working capital demand loans	-	-
Cash credits / packing credits	-	-
- From others	-	-
	-	-
Unsecured borrowings		
- From banks	-	-
- From others	-	-
	-	-
Total	-	-

NOTE 24: TRADE PAYABLES

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Trade payables other than accrued salaries and benefits#	**719,071**	611,003
Accrued salaries and benefits	**397,779**	3,922,280
Provision for bonus	-	18,083
Total	**1,116,850**	**4,551,366**

NOTE 25: OTHER FINANCIAL LIABILITIES

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term loans (secured)	-	-
Current maturities of long-term loans (unsecured)	-	-
- Current maturities of finance lease obligations	-	-
- Foreign currency derivative liabilities	-	-
- Capital creditors	-	-
- Interest payable on borrowings	-	-
- Unclaimed dividends	-	-
Short-term deposits	-	-
Contingent consideration on acquisitions	-	-
Total	-	-

#For disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 refer Note 39.

NOTE 26: OTHER CURRENT LIABILITIES

In ₹

Details	As at March 31, 2018	As at March 31, 2017
- Advances received from customers	**-**	-
- Unearned Revenues	**-**	-
- Statutory Remittances	**228,006**	1,194,154
- Others	**51,092**	15,891
Total	**279,098**	**1,210,045**

Other mentioned above contains;		In ₹
- contractual payables towards employees	**34,170**	2,000
- contractual payables towards directors	**16,921**	13,891

NOTE 27: PROVISIONS: CURRENT

In ₹

Details	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
- Gratuity	**69,082**	9,947
- Compensated absences	**291,251**	263,828
Other provisions		
- Provision for claims and warranties	**-**	-
- Provision for contingencies	**-**	-
- Provision for proposed final dividend	**-**	-
- Provision for tax on dividend	**-**	-
Total	**360,333**	**273,775**

NOTE 28: OTHER INCOME

In ₹

Details	**for the year ended March 31, 2018**	**for the year ended March 31, 2017**
Interest income		
- On bank deposits	**-**	-
- On other financial assets carried at amortised cost	**-**	-
- On income-tax refund	**-**	-
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	**-**	-
Total	**-**	**-**

NOTE 29: EMPLOYEE BENEFITS EXPENSE

In ₹

Details	**for the year ended March 31, 2018**	**for the year ended March 31, 2017**
Salaries, allowances including bonus	**66,842,481**	56,742,208
Contribution to provident and other funds	**772,226**	850,153
Gratuity	**1,536,628**	1,170,215
Share based payments to employees	**-**	-
Staff welfare expenses	**1,230,838**	1,275,223
Total	**70,382,173**	**60,037,799**

NOTE 30: FINANCE COSTS

In ₹

Details	**for the year ended March 31, 2018**	**for the year ended March 31, 2017**
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, 2018**	**for the year ended March 31, 2017**
Depreciation / amortisation on property, plant and equipment and intangible assets	**733,033**	908,273
Depreciation on investment property	**-**	-
Total	**733,033**	**908,273**

NOTE 32: OTHER EXPENSES

In ₹

Details	for the year ended March 31, 2018	for the year ended March 31, 2017
Power and fuel expenses	**369,449**	297,503
Rent	**2,611,152**	2,528,979
Rates and taxes	**22,364**	17,426
Communication expenses	**1,059,269**	887,836
Travelling expenses	**512,347**	518,863
Recruitment expenses	**280,000**	165,000
Training	**-**	-
Hire charges	**-**	-
Legal and professional charges	**1,467,162**	1,073,750
Remuneration to auditors’		
- for audit	**300,000**	325,000
- for taxation matters	**100,000**	75,000
	400,000	**400,000**
Repair and maintenance expenses		
- for building	**-**	-
- for machinery and computers	**133,426**	84,920
- Others	**10,128**	144,030
	143,554	**228,950**
Insurance charges	**1,831,799**	1,046,196
Software, hardware and project specific expenses	**-**	-
Claims and warranties (net)	**-**	-
Advertisement, promotion and selling expenses	**-**	-
General office expenses	**1,085,959**	866,252
(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	**9,588**	12,322
Service tax input credit written off	**-**	128,374
Foreign exchange translation loss (net)	**1,006,398**	869,412
Miscellaneous expenses	**124,741**	146,239
Total	**10,923,781**	**9,187,102**

NOTE - 33: CURRENT TAX AND DEFERRED TAX

(a) Income-tax expense

In ₹

Details	**Continuing operations**		**Discontinued operations**		**Total**	
	For the year ended March 31, 2018	**For the year ended March 31, 2017**	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Current Tax:						
Current income-tax charge	**3,980,500**	3,700,800	**-**	-	**3,980,500**	3,700,800
Adjustments in respect of prior years	**(127,090)**	96,361	**-**	-	**(127,090)**	96,361
Others (describe)	**-**	-	**-**	-	**-**	-
Deferred Tax						
In respect of current year origination and reversal of temporary differences	**(503,200)**	(344,034)	**-**	-	**(503,200)**	(344,034)
Deferred Tax reclassified from equity to profit and loss	**-**	-	**-**	-	**-**	-
Adjustments 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	**3,350,210**	**3,453,127**	**-**	**-**	**3,350,210**	**3,453,127**

(b) Income-tax on other comprehensive income

In ₹

Details	**for the year ended March 31, 2018**			**for the year ended March 31, 2017**		
	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	**(48,345)**	**-**	**(48,345)**	(242,163)	-	(242,163)
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	**(48,345)**	**-**	**(48,345)**	**(242,163)**	**-**	**(242,163)**

(i) Movement of Deferred Tax

As at March 31, 2018

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	(88,776)	88,776	-	-	-	-
Intangible assets	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
	(88,776)	**88,776**	**-**	**-**	**-**	**-**
Tax effect of items constituting deferred tax assets						
Property, plant and equipment	-	39,824	-	-	-	39,824
Employee benefits	1,545,686	361,280	13,320	-	-	1,920,286
Equity-settled share based payments	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Carryforward tax loss	-	-	-	-	-	-
Other temporary differences (please specify)	-	-	-	-	-	-
	1,545,686	401,104	13,320	-	-	1,960,110
Net Tax Asset (Liabilities)	**1,456,910**	**489,880**	**13,320**	**-**	**-**	**1,960,110**

(i) Movement of Deferred Tax

As at March 31, 2017

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	(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	-	-	-	-	-	-
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**

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 ₹ 6,68,42,481/- (Previous Year: ₹ 5,67,42,208/-) 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 ₹ 7,72,226/- (Previous Year: ₹ 8,50,153/-) 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 ₹ 15,84,973/- (Previous Year: ₹ 14,12,378/-).

Defined benefit plans – as per actuarial valuation report

In ₹

	Particulars	**Gratuity**	
		March 31, 2018	**March 31, 2017**
Ia.	**Expense recognised in the Statement of Profit and Loss for the year ended**		
1.	Current service cost	**1,345,004**	1,068,182
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)	**(184,131)**	159,840
	- Experience Adjustments	**232,476**	82,323
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at**		
1.	Present value of defined benefit obligation as at	**(4,322,461)**	(2,737,488)
2.	Fair value of plan assets as at	**-**	-
3.	Surplus/(Deficit)	**(4,322,461)**	(2,737,488)
4.	Current portion of the above	**(69,082)**	(9,947)
5.	Non current portion of the above	**(4,253,379)**	(2,727,541)
II.	**Change in the obligation during the year ended**		
1.	Present value of defined benefit obligation at the beginning of the year	**2,737,488**	1,325,110
2.	Expenses Recognised in Profit and Loss Account		
	- Current Service Cost	**1,345,004**	1,068,182
	- Past Service Cost		
	- Interest Expense (Income)	**191,624**	102,033
3.	Recognised in Other Comprehensive Income		
	- Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions		

In ₹

Particulars	Gratuity	
	March 31, 2018	**March 31, 2017**
ii. Financial Assumptions (Assumption Changes)	**(184,131)**	159,840
iii. Experience Adjustments	**232,476**	82,323
4. Benefit payments		
5. Present value of defined benefit obligation at the end of the year	**4,322,461**	**2,737,488**
III. Change in fair value of assets during the year ended		
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	**7.50%**	7.00%
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, 2018	As at March 31, 2017
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 the 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	**4,516,236**	**6,988,812**
not later than one year	**2,731,664**	2,602,971
later than one year and not later than five years	**1,784,571**	4,385,841
later than five years	**-**	-
Expenses recognised in the Statement of Profit and Loss	**2,611,152**	2,528,979
Liabilities in respect of Operating Leases		
Onerous Lease contracts		
Current	**2,731,664**	2,602,971
Non-Current	**1,784,571**	4,385,841

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	M/s. 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Unsecured loan taken / (repaid)	-	-	-	-
Software development services provided	**97,184,448**	81,650,305	-	-
Remuneration to directors'	-	-	**9,890,144**	9,681,816
Re-imbursement of expenses paid / (received)	-	-	**474,139**	243,254

Amount due to / from related parties as at Balance Sheet date

In ₹

Particulars	FixStream Networks Inc. USA		Key mgt. personnel	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Other current liabilities	-	-	-	-
Trade receivables	**20,672,316**	14,957,746		-
Expense re-imbursements payable	-	-	**16,921**	13,891
Directors' remuneration payable	-	-	**397,779**	588,798

Note - 38: IND AS 33 - EARNINGS PER SHARE

In ₹

Particulars	As at March 31, 2018	As at March 31, 2017
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**490.51**	388.86
From discontinuing operations	**-**	-
Total basic earnings per share	**490.51**	**388.86**
Diluted Earnings per share		
From continuing operations	**490.51**	388.86
From discontinuing operations	**-**	-
Total diluted earnings per share	**490.51**	**388.86**

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, 2018	As at March 31, 2017
Profit / (loss) for the year attributable to owners of the Company	**8,342,057**	6,613,399
Less: Preference dividend and tax thereon		-
Profit / (loss) for the year used in the calculation of basic earnings per share	**8,342,057**	**6,613,399**
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	**8,342,057**	6,613,399
Weighted average number of equity shares	**17,007**	17,007
Earnings per share from continuing operations - Basic	**490.51**	388.86

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 years. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

In ₹

Particulars	As at March 31, 2018	As at March 31, 2017
Profit / (loss) for the year used in the calculation of basic earnings per share	**8,342,057**	6,613,399
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	**8,342,057**	6,613,399
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	**8,342,057**	**6,613,399**

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, 2018	As at March 31, 2017
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, 2018	As at March 31, 2017
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, 2018	As at March 31, 2017
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

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

In ₹

	Particulars	March 31, 2018	March 31, 2017
(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.

In ₹

Earnings in foreign exchange	March 31, 2018	March 31, 2017
Software Development Services	**97,184,448**	81,650,305
Royalty, know-how, professional and consultation fees	-	-

Imports

During the year, 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 suppliers and therefore, the amounts reported in the Balance Sheet are those which are reflected in the Company's books of accounts.

Previous year's figures

The previous year's figures have been re-grouped / re-classified, wherever necessary, to conform to the current year's presentation.

MAHINDRA TECHNOLOGIES SERVICES INC.

Board of Directors
Mr. Arvind Malhotra
Mr. Lakshmanan Chidambaram

Registered Office
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, 2018.

Financial Results:

For the years ended March 31,	2018 US $	2017 US $
Income	**68,988**	1,293,144
Profit/(Loss) before tax	**39,021**	(307,879)
Profit/(Loss)after tax	**49,371**	(265,188)

Acknowledgements:

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: April 17, 2018

INDEPENDENT AUDITOR'S REPORT

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, 2018 and March 31, 2017, and the related statements of income, retained earnings, and cash flows for the years ended March 31, 2018 and March 31, 2017, 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 Mahindra Technologies Services as of March 31, 2018 and March 31, 2017, and the results of its operations and its cash flows for the years then ended March 31, 2018 and year ended March 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Ram Associates
Hamilton, NJ

April 17, 2018

BALANCE SHEETS MARCH 31,

	2018 $	2017 $
ASSETS		
Current assets:		
Cash	**525,326**	688,213
Accounts receivable	**566,057**	535,188
Other current assets	**66,121**	27,047
Total current assets	**1,157,504**	1,250,448
Deferred tax assets	**68,040**	51,153
Security deposit	**-**	4,324
TOTAL ASSETS	**1,225,544**	1,305,925
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	**12,329**	182,531
Advance from customers	**40,450**	-
Total current liabilities	**52,779**	182,531
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	**122,765**	73,394
Total stockholder's equity	**1,172,765**	1,123,394
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**1,225,544**	1,305,925

For **MAHINDRA TECHNOLOGIES SERVICES INC**.

Arvind Malhotra
Director

Lakshmanan Chidambaram
Director

STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31,

	2018 $	2017 $
Net revenue	**30,869**	1,293,144
Cost of revenue	**-**	1,112,586
Gross income	**30,869**	180,558
Operating expenses :		
Selling, general and administration expenses	**29,967**	482,637
Income/(loss) before other income /(expense)	**902**	(302,079)
Other income	**38,119**	-
Loss on sale of assets	**-**	(361)
Depreciation	**-**	(5,439)
Income/(loss) before income tax benefit/(expense)	**39,021**	(307,879)
Income tax	**(6,537)**	-
Income tax benefit/(expense)	**16,887**	42,691
Net income/(loss)	**49,371**	(265,188)

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, 2018 AND 2017

	Common stock		Retained	Total stockholder's
	Shares	Amount	earnings/ (deficit)	equity/ (deficiency)
Balance at March 31, 2016	105,000	1,050,000	1,178,582	2,228,582
Dividends	-	-	(840,000)	(840,000)
Net loss	-	-	(265,188)	(265,188)
Balance at March 31, 2017	**105,000**	**1,050,000**	**73,394**	**1,123,394**
Net income	-	-	49,371	49,371
Balance at March 31, 2018	**105,000**	**1,050,000**	**122,765**	**1,172,765**

For **MAHINDRA TECHNOLOGIES SERVICES INC**.

Arvind Malhotra
Director

Lakshmanan Chidambaram
Director

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31,

	2018 $	2017 $
Cash flow from operating activities		
Net income/(loss)	**49,371**	(265,188)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities		
Depreciation	**-**	5,439
Loss on sale of assets	**-**	361
Deferred taxes	**(16,887)**	(49,254)
Changes in assets and liabilities		
(Increase) / Decrease in accounts receivable	**(30,869)**	1,158,466
(Increase) / Decrease in other current assets	**(39,074)**	19,751
(Increase) / Decrease in security deposit	**4,324**	-
Increase / (Decrease) in accounts payable and accrued expenses	**(170,202)**	55,312
Increase / (Decrease) in customer advance	**40,450**	-
Total adjustments	**(212,258)**	1,190,075
Net cash provided by /(used in) operating activities	**(162,887)**	924,887
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		
Dividend paid	**-**	(840,000)
Net cash provided by/(used in) financing activities	**-**	(840,000)
Net increase /(decrease) in cash	**(162,887)**	97,353
Cash at the beginning of the year	**688,213**	590,860
Cash at the end of the year	**525,326**	688,213
Supplementary disclosures of cash flows information		
Cash paid during the years-		
Interest	**-**	-
Income tax	**-**	-

For **MAHINDRA TECHNOLOGIES SERVICES INC**.

Arvind Malhotra	**Lakshmanan Chidambaram**
Director	Director

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018

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, 2018 were $ 324,000 and March 31, 2017 were $ 324,000.

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, 2018 and 2017, the Company had unbilled accounts receivable of $ NIL and $ NIL 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 one customer for year ended March 31, 2018 and two customers for year ended March 31, 2017 accounted for 100% and 96% of the Company's net sale for the years ended March 31, 2018 and 2017, respectively, and the accounts receivable from the same major two customers were 100% and 100% as of March 31, 2018 and 2017 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, 2018 and 2017 the Company did not own any property and equipment. The properties were disposed during the year ended March 31, 2017.

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 $ NIL and $ 5,439 for the years ended March, 31, 2018 and 2017, 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, 2018 and 2017 the Company received goods and services worth of $Nil and $7,382 respectively, from the Parent Company. The Company during the years ended March 31, 2018 and 2017 provided services worth $ NIL and $ NIL to the Promoter Group.

As of March 31, 2018 and 2017, the Company had a payable balance of $ Nil and $ Nil, 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, 2018 and 2017 respectively.

During the years ended March 31, 2018 and 2017, the Company provided services worth $ 30,869 and $ 1,298,353 respectively to Tech Talenta Inc., a related party.

During the years ended March 31, 2018 and 2017, the Company has received services worth $ Nil and $ 111,854 respectively from Tech Talenta Inc , a related party.

As of March 31, 2018 and 2017, the Company had a payable balance of $ Nil and $ 111,854, respectively, to the Tech Talenta Inc. The Company had a receivable balance of $566,057 and $535,188 from Tech Talenta Inc as of March 31, 2018 and 2017 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.

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law resulting in a reduction to the Company's federal income tax rate from 35 percent to 21 percent, effective January 1, 2018. The Company's financial statements included a tax expense of $ (10,350) resulting from the revaluation of the net deferred tax assets representing the increase in future estimated tax expense. This adjustment is included in the $ (16,887) deferred tax benefit. Without this change, the income tax expense would have been $ 6,537 for the year ended March 31, 2018 which represents an effective tax rate of 16.75 percent.

Income tax expense (benefit) was computed as follows:

	March 31, 2018	March 31, 2017
	$	$
Property and equipment	**-**	816
Provision for doubtful debts	**68,040**	48,600
Other Provisions	**-**	298
Deferred rent expense	**-**	1,439
Total Deferred income taxes	**68,040**	51,153

Income tax expense (benefit) was computed as follows:

	March 31, 2018	March 31, 2017
	$	$
Federal income tax	**5,783**	4,739
State income tax	**754**	1,824
Total income taxes, current provision	**6,537**	6,563
Deferred income taxes (benefit)	**(16,887)**	(49,254)
Total (benefit)/expense	**(10,350)**	(42,691)

The Company's effective tax rate for the years ended March 31, 2018 and 2017 were (26.52) % and (13.87) %, 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.

6) 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 2017, 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.

7) LEASE COMMITMENTS

The Company has entered into an office lease expiring through December 2017. The lease got expired and the Company has no new lease.

For the years ended March 31, 2018 and 2017, rent expenses were $ NIL and $ 53,494 respectively.

8) SUBSEQUENT EVENTS

For the year ended March 31, 2018, the Company has evaluated subsequent events for potential recognition and disclosure through April 17, 2018, 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 the above, no reportable subsequent events have occurred through April 17, 2018 which would have a significant effect on the financial statements as of March 31, 2018 except as otherwise disclosed.

MAHINDRA ENGINEERING SERVICES (EUROPE) LIMITED

Board of Directors
Mr A N K Malhotra
Mr V N Nair

Registered Office
Atrium Court The Ring Bracknell
Berkshire RG12 1BW

Auditors
Keens Shay Keens MK LLP
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
Bucks
MK9 2HR

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

During the Year Ended March 31, 2018 the Loss Before Tax is GBP 10,686 (For Year 2016-17 Loss Before Tax was GBP 30,276) and the key results are as given below.

Mahindra Engineering Services (Europe) Limited	
For the twelve Months Period Ended March 31, 2018	**Amt (GBP)**
Revenue from operations	Nil
Interest Income	133,187
Other Income	112
Total Revenue	**133,299**
Loss Before Tax	**10,686**

On behalf of the board

Mr Vikram Narayanan Nair

Director

Date: 25th April 2018

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company was previously that of providing IT services to the Automotive Industry. On 1st April 2017 the company ceased to trade and the company is now a non-trading company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A N K Malhotra

Mr V N Nair

Results and dividends

The results of the operations are provided in profit & loss statement for the year under review.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Keens Shay Keens MK LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr Vikram Narayanan Nair

Director

Date: 25th April 2018

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA ENGINEERING SERVICES (EUROPE) LIMITED

Opinion

We have audited the financial statements of Mahindra Engineering Services (Europe) Limited (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Elizabeth Newell BA(Hons) FCA (Senior Statutory Auditor)

for and on behalf of Keens Shay Keens MK LLP

Chartered Accountants
Statutory Auditor

Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
Bucks
MK9 2HR

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	**-**	1,484,708
Cost of sales		**-**	(2,356,803)
Gross profit/(loss)		**-**	(872,095)
Administrative expenses		**(45,897)**	812,125
Other operating income		**112**	-
Operating loss	4	**(45,785)**	(59,970)
Interest receivable and similar income	6	**133,187**	111,390
Interest payable and similar expenses	7	**(98,088)**	(81,696)
Loss before taxation		**(10,686)**	(30,276)
Tax on loss	8	**(476)**	-
Loss for the financial year		**(11,162)**	(30,276)

The Income Statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

		2018		2017	
	Notes	**£**	**£**	**£**	£
Current assets	10	**5,592,186**		5,975,681	
Debtors		**185,274**		171,623	
Cash at bank and in hand		**5,777,460**		6,147,304	
Creditors: amounts falling due within one year	11	**(3,758,332)**		(4,117,014)	
Net current assets			**2,019,128**		2,030,290
Capital and reserves					
Called up share capital	12		**65,000**		65,000
Profit and loss reserves			**1,954,128**		1,965,290
Total equity			**2,019,128**		2,030,290

The financial statements were approved by the board of directors and authorised for issue on 25th April, 2018 and are signed on its behalf by:

....

Mr Vikram Narayanan Nair

Director

Company Registration No. 04117035

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2016	65,000	1,995,566	2,060,566
Year ended 31 March 2017:			
Loss and total comprehensive income for the year	-	(30,276)	(30,276)
Balance at 31 March 2017	65,000	1,965,290	2,030,290
Year ended 31 March 2018:			
Loss and total comprehensive income for the year	-	(11,162)	(11,162)
Balance at 31 March 2018	65,000	1,954,128	2,019,128

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Mahindra Engineering Services (Europe) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Atrium Court, The Ring, Bracknell, Berkshire, RG12 1BW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	33% on cost
Computer Software	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2018	2017
	£	£
Other significant revenue		
Interest income	**133,187**	111,390

4 Operating loss

	2018	2017
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	**38,316**	(857,275)
Fees payable to the company's auditor for the audit of the company's financial statement	**3,500**	8,000

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £38,316 (2017 (£857,275)).

5 Employees

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

	2018	2017
	Number	Number
Administrative	**-**	-
	-	-

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	**-**	(60)

6. Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	**27**	-
Interest receivable from group companies	**133,160**	111,390
Total income	**133,187**	111,390

7. Interest payable and similar expenses

	2018	2017
	£	£
Interest payable to group undertakings	**98,088**	81,696

8. Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	**476**	-

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Loss before taxation	**(10,686)**	(30,276)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	**(2,030)**	(6,055)
Unutilised tax losses carried forward	**2,030**	6,055
Adjustments in respect of prior years	**476**	-
Taxation charge for the year	**476**	-

9. Tangible fixed assets

	Computers	Computer Softwar	Total
	£	£	£
Cost			
At 1 April 2017 and 31 March 2018	34,634	18,958	53,592
Depreciation and impairment			
At 1 April 2017 and 31 March 2018	34,634	18,958	53,592
Carrying amount			
At 31 March 2018	-	-	-
At 31 March 2017	-	-	-

10. Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	**-**	1
Amounts owed by group undertakings	**5,590,879**	5,974,528
Other debtors	**1,307**	1,152
	5,592,186	5,975,681

11. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	**-**	1
Amounts due to group undertakings	**3,740,052**	4,120,457
Corporation tax	**-**	(20,000)
Other creditors	**14,614**	7,227
Accruals and deferred income	**3,666**	9,329
	3,758,332	4,117,014

12. Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
65,000 Ordinary of £1 each	**65,000**	65,000
	65,000	65,000

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	2018		2017	
	£	£	£	£
Turnover				
Sales				
Cost of sales				
Purchases	-		1,533,178	
Wages and salaries	-		(60)	
Staff training	-		814,427	
Computer running costs	-		9,258	
		-		(2,356,803)
Gross loss	-	-	58.74%	(872,095)
Other operating income				
Sundry income		**112**		-
Administrative expenses		**(45,897)**		812,125
Operating loss		**(45,785)**		(59,970)
Investment revenues				
Interest receivable from group companies	**133,160**		111,390	
Bank interest received	**27**		-	
		133,187		111,390
Interest payable and similar expenses				
Interest payable to group companies		**(98,088)**		(81,696)
Loss before taxation	-	**(10,686)**	2.04%	(30,276)

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Administrative expenses		
Rent relicences and other	**-**	6,856
Property repairs and maintenance	**-**	150
Travelling expenses	**-**	18,503
Postage, courier and delivery charges	**1,934**	171
Legal and professional fees	**63**	500
Non audit remuneration paid to auditors	**-**	5,500
Audit fees	**3,500**	8,000
Bank charges	**386**	-
Insurances (not premises)	**562**	836
Telecommunications	**1,136**	4,023
Entertaining	**-**	611
Profit or loss on foreign exchange	**38,316**	(857,275)
	45,897	(812,125)

LIGHTBRIDGE COMMUNICATIONS CORPORATION

Board of Directors
Mr. Manish Vyas
Mr. Ashish Tikhe

Registered Office
4965, Preston Park Boulevard,
Suite 500, Plano (Texas) 75093
United States of America

Bankers
Citi Bank
J P Morgan

Auditors
Grant Thornton India LLP

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2018.

Financial Results:

For the year ended March 31,	**2018** **USD (in '000)**	2017 **USD (in '000)**
Income	**249,245**	308,336
Profit/(Loss) before tax	**(12,348)**	(44,510)
Profit/(Loss)after tax	**(546)**	(41,168)

Review of Operations:

During the year under review, the Company recorded an income of US$ 249,245 mn**.** Loss after tax was US$ 0.546 mn. 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, 2018.

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: Plano

Date: May 22, 2018

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, 2018 and 2017, 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 information of the component, LCC Acquisition Holdings B.V. and of Leadcom Integrated Solutions International B.V. and its subsidiaries, which statements reflect total assets constituting $91.30 million and $133.34 million of consolidated total assets as of March 31, 2018 and 2017 respectively, and total revenues of $87.91 million and $112.45 million of consolidated total revenues for the year ended March 31, 2018 and 2017 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, 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, 2018 and 2017 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 Thorton

Place: Mumbai, India

Date: May 22, 2018

LIGHTBRIDGE COMMUNICATIONS CORPORATION

CONSOLIDATED BALANCE SHEETS

(all amounts in thousands, except per share data)

	Notes	**March 31, 2018 $**	March 31, 2017 $
Assets			
Current assets			
Cash and cash equivalents		**17,617**	52,514
Restricted cash		**510**	3,675
Receivables, net of allowance for doubtful accounts of $3,248 and $649	3	**56,161**	58,234
Unbilled receivables, net		**34,356**	65,560
Prepaid expenses and other current assets		**20,645**	22,131
Due from related parties		**37,993**	11,303
Deferred income taxes		**1,460**	2,103
Total current assets		**168,742**	215,520
Non-current assets			
Property and equipment, net	4	**13,312**	15,157
Deferred income tax assets		**2,307**	6,975
Goodwill	5	**3,443**	3,443
Other intangibles, net	5	**19,699**	24,496
Investments in affiliates	12	**—**	766
Other assets		**2,544**	877
Total assets		**210,047**	267,234
Liabilities and shareholders' equity			
Current liabilities			
Lines of credit	6	**115,151**	104,450
Note payable	6	**10,955**	23,756
Accounts payable		**9,631**	16,903
Accrued expenses		**18,209**	20,264
Accrued employee compensation and benefits		**12,868**	11,381
Deferred revenue		**2,415**	14,691
Income taxes payable		**5,512**	7,487
Accrued restructuring, current	7	**4,313**	8,776
Deferred tax liabilities		**1,755**	2,977
Consideration payable for Leadcom Group acquisition	6	**—**	441
Other current liabilities	9	**4,976**	12,877
Total current liabilities		**185,785**	224,003
Notes payable, net of current portion	6	**205**	338
Obligations under capital leases		**478**	652
Accrued restructuring, non current	7	**161**	3,814
Deferred income tax liabilities		**5,655**	10,635
Other liabilities		**5,337**	5,631
Total liabilities		**197,621**	245,073

CONSOLIDATED BALANCE SHEETS

(all amounts in thousands, except per share data)

	Notes	**March 31, 2018 $**	March 31, 2017 $
Shareholders' equity			
Class A common stock;$0.5 and $.0001 par value at March 31, 2018 and March 31, 2017, respectively;			
6,000 shares and 30,000,000 shares authorized at March 31, 2018 and March 31, 2017, respectively;			
5063 and 25,312,965 issued and outstanding at March 31, 2018 and March 31, 2017, respectively		**3**	3
Additional paid-in capital		**265,077**	265,077
Accumulated deficit		**(257,101)**	(256,555)
Accumulated other comprehensive income		**4,426**	13,614
Non-controlling Interest		**21**	22
Total shareholders' equity		**12,426**	22,161
Total liabilities and shareholders' equity		**210,047**	267,234

CONSOLIDATED STATEMENTS OF OPERATIONS

(all amounts in thousands)

	Notes	**For the year ended March 31, 2018 $**	For the year ended March 31, 2017 $
Revenues		**249,245**	308,336
Cost of revenues		**214,291**	269,094
Gross profit		**34,954**	39,242
Operating expense			
Sales and marketing		**4,113**	10,537
General and administrative		**29,171**	32,025
Restructuring charge	7	**2,165**	15,146
Depreciation and amortization	4 & 5	**12,983**	15,749
Total operating expense		**48,432**	73,457
Loss before other income (expense) and income taxes		**(13,478)**	(34,215)
Other income (expense)			
Interest income		**129**	3,143
Interest expense		**(5,321)**	(4,714)
Others		**6,322**	(8,724)
Total other income (expense), net		**1,130**	(10,295)
Loss before income taxes		**(12,348)**	(44,510)
Provision for income taxes	8	**(11,802)**	(3,342)
Net loss		**(546)**	(41,168)
Net loss attributable to non-controlling interest		**0.06**	(400)
Net loss attributable to shareholders' of Lightbridge Communications Corporation		**(546)**	(40,768)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(all amounts in thousands)

	Notes	**For the year ended March 31, 2018 $**	For the year ended March 31, 2018 $
Net loss		**(546)**	(41,168)
Other comprehensive loss :			
Change in fair value of interest rate swap	6	**760**	1,724
Change in foreign currency translation		**(9,948)**	3,119
Comprehensive loss		**(9,734)**	(36,325)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(all amounts in thousands)

	For the year ended March 31, 2018 $	For the year ended March 31, 2017 $
Cash flows from operating activities		
Net loss	(546)	(41,168)
Adjustments:		
Depreciation and amortization	12,983	15,749
Deferred income taxes	(1,583)	44
Guarantee fees	414	375
Loss from investments in affiliates	—	382
Restructuring charge	2,165	—
Profit on sale of subsidiary	(1,334)	—
Loss on disposal of fixed assets	334	2
Changes in operating assets and liabilities:		
Restricted cash	3,165	335
Trade, unbilled and other receivables	980	32,495
Accounts payable and accrued expenses	(14,549)	(6,649)
Other current assets and liabilities	(35,445)	23,475
Other non-current assets and liabilities	619	4,585
Net cash (used in)/generated from operating activities	(32,797)	29,625
Cash flows from Investing Activities		
Purchases of property and equipment	(7,112)	(5,983)
Proceeds from sale of property and equipment	1,011	74
Proceeds from sale of subsidiary	4,000	—
Purchase of non-controlling interest	—	(1)
Additional payment on acquisition of Leadcom Group	(449)	(3,006)
Short-term bank deposits	(24)	(2)
Net cash used in investing activities	(2,574)	(8,918)
Cash flows from financing activities		
(Repayment) / Proceeds from Tech Mahindra (Americas) notes	(13,000)	3,000
Net borrowings on lines of credit	11,436	(954)
Issuance of notes payable	936	425
Repayments of notes payable	(825)	(657)
Net cash (used in)/ generated from financing activities	(1,453)	1,814
Effect of exchange rate changes on cash and cash equivalents	1,927	(1,520)
Net (decrease)/increase in cash and cash equivalents	(34,897)	21,001
Cash and cash equivalents, beginning of the period	52,514	31,513
Cash and cash equivalents, end of the period	17,617	52,514
Supplemental Disclosures:		
Cash paid during the period for:		
Interest	3,907	4,526
Income taxes	9,322	4,491
Cash received during the period for:		
Interest	1,534	6,616
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Fixed asset additions under capital lease	850	410

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY YEARS ENDED MARCH 31, 2018 AND 2017

(all amounts in thousands)

	Common Stock $	Additional Paid-in Capital $	Accumulated Deficit $	Other Comprehensive Income (Loss) $	Total $
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
Other comprehensive loss	—	—	—	(9,188)	(9,188)
Net income (loss)	—	—	(546)	—	(546)
Less: Non-controlling interest	—	—	0.06	—	0.06
Balances at March 31, 2018	3	265,077	(257,101)	4,426	12,405

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, 2018, the Company had an accumulated deficit of approximately $257.1 million and the Company incurred a net loss of approximately $0.5 million for the year ended March 31, 2018. The Company had cash outflow from operations of approximately $32.8 million for the year ended March 31, 2018. As of March 31, 2018, the Company has approximately $126.1 million of short-term borrowings, the most significant of which are $50.0 million and $ 20.8 million line-of-credit facilities with Citibank N.A scheduled to mature in March 2019 and April 2019 respectively and borrowings of $31.3 million on a line-of-credit facility with JP Morgan Chase Bank scheduled to mature in December 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, 2018 and March 31, 2017, the Company had $16.64 million and $51.25 million of cash in foreign bank accounts, respectively.

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, 2018 and March 31, 2017:

	March 31,	
	2018	2017
	($ in thousands)	
Europe	**6,134**	10,671
Middle East/Africa	**14,925**	19,171
Americas	**11,850**	7,124
Other	**9,715**	16,415

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 63% and 60% of its revenues from ten customers for the year ended March 31, 2018 and 2017, respectively. The Company has approximately 68% and 65% of its accounts receivable from ten customers as of March 31, 2018 and 2017, respectively. Individually, one of these top ten customers comprised 18% of total revenue for both the year ended March 31, 2018 and 2017. Individually, one of these top ten customers of the Company had net receivable balance at 20% and 22% of total receivables as of March 31, 2018 and 2017, 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, 2018, the Company has $666,413 [2017: $511,278] 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 and amortization. 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 Company performed a qualitative assessment as of March 31, 2018 and concluded that it was more likely than not that goodwill and indefinite-lived intangible assets were not impaired.

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. There have been no impairments of goodwill or indefinite-lived intangible assets recorded in the Company's consolidated statements of operations during the year ended March 31, 2018 and March 31, 2017.

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, 2018 and March 31, 2017, 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 receivable from Tech Mahindra (Americas), Inc. are $43.4 million and $24.4 million at March 31, 2018 and March 31, 2017, 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.

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017, reducing the statutory corporate federal income tax rate from 35% to 21%, effective January 1, 2018. The impact of the rate change on deferred tax assets and liabilities existing at the date of the enactment for the Company and its US based subsidiaries was considered in earnings during the year ended March 31, 2018.

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, 2018 and March 31, 2017, these balances generated a foreign exchange gain of $8.8 million and loss of $4.8 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/(loss) ("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 Europe, Middle East and Africa jurisdiction 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 "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 90% of their face value, less interest of EONIA plus 1.5% and a commission of 0.41%. Transfers of accounts receivable were approximately 0.7 million and 1.3 million Euros (approximately $0.9 million and $1.4 million) as of March 31, 2018 and March 31, 2017, respectively, which is included within lines of credit in the consolidated balance sheets. As of March 31, 2018 and March 31, 2017, the Company had unutilized limit of 1.3 million and 0.7 million Euros (approximately $1.6 million and $0.8 million), respectively, available under the HSBC 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 million Euros (1.4 million Euros in March 2017). Under the terms of the Bankinter Agreement, accounts receivable are sold to Bankinter without recourse at 100% of their face value less interest of EURIBOR at 12 months plus 4.5% and a commission of 3,937 Euros per year (0.5% and renewal commission of 0.75% in March 2017). Transfers of accounts receivable were Nil Euros and 0.5 million Euros (US$ Nil and US$ 0.6 million), as of March 31, 2018 and March 31, 2017, respectively. As of March 31, 2018 and March 31, 2017, the Company had unutilized limits of 1 million and 0.9 million Euros (approximately $1.2 million and $0.9 million), respectively, available under 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 1.5 million Euros (2.5 million Euros in March 2017). Under the terms of the Belfius Agreement, accounts receivable are sold to Belfius with recourse at 85% (95% till March 2017) of their face value less interest of EURIBOR + 1.6% and a commission of 1.2% of invoice value plus 750 Euros per year (1.2% of invoice value or 5,000 Euros per year in March 2017). Transfers of accounts receivable were approximately 0.5 million Euros and 0.4 million Euros (approximately $0.6 million and $0.4 million) as of March 31, 2018 and March 31, 2017, which is included within lines of credit in the consolidated balance sheets. As of March 31, 2018 and March 31, 2017, the Company had unutilized limits of 1 million and 2.1 million Euros (approximately $1.2 million and $2.3 million), respectively, available under the Belfius Agreement.

The Company is party to a factoring agreement (the "Telefonica Agreement") with Telefonica UK Ltd. ("Telefonica") whereby the Company's UK subsidiary may sell its eligible accounts receivable to Telefonica on a revolving basis and up to 2.5 million GBP. Under the terms of the Telefonica Agreement, accounts receivable are sold to Telefonica without recourse at 100% of their face value less interest of LIBOR plus 2% and a commission of 0.5% up to 90 days which shall not be returnable with supplementary fee of 0.03% per each 5 days over the 90 days which shall not be returnable. Transfers of accounts receivable were approximately 1.3 million GBP and Nil million GBP (approximately $1.8 million and $Nil million) as of March 31, 2018 and 2017, respectively. As of March 31, 2018 and March 31, 2017, the Company had unutilized limits of 1.2 million GBP and Nil million GBP (approximately $1.7 million and $Nil million), respectively, available under the Telefonica Agreement.

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% of their face value subject to customer concentration, less interest of EURIBOR at 90 days plus 5.95% and a commission of 0.25% with a minimum fee of 2,500 Euros per month. Transfers of accounts receivable were approximately 0.06 million Euros and 0.4 million Euros ($0.07 million and $0.5 million) as of March 31, 2018 and March 31, 2017, respectively. As of March 31, 2018 and March 31, 2017, the Company had unutilized limit of 2.44 million Euros and 2.1 million Euros (approximately $2.48 million and $2.3 million), respectively, available under the Eurofactor Agreement.

NOTE 4—PROPERTY AND EQUIPMENT

At March 31, 2018 and 2017, property and equipment consisted of the following:

	March 31,	
	2018	2017
	($ in thousands)	
Computer and electronics	**9,024**	10,062
Software	**9,053**	7,482
Machinery and equipment	**21,038**	19,593
Furniture and office equipment	**6,735**	6,585
Office building	**2,607**	2,239
Leasehold improvements	**3,926**	3,477
Vehicles	**6,927**	10,237
Property and equipment	**59,310**	59,675
Less: accumulated depreciation and amortization	**(45,998)**	(44,518)
Property and equipment, net	**13,312**	15,157

Property and equipment under capital leases amount to $6.4 million and $7.9 million as of March 31, 2018 and 2017 respectively. Accumulated depreciation for property and equipment under capital leases amounted to $4.9 million and $5.1 million as of March 31, 2018 and 2017 respectively.

Depreciation and amortization expense related to property and equipment for the year ended March 31, 2018 and 2017 was $8.2 million and $11.0 million, respectively.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

As of March 31, 2018 and 2017 intangible assets consisted of the following:

	March 31,	
	2018	2017
	($ in thousands)	
Goodwill	3,443	3,443
Other intangible assets:		
Customer relationships	33,835	33,731
Backlog	9,626	11,526
Trade names	6,689	6,689
Patents	48	48
Other	205	213
Total other intangible assets	50,403	52,207
Less: Accumulated amortization		
Customer relationships	(19,493)	(16,356)
Backlog	(8,225)	(9,003)
Trade names	(2,793)	(2,156)
Patents	(48)	(48)
Other	(145)	(148)
Accumulated amortization	(30,704)	(27,711)
Other intangible assets, net	19,699	24,496

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, 2018 and 2017.

Amortization expense related to intangibles was $4.8 million and $4.7 million for the year ended March 31, 2018 and 2017, 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, 2019	**4,400**
March 31, 2020	**3,828**
March 31, 2021	**3,166**
March 31, 2022	**3,153**
March 31, 2023	**2,315**
Thereafter	**2,837**
	19,699

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. The loan has been extended from time to time with most recent extension till March 2019. The facility accrued interest at a rate of LIBOR plus 0.75%, which was reduced to LIBOR plus 0.65% from December 2017. 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. An amendment was signed on March 21, 2018 to facilitate a 8 million Euro line of credit against aforementioned $30 million line of credit ($29 million funded line and $1 million non-funded line). The agreement was further extended till April 2019. The facility accrued interest at a rate of LIBOR plus 0.95% till December 2017 and at a rate of LIBOR plus 0.80% post December 2017. Tech Mahindra serves as a guarantor for the facilities.

As of March 31, 2018, $65.5 million and 4.3 million Euros were drawn against the Citibank facility. Total interest expense on the said facility was $1.43 million and $0.93 million for the year ended March 31, 2018 and 2017, respectively.

In March 2015, the Company received a $40.0 million line of credit from JPMorgan Chase Bank, N.A. (“JPMorgan”) under which it could have borrowings until February 29, 2016. The line of credit was increased to $48.0 million in September, 2015. The maturity was extended from time to time with most recent extension till December 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, 2018, $31.30 million was drawn against the JPMorgan facility. Total interest expense on the facility was $0.67 million and $0.54 million for the year ended March 31, 2018 and 2017, 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.

In 2015, $10 million was drawn against this line and the same was fully repaid in April 2017. Total interest expense on the facility was $ 0.014 million and $0.24 million for the year ended March 31, 2018 and 2017, 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 an original maturity date of May 19, 2016; the agreement was extended from time to time with most recent extension till November 19, 2018 and a revised interest rate of 2.77% per annum.

As of March 31, 2018, $10.0 million was drawn against the TMA Note 2 facility. Total interest expense on the facility was $0.3 million and $0.2 million for the year ended March 31, 2018 and 2017, respectively.

The aggregate maturities (inclusive of interest accrued and due) of all borrowings as of March 31, 2018 are as follows (In thousands):

	$
2019	**126,106**
2020	**143**
2021	**54**
2022	**8**
	126,311

As of March 31, 2018 and 2017, the total outstanding borrowings, as discussed above, are as follows:

	2018	2017
	($ in thousands)	
Citibank line of credit, including accrued interest	**70,807**	64,108
JP Morgan line of credit, including accrued interest	**31,317**	31,362
Accounts receivable (factoring arrangements) (See Note 3)	**1,472**	1,643
Tech Mahindra (Americas) Notes, including accrued interest	**10,955**	23,647
Other credit facilities	**11,760**	7,784
	126,311	128,544

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 gain of $0.8 million and $1.7 million for the year ended March 31, 2018 and 2017, 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, 2018 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-18	31-Dec-19
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-18	31-Dec-20

In July 2014, towards consideration for the Company's purchase of Leadcom, the Company was 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 $0.4 million of this obligation was outstanding, which was paid during the year ended March 31, 2018.

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, 2018 and 2017 the Company implemented an integration and restructuring plan encompassing various entities within the Americas, Europe, and Middle East regions. It recorded restructuring charges totaling $ 2.1 million and $15.2 million as a result of staff reductions, excess office space leased out and one-time settlement cost during the year ended March 31, 2018 and March 31, 2017 respectively. The Company has made a provision of 11.5 million Euros ($12.3 million) during year ended March 31, 2017, 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 Company has made payment of first two tranches of 4.0 million Euros each during the year ended March 2018 and balance 3.5 million Euros is payable during year ended March 2019.

A reconciliation of the amount towards restructuring activities for the years ended March 31, 2018 and March 31, 2017 is as follows:

	Severance	One time settlement	Others	Total
	$	$	$	$
Accrued restructuring as of March 31, 2016	**1,016**	**—**	**368**	**1,384**
Restructuring charge	**2,751**	**12,296**	**99**	**15,146**
Payments/adjustments 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**
Restructuring charge	**2,009**	__	**156**	**2,165**
Payments/adjustments against the provision:				
Payments for excess office space, net of sublease income	**—**	**—**	**(266)**	**(266)**
Payments for severance	**(2,041)**	**—**	**—**	**(2,041)**
One time settlement	**—**	**(9,289)**	**—**	**(9,289)**
Other	**9**	**1,306**	**—**	**1,315**
Accrued Restructuring as of March 31, 2018	**161**	**4,313**	**—**	**4,474**

At March 31, 2018 and 2017, the accrued restructuring charge was classified as follows:

	March 31,	
	2018	2017
	(In thousands)	
Accrued restructuring, current	**4,313**	8,776
Accrued restructuring, noncurrent	**161**	3,814

	4,474	12,590

Management expects to finance its restructuring programs through cash generated from its ongoing operations or through cash available under its existing credit facilities, subject to the 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, 2014 to March 31, 2017. In addition, the Company is currently open to audit under the statute of limitations in various foreign jurisdictions for the tax years between 2009 and 2017.

The provision/(benefits) for income taxes for the year ended March 31, 2018 and March 31, 2017 consisted of the following:

	2018	2017
	(In thousands)	
	$	$
Current:		
Federal	**(2,872)**	(7,506)
State and local	**58**	(315)
Foreign	**8,733**	3,584
	5,919	(4,237)
Deferred:		
Federal	**(16,127)**	-
State and local	**-**	-
Foreign	**(1,594)**	895
	(17,721)	895
Total	**(11,802)**	(3,342)

Deferred income taxes, net includes the following components as of March 31, 2018 and March 31, 2017:

	2018	2017
	($ in thousands)	
Gross deferred tax assets*	**58,568**	58,445
Less: valuation allowance	**(38,676)**	(49,367)
Deferred tax assets, net of valuation allowance	**19,892**	9,078
Gross deferred tax liabilities	**(7,410)**	(13,612)
Net deferred tax (liabilities)/ assets	**12,482**	(4,534)

* includes receivable of $16.12 million from Tech Mahindra (Americas) Inc. using a "benefits-for-loss" method based on consolidated tax return filled by Tech Mahindra (Americas) Inc.

The Company believes that the net defined tax assets are realisable based on the Company's financial results for the year ended March 31, 2018 and March 31, 2017, projected future taxable income and tax planning strategies. The Company's deferred tax assets are primarily deferred tax assets on net operating losses of $28.7 million and $24.9 million at March 31, 2018 and March 31, 2017, respectively. The Company's deferred tax liabilities are primarily related to intangible assets recorded on 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% shareholding) as a result of the acquisition by Tech Mahindra (Americas), Inc.

The Company has U.S. operating loss carry-forwards of $77.76 million as of March 31, 2018 which expire beginning in 2029. Entire amount of $77.76 million will be utilised under Sec 382 limitation. The Company also has $83.6 million of foreign net operating loss carryforwards, some of which can be carried forward indefinitely, subject to certain restrictions.

Foreign income tax expense is generated on 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 not be realized. 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.

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. The Company’s intercompany tax-related receivable from Tech Mahindra (Americas), Inc. are $43.4 million (including $16.12 million towards deferred tax) and $24.4 million at March 31, 2018 and March 31, 2017, respectively.

NOTE 9 - OTHER CURRENT LIABILITIES AND ACCRUED EXPENSES

At March 31, 2018 and 2017, other current liabilities consisted of the following:

	March 31,	
	2018	2017
	($ in thousands)	
	$	**$**
Lease liability, current portion	**1,070**	2,502
Other	**3,906**	10,375
Other current liabilities	**4,976**	12,877

NOTE 10—HEALTH AND RETIREMENT PLANS

April 2017 to March 2018

Defined contribution plan

The Company’s foreign subsidiaries participate in separate defined contribution retirement plans for which the Group made contributions on their behalf amounting to $2.46 million and $3.63 million for the year ended March 31, 2018 and March 31, 2017, respectively.

Defined benefit plan

The amount recognized in the consolidated statements of operations related to gratuity plans were approximately $4.13 million and $1.59 million for the year ended March 31, 2018 and March 31, 2017, respectively.

The following table sets out the unfunded status of the Gratuity Scheme.

		($ in thousands)
	Year ended March 31, 2018	Year ended March 31, 2017
Change in the benefit obligation		
Projected Benefit Obligation (“PBO”) at the beginning of the year	**5,037**	3,954
Service cost	**2,831**	1,275
Interest cost	**165**	219
On account of sale of subsidiary	**(488)**	0
Actuarial loss/(gain)	**1,142**	112
Benefits paid	**(3,286)**	(506)

Exchange loss/(gain)	**(6)**	(17)
PBO at the end of the year	**5,395**	5,037

The expected benefit payments during the next 10 years are given below:

	($ in thousands)
Financial Year	**As at**
Expected benefit payments	**March 31, 2018**
2018-19	**743**
2019-20	**643**
2020-21	**768**
2021-22	**893**
2022-23	**992**
2023-28	**5,932**

The assumptions used to determine net benefit cost were as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate (p.a.)	**5.3%**	6.2% to 7.7%
Rate of increase in compensation levels	**2%**	2% to 5%

The Group evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rates are based on market yields at the end of the reporting period on government bonds.

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 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, 2018 and 2017, 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 (Nigeria) Limited

Tech Mahindra (Shanghai) Co. Ltd.

2. Related party transactions

($ in thousands)

Nature of Transaction	Name of related party	March 31, 2018	March 31, 2017
Revenue from Services	Tech Mahindra (Nigeria) Limited	**15**	-
	Tech Mahindra Americas Inc.	**8,258**	1,840
	Tech Mahindra De Mexico S De Rl De Cv	**1,150**	-
	Tech Mahindra GmbH	**-**	334
	Tech Mahindra Limited	**6,013**	6,609
Subcontractor expenses	Tech Mahindra (Shanghai) Co. Ltd	**125**	-
	Tech Mahindra Americas Inc.	**180**	1,088
	Fixstream Networks Inc.	**36**	19
	Tech Mahindra Limited	**7,147**	12,582
Rent Expense	Tech Mahindra De Mexico S De Rl De Cv	**125**	79
	Tech Mahindra Limited	**131**	132
Rent Income	Tech Mahindra Limited	**18**	101
Interest Expenses	Tech Mahindra Americas Inc.	**293**	494
Reimbursement for Services	Tech Mahindra Americas Inc.	**1,598**	-
	Tech Mahindra De Mexico S De Rl De Cv	**12**	417
	Tech Mahindra GmbH	**327**	-
	Tech Mahindra Limited	**922**	317
Taxes	Tech Mahindra Americas Inc.	**18,998**	7,855
	Tech Mahindra Limited	**1,895**	857

3. Balances with related parties (as at year-end)

($ in thousands)

Nature of Transaction	Name of related party	March 31, 2018	March 31, 2017
Accounts Payable	Tech Mahindra (Shanghai) Co. Ltd	**125**	-
	Fixstream Networks Inc.	**-**	37
	Tech Mahindra Americas Inc.	**2,957**	1,845
	Tech Mahindra De Mexico S De Rl De Cv	**132**	8
	Tech Mahindra GmbH	**153**	-
	Tech Mahindra Limited	**7,757**	13,766
Accounts Receivable	Tech Mahindra (Nigeria) Limited	**15**	13
	Tech Mahindra Americas Inc.	**46,731**	24,963
	Tech Mahindra De Mexico S De Rl De Cv	**258**	150
	Tech Mahindra GmbH	**124**	30
	Tech Mahindra Limited	**1,989**	1,527
Loan Receivable	Tech Mahindra GmbH	**-**	300
Loan Payable	Tech Mahindra Americas Inc.	**10,955**	23,647
	Tech Mahindra Drc Sarlu	**-**	50

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, 2018 and 2017 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, 2018 or March 31, 2017.

The Company accounts for this investment under the equity method and recognizes its 49% share of Djazatech's profits and losses. The Company has created provision towards this investment during the year ended March 31, 2018. Further, the Company's share of losses of this associate exceeds its interest in the associate, hence, the Company has discontinued recognising its share of further losses.

NOTE 13—COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases office facilities, warehouses, vehicles and certain equipment under non-cancellable operating leases expiring on various dates over the next ten 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-cancellable operating leases, excluding executory costs as of March 31, 2018 are as follows:

	Rental Payable	Rental Receivables Under Subleases
	(In thousands)	
	$	$
2019	**5,088**	860
2020	**3,060**	698
2021	**1,329**	559
2022	**1,152**	578
2023	**1,149**	654
Thereafter	**4,898**	2,977
	16,676	6,326

Rent expense under operating leases was $10.9 million and $11.8 million for the year ended March 31, 2018 and March 31, 2017, respectively.

Capital Leases

The Company leases office equipment, tools, and cars under non-cancellable capital leases expiring on various dates over the next four years.

Future obligations under capital leases commencing on April 1, 2018 are as follows:

	Minimum Lease Payments (In thousands)
	$
2019	**1,129**
2020	**412**
2021	**76**
Thereafter	**-**
	1,617
Less: Amount representing interest	**(69)**
	1,548

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.

As per ASC 450 “Contingencies”, loss contingencies towards Income tax liability that may arise in respect of matters in appeal as at March 31, 2018 and March 31, 2017 a $1.3 million and $ 7.86 million respectively. Guarantees outstanding as at March 31, 2018 and March 31, 2017 are $0.46 million and $ 3.73 million respectively.

NOTE 14—SUBSEQUENT EVENTS

The Company evaluated its financial statements for subsequent events through May 22, 2018, 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 31stMarch 2018, 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 at31stMarch 2018, and their consolidated loss, 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, 2018

CONDENSED CONSOLIDATED BALANCE SHEET AS AT YEAR ENDED

USD. in Million

		Note No.	**31-Mar-18**	31-Mar-17
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**	2
(e)	Intangible Assets	4	**0**	0
(f)	Financial Assets		**-**	-
	(i) Investments	7	**0**	1
	(ii) Trade Receivables	8	**-**	-
	(iii) Loans	9	**-**	-
	(iv) Other Financial Assets	10	**0**	0
(g)	Advance Income Taxes (Net of provisions)		**0**	-
(h)	Deferred Tax Assets (Net)		**0**	0
(i)	Other Non-Current Assets	11	**1**	1
Total Non-Current Assets			**3**	4
Current Assets				
(a)	Inventories	12	**-**	-
(b)	Financial Assets			
	(i) Investments	13	**-**	-
	(ii) Trade Receivables	14	**11**	14
	(iii) Cash and Cash Equivalents	15	**5**	3
	(iv) Other Balances with Banks	16	**-**	-
	(iv) Loans	17	**-**	-
	(v) Other Financial Assets	18	**5**	5
(c)	Other Current Assets	19	**0**	1
			21	23
Assets held-for-sale			**-**	-
Total Current Assets			**21**	23
			-	-
Total Assets			**24**	27

SOFGEN HOLDINGS LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET AS AT YEAR ENDED

USD. in Million

	Note No.	**31-Mar-18**	31-Mar-17
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	20	**2**	2
(b) Other Equity	21	**(11)**	(6)
Equity Attributable to Owners of the Company		**(8)**	(4)
Non-Controlling Interests		**-**	-
Total Equity		**(9)**	(4)
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)		**-**	-
(d) Other Non-Curren t Liabilities	25	**-**	-
Total Non - Current Liabilities		**1**	1
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	26	**15**	18
(ii) Trade Payables	27	**11**	9
(iii) Other Financial Liabilities	28	**6**	-
(b) Other Current Liabilities	29	**2**	3
(c) Provisions	30	**0**	0
(d) Current Tax Liabilities (Net)		**0**	0
Total Current Liabilities		**32**	30
Total Equity and Liabilities		**24**	27

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner
Pune, India
Date: May 25, 2018

For Sofgen Holdings Limited

Alexander L. Dembitz
Director
Pune, India
Date: May 25, 2018

Vikram Narayanan Nair
Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

USD. in Million

		Note No.	31-Mar-18	31-Mar-17
I	Revenue from Operations		**46**	45
II	Other Income	31	**0**	(0)
III	**Total Revenue (I +II)**		**46**	45
IV	**EXPENSES**		**-**	-
	Subcontracting Expenses		**10**	9
	Employee Benefit Expense	32	**31**	30
	Finance Costs	33	**1**	0
	Depreciation and Amortisation Expense	34	**0**	0
	Other Expenses	35	**9**	11
	Total Expenses		**51**	50
V	**Share of (Profit) / Loss of Associates**		**-**	-
VI	**Profit/(loss) before Exceptional Item and Tax (III-IV-V)**		**(5)**	(5)
VII	**Exceptional Item (net)**		**-**	-
VIII	**Profit/(loss) Before Tax (VI+VII)**		**(5)**	(5)
IX	**Tax Expense**		**-**	-
	Current tax		**(0)**	1
	MAT charge / (credit)		**-**	-
	Earlier years excess provision written back		**-**	-
	Deferred Tax		**(0)**	0
	Total Tax Expense		**(0)**	1
X	**Profit/(loss) after Tax**		**(5)**	(6)
XI	**Profit/(Loss) for the period attributable to:**		**-**	-
	Owners of the Company		**(5)**	(6)
	Non Controlling Interests		**-**	-
			(5)	(6)
XII	**Other Comprehensive Income**			
A	I. Items that will not be recycled to Profit or Loss			
	(a) Remeasurements of the Defined Benefit Liabilities / (Asset)		**0**	(0)
	(b) Equity instruments through Other Comprehensive Income		**(0)**	1
	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		**(0)**	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 period (X+XII)**		**(5)**	(6)
XIV	**Total comprehensive income for the period attributable to:**		**-**	-
	Owners of the Company		**(5)**	(5)
	Non controlling interests		**0**	-

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Partner
Pune, India
Date: May 25, 2018

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Alexander L. Dembitz
Director
Pune, India
Date: May 25, 2018

Vikram Narayanan Nair
Director

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31,2018

USD. in Million

	Consolidated Cash Flow Statement for the	Year Ended March 31, 2018	Year Ended March 31, 2017
A	**Cash Flow from Operating Activities**		
	Profit Before Tax	**(5)**	(5)
	Adjustments for :		
	Depreciation and Amortisation Expense	**0**	0
	Amortization of Deferred Revenue		
	Allowances for Doubtful Receivables / Advances and Deposits and Bad Debts written off (net)	**1**	1
	Sundry Balances Written Back		
	Net gain on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets		
	Finance Costs	**1**	
	Sundry Balances Written back	**-**	
	Provision for Impairment of Goodwill	**-**	2
	Operating Profit before working capital changes	**(3)**	(2)
	Changes in working capital		
	Trade Receivables	**4**	(6)
	Other Current assets	**1**	
	Trade Payables, Other Liabilities and Provisions	**2**	2
		7	(4)
	Cash generated from operating activities before taxes	**4**	(6)
	Income taxes paid, net	**(0)**	0
	Net cash generated from operating activities (A)	**4**	(6)
B	**Cash Flow from Investing Activities**		
	Purchase of Property, Plant and Equipment, Intangible Assets and Investment property	**(0)**	(0)
	Proceeds from sale / redemption of Mutual Funds, Debentures and Other Investments	**-**	
	Purchase of Treasury Bonds and Bills		0
	Proceeds on Maturity of Treasury Bonds and Bills	**0**	
	Proceeds on sales of Investment	**1**	
	Repayment of Inter Corporate Deposits		
	Net cash (used in) investing activities (B)	**1**	(0)
C	**Cash Flow from Financing Activities**		
	Repayment of Loan by Related parties	**(9)**	
	Proceeds of Loan by Related parties	**16**	
	Proceeds from Long-Term Borrowings		(0)
	Repayment of Long-Term Borrowings	**(10)**	-
	Movement in Short-Term Borrowings (net)	**-**	4
	Repayment of Short-Term Borrowings		
	Finance Costs paid	**(1)**	
	Net cash (used in) financing activities (C)	**(3)**	4
	Net (decrease) in cash and cash equivalents during the year (D=A+B+C)	**2**	(2)
	Effect of exchange rate changes on cash & cash equivalents (E)		
	Cash and Cash Equivalents at the beginning of the year (F)	**3**	5
	Increase in Cash and Cash Equivalents on Acquisition (refer note 39)		
	Cash and Cash Equivalents at the end of the year (G=D+E+F) (refer note 15)	**5**	3

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Alexander L. Dembitz
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Pune, India
Date: May 25, 2018

Vikram Narayanan Nair
Director

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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, 2018 were approved by the Board of Directors and authorised for issue on May 25, 2018.

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 2.20

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 10 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:

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, 2018

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 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-18
Tangible Assets													
Computers	1	-	0	0	0	1	1	-	0	0	-	1	0
	1	-	*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*
Leasehold Improvements	0	-	-	-	-	0	0	-	0	-	-	0	0
	0	-	*0*	-	-	*0*	*0*	-	*0*	-	*0*	*0*	*0*
Total	**1**	**-**	**0**	**0**	**0**	**1**	**1**	**-**	**0**	**0**	**0**	**1**	**0**

Note -4: Other Intangible Assests

USD in Million

Description of Assets	31-Mar-18	31-Mar-17
Software (other than internally generated)		
Opening Balance as at April 1	**1**	2
Additions during the year	**0**	-
Deletions during the year	**0**	-
Effect of foreign currency exchange differences	**0**	
Closing Gross Block	**1**	1
II. Accumulated depreciation and impairment for the period ended		
Opening Balance as at April 1	**1**	2
Amortisation expense for the Period	**0**	0
Effect of foreign currency exchange differences	**0**	
Closing Accumulated depreciation / impairment	**1**	1
Closing Net Block	**0**	0

Note -5: Investment Property

USD in Million

Description of Assets	Land	Buildings	Total
			As at 31-Mar-18
I. Gross Block			
Balance as at April 1, 2017			-
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 year ended March 31, 2018			
Balance as at April 1, 2017			-
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 difference			-
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-18	31-Mar-17
Cost		
Balance as at April 1	**2**	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	**2**	4
Accumulated Impairment		
Balance as at April 1		
Impairment losses recognised in the year	**-**	2
Derecognised on disposal of a subsidiary	**-**	-
Classified as held for sale	**-**	-
Effect of foreign currency exchange differences	**-**	-
Balance at end of year	**-**	2
Net Balance	**2**	2

Note 7: Non-Current Investments

USD in Million

Year Ended 31-Mar-18											
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	Unquoted		Securities and Exchange Commission, Manila	Certificate of Deposit			0	0		0	
					Total Amount					**0**	**-**

Note -8: Trade Receivables-Non Current

USD in Million

Particulars	As at 31-Mar-18	31-Mar-17
Trade Receivables		
Unsecured, considered good		
Considered Doubtful	-	-
Less: Allowance for Doubtful Debts	-	-
TOTAL	-	-

Note 9: Loans

USD in Million

Particulars	As at 31-Mar-18 Non- Current	31-Mar-17 Non- Current
Loans to related parties		
- Unsecured, considered good	-	-
TOTAL	-	-

Note 10: Other Financial Assets

USD in Million

Particulars		As at 31-Mar-18 Non- Current	As at 31-Mar-17 Non- Current
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**	0
	Less : Allowance for bad and doubtful deposits	**(0)**	(0)
	TOTAL (c)	**0**	0
d)	**Lease Receivable**		
	Considered Good	**-**	-
	Considered Doubtful	**-**	-
	Provision	**-**	-
	TOTAL (d)	**-**	-
e)	**Fixed deposits/Margin Money Deposits having maturities of more than 12 months from the Balance Sheet date**	**-**	-
	TOTAL (e)	**-**	-
f)	**Foreign Currency Derivative Assets**	**-**	-
	TOTAL (f)	**-**	-
g)	**Advances to Related Parties**		
	- Secured, considered good	**-**	-
	- Unsecured, considered doubtful	**-**	-
	- Doubtful	**-**	-
	TOTAL (g)	**-**	-
h)	**Financial guarantee contracts**	**-**	-
	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-18	As at 31-Mar-17
a)	**Balance with Government Authorities**		
	Considered Good	0	-
	Considered Doubtful	-	-
	Less: Provision	-	-
	TOTAL (a)	0	-
b)	**Capital Advances**		
	Considered Good	-	-
	Considered Doubtful	-	-
	Less: Allowance on advances to suppliersLess: Provision	-	-
	TOTAL (b)	-	-
c)	**Prepaid Exp**	1	1
	TOTAL (c)	0	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 (a + b + c + d + e + f)	1	1

Note 12: Inventories

USD in Million

Particulars		As at 31-Mar-18	As at 31-Mar-17
-	Hardware, Software and Product Components	**-**	-
Total		**-**	**-**

Note 13: Details for Current Investments (Table 1)

USD in Million

Year Ended 31-Mar-18

Table 1

Sr No	Type of Investment	Quoted / UnQuoted	No. of Units	Currency	Market Rate	Name of Scheme	Amount
1							-
2							-
						Total Amount	-

Note -14: Trade Receivables-Current

USD in Million

Particulars		As at 31-Mar-18	As at 31-Mar-17
Trade Receivables			
Outstanding for a period of more than 6 months			
(a)	Unsecured, considered good	**2**	2
(b)	Doubtful	**1**	0
Others			
(a)	Unsecured, considered good	**9**	12
(b)	Doubtful	**0**	-
Less: Allowance for doubtful debts		**(1)**	(0)
TOTAL		**11**	14

Note - 15: Cash and Cash Equivalents

USD in Million

Particulars		As at 31-Mar-18	As at 31-Mar-17
Current Cash and bank balances			
Cash in hand		**0**	0
Cheques on Hand		**-**	-
Fund in Transit		**-**	0
Unrestricted Balances with banks			
(i)	In Current Account	**5**	3
(ii)	In Deposit Account (having original maturity less than 3 months)	**0**	0
Total		**5**	3

Note - 16: Other Balances with Bank

USD in Million

Particulars	**As at**	
	31-Mar-18	31-Mar-17
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	-	-

USD in Million

Note 17: Loans

Particulars	**As at**	
	31-Mar-18	31-Mar-17
a) Loans to Related Parties		
- Unsecured, considered good	-	-
Total	-	-

Note 18: Other Financial Assets

USD in Million

Particulars		As at	
		31-Mar-18	31-Mar-17
a)	**Unbilled Revenue**	**5**	5
	Total (a)	**5**	5
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 Parties		
	- Secured, considered good	-	-
	- Unsecured, considered doubtful	-	-
	- Provision	-	-
	Total (f)	-	-
g)	**Contractually Reimbursable Expenses #**		
	Considered Good	-	-
	Considered Doubtful	-	-
	Less: Allowance for doubtful receivables	-	-
	Total (g)	-	-
h)	**Financial guarantee contracts**	-	-
	Total (h)	-	-
	TOTAL (a + b + c + d + e + f + g + h)	**5**	5

Note 19 : Other current assets

USD in Million

Particulars		As at 31-Mar-18	As at 31-Mar-17
a)	**Balance with Government Authorities**		
	Considered Good	**-**	0
	Considered Doubtful	**-**	-
	Provision	**-**	-
	Total (a)	**-**	0
b)	**Advances to Employees**		
	Considered Good	**0**	1
	Considered Doubtful	**-**	-
	Less : Allowance on employee advances	**-**	-
	Total (b)	**0**	1
c)	**Prepaid Expenses**	**-**	-
	Total (c)	**-**	-
d)	**Share Application Money given to Subsidiaries**		
	Considered Good	**-**	-
	Considered Doubtful		
	Provision		
	Total (d)	**-**	-
e)	**Other Loans and Advances**		
	Considered Good	**0**	0
	Considered Doubtful	**-**	-
	Less: Allowance on other loans and advances	**-**	-
	Total (e)	**0**	0
	TOTAL (a + b + c + d + e)	**0**	1

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	Share Option Outstanding Account	General Reserve	Statutory Reserve	SEZ reinvestment Reserve	Retained Earnings						
Balance at the beginning of reporting period	-	-	-	11	-	1	0	-	(16)	-	0	(2)	(6)	-	(6)
Changes in accounting policy or prior period errors				-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	11	-	1	0	-	(16)	-	0	(2)	(6)	-	(6)
				-	-	-	-	-	-	-	-	-	-	-	
Profit for the period				-	-	-	-	-	(5)	-	0	-	(5)	-	(5)
Other Comprehensive Income				-	-	-	-	-	0	-	(0)	(0)	0	-	0
Total Comprehensive income	-	-	-	-	-	-	-	-	(5)	-	(0)	(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				-	-	-	-	-	-	-	-	-	-	-	-
Minority transfer to reserves				-	-	-	-	-	-	-	-	-	-	-	-
Amortised Amount of Stock Compensation Cost (net)				-	-	-	-	-	-	-	-	-	-	-	-
Dividends				-	-	-	-	-	-	-	-	-	-	-	-
Tax on Dividend				-	-	-	-	-	-	-	-	-	-	-	-
Transfer to / from during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of Subsidiary				-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non Controlling Interests				-	-	-	-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-	-	-	-	
Balance at the end of reporting period March 31,2018	-	-	-	11	-	1	0	-	(21)	-	(0)	(2)	(11)	-	(11)

Note - 22: Borrowings-Non Current

USD in Million

Particulars	As at	
	31-Mar-18	31-Mar-17
Measured at amortised cost		
A. Secured Borrowings:		
Cash Credit and Loans Repayable on Demand		
- From Banks (Other than Finance Lease Obligations)	**-**	-
Total Secured Borrowings	**-**	-
B. Unsecured Borrowings - at amortised Cost		
From Banks (other than Finance Lease Obligations)	**-**	0
Loans From Group Companies (Inter-corporate Deposits)	**0**	-
Total Unsecured Borrowings	**0**	0
Total Borrowings	**0**	0

Note - 23: Other Financial Liabilities

USD in Million

Particulars	As at	
	31-Mar-18	31-Mar-17
Security Deposits	**-**	-
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-18	31-Mar-17
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-18	As at 31-Mar-17
Unearned Revenue	**-**	-
Advances received from customers	**-**	-
TOTAL	**-**	-

Note - 26: Borrowings -Current

USD in Million

Particulars	As at 31-Mar-18	As at 31-Mar-17
Secured Borrowings		
From Banks		
(i) Cash Credit / Packing Credits	**-**	-
(ii) Other loans	**-**	10
(secured by current assets)		
	-	10
Unsecured Borrowings		
From Banks/Financial Institution	**-**	-
From related parties	**15**	8
	15	8
Total	**15**	18

Note - 27: Trade Payables

USD in Million

Particulars	As at 31-Mar-18	As at 31-Mar-17
Trade Payables other than Accrued Salaries and Benefits	**9**	7
Accrued Salaries and Benefits	**2**	2
TOTAL	**11**	9

Note - 28: Other Financial Liabilities

USD in Million

Particulars	As at 31-Mar-18	As at 31-Mar-17
Current:		
Current maturities of long-term loans (secured)	**-**	-
Current maturities of long-term loans (Unsecured)	**-**	-
Total	**-**	-

Note - 29: Other Current Liabilities

Particulars	As at 31-Mar-18	As at 31-Mar-17
		USD in Million
Advances received from customers	**0**	-
Unearned revenue	**2**	2
Statutory Remittances	**0**	1
Advance from Related Party	**4**	0
TOTAL	**6**	3

Note - 30: Provisions

Particulars	As at 31-Mar-18	As at 31-Mar-17
		USD in Million
Provision for employee benefits		
Gratuity	**-**	-
Others	**0**	0
Total Provisions	**0**	0

Note - 31: Provisions

Particulars	As at 31-Mar-18	As at 31-Mar-17
		USD in Million
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 Provisions	**0**	0

Note - 32: Employee Benefits Expense

Particulars	As at 31-Mar-18	As at 31-Mar-17
		USD in Million
Salaries and Wages, including bonus	**29**	28
Contribution to Provident and other Funds	**2**	1
Gratuity	**0**	0
Staff Welfare Expenses	**0**	1
Total	**31**	30

Note - 33: Finance Cost

USD in Million

Particulars	As at 31-Mar-18	As at 31-Mar-17
Interest On Short Term Loan & Cash Credits	**0**	0
Interest On Loans From Related Parties	**1**	0
Other Interest Expense	**0**	0
Cash Discount	**-**	-
Total finance costs	**1**	0

Note - 34 : Depreciation and Amortization Expense

USD in Million

Particulars	As at 31-Mar-18	As at 31-Mar-17
Depreciation / Amortisation on Property ,Plant and Equipment and Intangible Assets	0	0
Total	**0**	0

Note - 35: Other Expenses

USD in Million

Particulars		**As at 31-Mar-18**	As at 31-Mar-17
Power & Fuel Expenses		**0**	0
Rent		**1**	1
Rates and taxes		**0**	0
Communication Expenses		**0**	0
Travelling Expenses		**2**	3
Recruitment Expenses		**0**	1
Training		**0**	1
Hire Charges		**0**	0
Legal and other professional costs		**1**	1
Repair and maintenance Expenses		**-**	-
- Buildings (including leased premises)		**0**	-
- Machinery and Computers		**0**	0
- Others		**0**	0
Insurance charges		**1**	0
Software, Hardware and Project Specific Expenses		**1**	1
Claims and Warranties (Net)		**-**	-
Advertisement, Promotion & Selling Expenses		**1**	1
General Office Expenses		**1**	0
(Profit)/ Loss on sale of Property, Plant & Equipments		**(0)**	2
Provision for Impairment of Goodwill		**-**	0
Provision for Doubtful Receivables, Unbilled Revenue and Bad Debts written off		**1**	1
- Provided during the year	2	**-**	-
- Bad Debts written off	0	**-**	0
- Less: Provision reversed during the period	(1)	**-**	(0)
Provision for Doubtful Advances, Deposits and Advances written off		**0**	0
- Provided during the year	0	**-**	0
- Bad Debts written off	0	**-**	-
- Less: Provision reversed during the period		**-**	-
Donation		**0**	0
Corporate Social Responsibility Expenditure		**0**	-
Miscellaneous Expenses		**0**	0
Total		**9**	11

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, 2018	As at March 31, 2017
Sofgen Holdings Limited and its following subsidiaries :	Cyprus		
• 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%
• Sofgen Ireland Limited [refer note 37]	Ireland	**100%**	100%
• Sofgen SA	Switzerland	**100%**	100%
• Sofgen Consulting AG	Switzerland	**100%**	100%
• Sofgen Africa Limited	Kenya	**100%**	100%
• Sofgen West Africa Limited [refer note 37]	Ghana	**100%**	100%
• Sofgen India Private Limited	India	**100%**	100%
• Sofgen SDN. BHD.	Malaysia	**100%**	100%
• Sofgen Services Pte. Ltd.	Singapore	**100%**	100%

37 Disinvestments in / Liquidations of subsidiaries:

During the year ended March 31, 2018 and 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 West Africa Limited
- Sofgen Ireland Limited

38 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.

39 Contingent Liabilities

Bank Guarantees/corporate guarantees outstanding as at March31, 2018: USD0.25Million (March 31, 2017: USD0.40Million).

40 Goodwill

Following is the summary of changes in carrying amount of goodwill:

USD in Million

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Balance at the beginning of the year	**2**	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**	2

The Group tests goodwill annually for impairment. The goodwill of the Group included 2 Million, and 2Million on account of the investment in subsidiaries as of March 31, 2018and March 31, 2017 respectively. Allocation of goodwill by segments as of March 31, 2018 and March 31, 2017 is as follows:

USD in Million

Particulars	**As at March 31, 2018**	As at March 31, 2017
IT Business	**2**	2
Total	**2**	2

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.

41 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, 2018 in respect of defined contribution plan is USD 1.75 Million (year ended March 31, 2017: USD 0.04 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 2018	March 31, 2017
Projected benefit obligation, at the beginning of year	**0.10**	0.09
Service cost	**0.04**	0.02
Interest cost	**0.01**	0.01
Remeasurements of the net defined benefit liability (asset)#*	**(0.02)**	(0.01)
Exchange Gain/(loss)	**0.00**	0.00
Benefits paid	**0.00**	(0.01)
Projected benefit obligation, at the end of year	**0.13**	0.10

The composition of funded plan of Sofgen as at March31, 2018is as follows:

USD in Million

Particulars	March 31, 2018	March 31, 2017
Opening fair value of plan assets	0.06	0.06
Fair value of plan assets on acquisition	-	-
Expected return on plan assets	0.01	-(0.01)
Contributions	0.04	0.02
Benefits paid	0.00	(0.01)
Remeasurement – (return)/loss on plan assets excluding amount included in net interest income	(0.01)	-
Closing fair value of plan assets at year end	**0.09**	**0.06**

USD in Million

Particulars	March 31, 2018	March 31, 2017
Actuarial (gain)/loss – experience	**(0.01)**	(0.02)
Actuarial (gain)/loss – demographic assumptions	**-**	-
Actuarial (gain)/loss – financial assumptions	**(0.01)**	0.01
Total Remeasurements	**(0.02)**	**0.01**

USD in Million

Particulars	March 31, 2018	March 31, 2017
Service cost	**0.04**	0.02
Past Service Cost (Plan Amendments)	**-**	-
Interest cost	**0.00**	0.01
Interest Income on Plan Assets	**0.00**	(0.01)
Expense recognized in the Statement of Profit and Loss	**0.04**	0.02
Actuarial (Gain)/Loss recognized in OCI	**March 31, 2018**	March 31, 2017
Actuarial (Gain)/Loss arising during period	**(0.02)**	-
Remeasurement – (return)/loss on plan assets excluding amount included in net interest income	**0.01**	-
Total	**0.01**	-

	March 31, 2018	March 31, 2017
Principal Actuarial Assumptions (Funded)		
Discount Rate	7.70%	7.%
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, 2018
March 31, 2018	-
March 31, 2019	**0.01**
March 31, 2020	**0.00**
March 31, 2021	**0.01**
March 31, 2022	**0.01**
March31, 2023	**0.01**
March31, 2024to March 31, 2028	**0.09**

Weighted Average duration of defined benefit obligation–15Years

Sensitivity analysis: A quantitative sensitivity analysis for significant assumption as at March 312018 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						
March 31, 2018	0.11	0.13	0.13	0.11	-	-
March 31, 2017	0.09	0.10	0.10	0.09	-	-

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.

42 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 21 Million and USD 23 Million as of March 31, 2018 and March 31, 2017respectively, 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 39 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, 2018, March 31, 2017 and April 1, 2016.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, 2018**	As at March 31, 2017
Balance at the beginning of the year	**0.48**	0.59
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**1**	(0.11)
Balance at the end of the year	**1.48**	0.48

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 March31, 2018 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	-	-	-	5	5	5
Other balances with banks	-	-	-	-	-	-
Trade receivables	-	-	-	11	11	11
Investments(Other than subsidiaries and associates)	0.0	-	-	-	0.0	0.0
Loans	-	-	-	-	-	-
Other financial assets	-	-	-	5	5	5
Total	0.0	-	-	21	21	21
Liabilities:						
Trade and other payables	-	-	-	11	11	11
Borrowings	-	-	-	15	15	15
Other financial liabilities	-	-	-	-	-	-
Total	-	-	-	26	26	26

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	Amortized 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
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	-	-	-	0	0	0
Total	-	-	-	27	27	27

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

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	11	-	-	11
Financial Liabilities	-	-	-	-
Other financial liabilities	-	-	-	-
Total	11	-	-	11
Derivative Financial Liabilities	-	-	-	-
Total	11	-	-	11

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	0	-	-	0
Total	9	-	-	9
Derivative Financial Liabilities	-	-	-	-
Total	9	-	-	9

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, 2018			
	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	-	-	-	-

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	-	-	-	-

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, 2018 would decrease/increase by USD0.02 Million (March 31, 2017: decrease/increase by USD 0.02 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.

43 Current Tax and Deferred Tax

The income tax expense for the yearended can be reconciled to the accounting profit as follows:

USD. in Million

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Profit before income taxes	**(5)**	(5)
Enacted tax rates	**27%**	13%
Income tax expense calculated at tax rate	**(0)**	(1)
Effect of income that is exempt from tax	**0**	0
Effect of expenses that are not deductible in determining taxable profit	**0**	1
Effect of differential overseas tax rates	**0**	0
Others	**0**	1
Income tax expense recognised in profit or loss	**(0.0)**	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 March31, 2018 is net of reversal of provision of USD 0 Million (year ended March 31, 2017: 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, 2018**	As at March 31, 2017
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, 2018**	As at March 31, 2017
Other Items	**0**	0
Total	**0**	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, 2018**					
	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	0	0	0	-	-	0
Net Deferred Tax Assets	0	0	0	-	-	0

The tax effect of significant timing differences that has resulted in deferred tax liabilities are given below:

Particulars	**For year ended March 31, 2018**					
	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

Particulars	**For year ended March 31, 2017**				
	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	1	(1)	-	0	0
Net Deferred Tax Assets	1	(1)	-	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 31,2018and March 31,2017, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

44 As required under Indian Accounting Standard 24 “Related Party Disclosures” (Ind AS – 24), following are details of transactions during the year ended March 31, 2018and 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.
	Promoter Group Company/Enterprise having significant influence.
Mahindra Holding Limited	Promoter Group Company /Enterprise having significant influence.
Tech Mahindra Limited	Holding Company
Leadcom Integrated Solutions (L.I.S.) Ltd	Fellow Subsidiary Company
Tech Mahindra Singapore Pte Ltd	Fellow Subsidiary Company
Tech Mahindra Gmbh	Fellow Subsidiary 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 yearended March31, 2018

Nature of Transactions	**Name of the party**	**For the year ended**	
		March 31, 2018	March 31, 2017
Revenue	Tech Mahindra Limited	**6**	4
	Leadcom Integrated Solutions (L.I.S.) Ltd	**1**	
Sub-contracting cost	Tech Mahindra Limited	**1**	1
Interest Expenses	Mahindra Engineering Services (Europe) Limited	**0**	0
	Tech Mahindra Limited	**-**	-
	Tech Mahindra ICT Services Sdn Bhd	**0**	
	Tech Mahindra Singapore Pte Lte	**0**	
	Tech Mahindra GmbH	**0**	-
Loan taken	Tech Mahindra GmbH	**3**	-
	Tech Mahindra ICT Services Sdn Bhd	**2**	-
	Tech Mahindra Singapore Pte Lte	**1**	-
Loan Repaid	Tech Mahindra GmbH	**7**	-
Advance Received	Tech Mahindra Americas	**4**	-

Balance as on	**Name of the party**	**March 31, 2018**	March 31, 2017
Trade Payables	Tech Mahindra Limited	**4**	2
		-	0
Trade Receivables	Tech Mahindra Limited	**1**	4
	Tech Mahindra De. Mexico S.DE.R.L.DE.C.V	**0**	0
Unbilled Revenue Receivable	Tech Mahindra Limited	**-**	-
	Leadcom Integrated Solutions (L.I.S.) Ltd	**1**	-

Balance as on	Name of the party	**March 31, 2018**	March 31, 2017
Loan taken	Mahindra Engineering Services (Europe) Limited	**6**	6
	Tech Mahindra GmbH	**6**	2
	Tech Mahindra ICT Services Sdn Bhd	**2**	-
	Tech Mahindra Singapore Pte Lte	**1**	-
Other Payable	Tech Mahindra Americas	**4**	-
Accrued expenses payable	Tech Mahindra Limited	**-**	-
Payable to KMP*	Alexander L. Dembitz Vikram Nair	**-**	-

* The disclosure with respect to remuneration is not given as the employee consent as per local laws is not received

45 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, 2018is given below:

A. Revenues as per geographies

USD. in Million

Geography	**For the year ended**	
	March 31, 2018	**March 31, 2017**
Americas	**5**	6
Europe region	**13**	15
Rest of world	**28**	24
Total	**46**	45

For and on behalf of the Board of Directors

Alexander L. Dembitz
Director

Vikram Narayan Nair
Director

May 25, 2018

TECH MAHINDRA DRC SARLU

Board of Directors
Mr. Sriram Veeravalli Sevellimedu
Mr. Aryan Chatterjee
Mr. Sourabh Banerji

Registered Office
Immeuble Le Prestige, 1er Etage,
4239 Avenue Tombalbaye Commune de la Gombe,
Kinshasa, Rep. Dem. du Congo

Bankers
Citibank DRC

Auditors
GPO Partners SPRL

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2017

The directors submit their report together with the audited financial statements for the year ended 31st December 2017, 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:

1. Mr. Sourabh Banerji Director (Indian)
2. Mr. Sriram Veeravalli Sevellimedu Director (Indian)
3. 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

Place: Kinshasa

TECH MAHINDRA DRC SARLU

DEMOCRATIC REPUBLIC OF CONGO

MINISTRIES OF FINANCE AND THE BUDGET

GENERAL DIRECTION OF TAXES

Tax Form Submission Center: ____

STANDARD SYSTEM FOR FINANCIAL REPORTS

OHADA (SYSCOHADA) ACCOUNTING

Fiscal Year closed on 12/31/2017

CORPORATE NAME: **TECH MAHINDRA DRC SUARL Company**
(or the Business operator's full name)

Abbreviated Form **SOCIETE TECH MAHINDRA LIMITED DRC SUARL**

Complete Address : **KINSHASA BOULEVARD OF JUNE 30**

N°3642, CONGO FUTUR BLDG., COMMUNE DE LA GOMBE

Taxpayer Identification N°

STANDARD SYSTEM

Documents submitted

Identification & Miscellaneous information Sheet	X
Balance Sheet	X
Income Statement	X
Financial Table of Resources and Applications (TAFIRE)	X
Accompanying Documents	X
Additional Statements or Reports	X
Number of pages given per copy...................... Number of copies submitted. 07....................................	

Réserved for the General Direction of Taxes

Date submitted
Name of the DGI Agent who received the documents
Signature of the Agent and Service Stamp

Corporate Name : **TECH MAHINDRA DRC SARLU COMPANY**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Usual Name :

Taxpayer Identification N° : ________________ Fiscal Year closed on 12/31/2017 Duration (in months) : 12

DIRECTORS (1)

Family Name	First Name	Position	Taxpayer Identification N°	Address (BP, city, country)
BANERJI	SOURABH	GM		KINSHASA
CHATTERJEE	AYAN	FM		GHANA
SEVELLIMEDU	SRIRAM	OPS HEAD		INDIA

(1) Directors = Chairman and Executive Officer, Managing Director, General Administrator, Manager, Others.

SHAREHOLDERS OR MAIN ASSOCIATES (by decreasing order of capital subscribed to)

Family Name	First Name	Nationality		Capital	
				Amount (in millions F.Cfa)	%
TECH MAHINDRA LIMITED		INDIA		90,500,000	100%
					0%
			TOTAL	90,500,000	100%

MEMBERS OF THE BOARD OF DIRECTORS

Family Name	First Name	Job Position	Address (BP, city, country)
BANERJI	SOURABH	GM	KINSHASA
CHATTERJEE	AYAN	FM	GHANA

AFFILIATED COMPANIES AND PARTICIPATIONS

Designation	Nationality	Capital	
		Amount (in millions F.Cfa)	%
TECH MAHINDRA LIMITED	INDIA	90,500,000	100%
	TOTAL		

FIRD
PAGE 1/3

IDENTIFICATION AND MISCELLANEOUS INFORMATION SHEET

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg

Usual Name: ______________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2017

Duration (in months) : **12**

ZA FISCAL YEAR : From **1/1/2017** To **12/31/2017**

ZB Date the accounts were actually closed : **12/31/2017**

ZC Preceding Fiscal Year closed on::

Duration of the preceding fiscal year in months : **.**

ZD **KG** **9.355/M**
Registrar Trade Register N°

Business Repertory N°

ZE …………
Social Security N°

Importer Code N°

....
Code of your main activity

ZF **TECH MAHINDRA DRC SARLU COMPANY**
Company Name

....
Sigle

ZG
Telephone N°

Fax N°

....
Code

.....
Postal Box

.....
City

ZH **Kinshasa Blvd of June 30 N°3642 , Congo Futur Bldg. Commune of Gombe**
Complete Geographic Address (Building, street, neighborhood, city, country)

ZI **Management, Advice and Supply of Telecommunication Systems**
Specific designation of the main company activities

% of useful production capacity

Name, address and position of contact person for further information.

Names and addresses of the Auditors

☐ Not subject to certification ☐ No, (refused) ☐ Yes with reservations ☐ Yes without reservations
Certified Financial Statements (check the appropriate box)

☐ Not subject to certification ☐ No ☐ Yes
Financial Reports approved by the General Assembly (check the appropriate box)

AYAN CHATTERJEE
Name of signatory of Financial Statements

FINANCE MANAGER
Title of Signatory of Financial Statements

Date of signature

Signature

Bank References	
Bank:	Account Number
CITIBANK KINSHASA	100041103

FIRD
PAGE 2/3

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg

Typical Name: ____________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2017

Duration (in months) : **12**

ZK	Legal Form (1) :	O 3		**Control of company (check the box)**	
ZL	Tax Regime (1) :	1	ZQ	Company under public control	☐
ZM	Country of headquarters (1) :	1 1	ZR	Company under national private control	X
ZN	Number of establishments in the country :	O 1	ZS	Company under foreign private control	☐
ZO	Number if establishments outside the country for which you have separate accounting :	O O			
ZP	First year of operations in the country :	2 O 1 2			

COMPANY ACTIVITIES

Designation of the activities (2)	**Code nomenclature of activities (1)**	**Turnover before tax (CA HT) (3) or Added Value (VA)**	**% of activities in turnover HT or VA**
System management, advice and supplies		948,751,454	88
ACCESSORY PRODUCTS		132,621,533	12
			0.00
			0.00
			0.00
			0.00
			0.00
			0.00
Miscellaneous		1,081,372,987	100
	TOTAL	0	0.00

(1) Refer to the table of codes.
(2) List specifically activities in decreasing order based on the turnover before tax, or the added value (V A).
(3) Cross off choices that do not concern you (best choice is added value V A).

STANDARD BALANCE SHEET SYSTEM
PAGE 1/4

BILAN

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

Ref.	**ASSETS**	**Fiscal Year N**			**Ex. N - 1**
		Gross	**Amort/Prov**	**Net**	**Net**
	FIXED ASSETS (1)				
AA	**Fixed Charges**				
AX	Cost of Setting up the company				
AY	Charges to be distributed				
AC	Redemption Premiums on Bonds				
AD	**Intangible Assets**				
AE	Research and Development Expenses				
AF	Patents, Licenses, Software				
AG	Intangible value of the business				
AH	Other immobilisations				
AI	**Tangible Assets**				
AJ	Land Parcels				
AK	Buildings				
AL	Installations and Furnishings	**711,878,551**	**711,878,551**		
AM	Equipment	**2,077,432,300**	**2,077,432,300**		**67,801,494**
AN	Transportation Equipment	**95,452,220**	**95,452,174**	**46**	**46**
AP	Advances and partial payments towards assets				
AQ	**Permanent Financial Investments**				
AR	Shares of participation				
AS	Other financial investments	**57,349,345**		**57,349,345**	**50,797,064**
AW	(1) including H. A. O. : Gross Net				
AZ	**TOTAL FIXED ASSETS (I)**	**2,942,112,416**	**2,884,763,025**	**57,349,391**	**118,598,604**

STANDARD BALANCE SHEET
PAGE 2/4

BILAN

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ____________________

Taxpayer Identification **N°** _______________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

Ref.	ASSETS	Fiscal Year N			Ex. N - 1
		Gross	Amort/Prov	Net	Net
AZ	Total Fixed Assets carried over	2,942,112,416	2,884,763,025	57,349,391	118,598,604
	Current Assets				
BA	Current Assets for Other Activities (H.A.O.)				
BB	**Stocks**				
BC	Merchandise				
BD	Raw materials and other supplies				
BE	Current orders				
BF	Manufactured Products				
	Manufactured Products				
BG	**Receivables and assimilated realizations**				
BH	Suppliers, advances paid up	383,163,256		383,163,256	14,559,536
B I	Clients				939,593,908
BJ	Other receivables	4,267,748,169		4,267,748,169	448,190,232
BK	**TOTAL CURRENT ASSETS (II)**	4,650,911,425		4,650,911,425	1,402,343,676
	CASH FLOW ASSETS				
BQ	Investments in Securities				
BR	Checks and Bills awaiting collection				
BS	Banks, postal checks, cash	3,170,998,186		3,170,998,186	3,279,579,465
BT	**TOTAL TREASURY ASSETS (III)**	3,170,998,186		3,170,998,186	3,279,579,465
	(probable loss from foreign currency exchange)				
BZ	**GENERAL TOTAL (I + II + III + IV)**	10,764,022,027	2,884,763,025	7,879,259,002	4,800,521,745

BILAN

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

Ref.	LIABILITIES (before distribution)		Fiscal Year N	Fiscal Year N - 1
	Shareholders' Equity and Assimilated Resources			
CA	**Company Capital**			
CB	Shareholders uncalled subscribed capital		**90,500,000**	90,500,000
CC	**Premiums and reserve funds**			
CD	Share premiums, Issue premiums, Merger premiums			
CE	Re-evaluation differences			
CF	Frozen unavailable reserve funds			
CG	Free reserve funds			
CH	to be carried over	+ or -		
C I	**Net results from the fiscal year**	(profits + or losses -)	**-2,857,622,658**	-264,391,889
CK	**Other Shareholders' Equity**			
CL	Investment Subsidies			
CM	Regulated Provisions and Assimilated Funds			
CP	**TOTAL SHAREHOLDERS' EQUITY (I)**		**-2,767,122,658**	-173,891,889
	Financial Debts and Assimilated Resources (1)			
DA	Loans			
DB	Debts from financial leases and assimilated contracts			
DC	Various financial debts		**7,423,207,841**	4,022,691,480
DD	Financial provisions for risks and charges			
DE	(1)including H. A. O. (other activities) :			
DF	**TOTAL FINANCIAL DEBTS (II)**		**7,423,207,841**	4,022,691,480
DG	**TOTAL STABLE RESOURCES (I + II)**		**4,656,085,183**	3,848,799,591

STANDARD BALANCE SHEET
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BILAN

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

Réf.	**LIABILITIES (before distribution)**	**Fiscal Year N**	**Fiscal Year N - 1**
DG	Total Stable Resources carrie over	**4,656,085,183**	3,848,799,591
	CURRENT LIABILITIES		
DH	Current Debts for other activities and Assimilated resources H.A.O.		
D I	Clients, advance payments received	**112,647,000**	
DJ	Suppliers for Operations	**5,525**	5,524
DK	Fiscal Debts	**31,048,392**	517,796,557
DL	Social Security Debts (CNSS)		13,519,275
DM	Other Debts		
DN	Provisioned Risks	**3,079,472,902**	420,400,798
DP	**TOTAL CURRENT LIABILITIES (III)**	**3,223,173,819**	951,722,154
	CASH FLOW: LIABILITIES		
DQ	Banks, discounted credit		
DR	Banks, cash flow credit		
DS	Banks, overdrafts		
DT	**TOTAL TREASURY-LIABILITIES (IV)**		
DU	Gains from foreign currency exchange-liabilities (V) (probable gains from exchange)		
DZ	**GENERALTOTAL (I + II + III + IV + V)**	**7,879,259,002**	4,800,521,745

STANDARD BALANCE SHEET SYSTEM
PAGE 1/4

INCOME STATEMENT

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg

Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

	CHARGES (First Part)		**Fiscal Year N**	**Fiscal Year N - 1**
	OPERATING ACTIVITIES			
RA	Purchase of Goods		**0**	
RB	- Variation of stocks	(- or +)	**0**	
	(Gross Margin on goods, see TB)			
RC	Purchase of Raw Materials and related supplies		**0**	0
RD	- Variation de stocks	(- or +)	**0**	0
	(Gross Margin on Materials, see TG)			
RE	Other purchases		**207,111,943**	126,240,883
RH	- Variation in stocks	(- or +)	**0**	0
RI	Transportation		**23,592,323**	103,272,536
RJ	External Services		**1,138,254,023**	686,218,643
RK	Taxes and fees		**0**	5,015,089
RL	Other charges		**0**	165,778,299
	(Added Value, see TN)			
RP	Charges for personnel (1)		**1,785,510,165**	497,824,903
RQ	(1) including external personnel			
	(Gross surplus from operations, see TQ)			
RS	Charges for amortization and Provisions		**167,215,645**	185,202,111
RW	**Total Operating Charges**		**3,321,684,099**	1,769,552,464

(Operating Results, see TX)

INCOME STATEMENT

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ____________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

Ref.	INCOME (First Part)			Fiscal Year N	Fiscal Year N - 1
	OPERATING ACTIVITIES				
TA	Sale of Goods				
TB	**Gross Margin on Goods**				
TC	Sale of manufactured goods				
TD	Works, services sold			**948,751,454**	1,337,067,882
TE	Stored Production (or decrease in stock)		(+ or -)		
TF	Immobilized Production				
TG	**Gross Martin on Materials**	**948,751,454**	**1,337,067,882**		
TH	Accessory Income			**132,621,533**	142,766,923
T I	Turnover (1) (TA + TC + TD + TH)	**1,081,372,987**	**1,479,834,805**		
TJ	(1) including from exports				
TK	Subsidies for operations				
TL	Other Income				
TN	**Added Value**	**-287,585,302**	**393,309,355**		
TQ	**Gross Surplus from Operations**	**-2,073,095,467**	**-104,515,548**		
TS	Reversals of Provisions				
TT	Transfer of charges				
TW	**Total income from operations**			**1,081,372,987**	1,479,834,805
TX	**OPERATING RESULTS** Profits (+) ; Losses (-)	**-2,240,311,112**	**-289,717,659**		

STANDARD BALANCE SHEET SYSTEM
PAGE 3/4

BILAN

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

Ref.	CHARGES (Second Part)	Fiscal year N	Fiscal year N - 1
RW	Total carry over of operating costs	**3,321,684,099**	1,769,552,464
	Financial Activity		
SA	Financial expenses		
SC	Losses from Currency Exchanges	**594,047,354**	
SD	Charges tied to amortization and provisions		
SF	**Total Financial Charges**	**594,047,354**	
	(Financial Results, see UG)		
SH	**Total from Regular Activities**	**3,915,731,453**	1,769,552,464
	(Results from ordinary activities: see UI)		
	Excluding Ordinary Activities (H.A.O.)		
SK	Accounting values from transfers of fixed assets		
SL	Charges H.A.O.		
SM	Allocations H.A.O.		
SO	**Total Charges H.A.O.**		
	(Results H.A.O. see UP)		
SQ	Participation of Workers		
SR	Taxes on Results	**69,370,741**	203,019,022
SS	**Total participation and taxes**	**69,370,741**	203,019,022
ST	**GENERAL TOTAL CHARGES**	**3,985,102,194**	1,972,571,486
	(Net Results, see UZ)		

INCOME STATEMENT

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

Ref.	**INCOME (Second Part)**	**Fiscal Year N**	**Fiscal Year N - 1**
TW	Report Total Carry over of Operating Income	**1,081,372,987**	**1,479,834,805**
	FINANCIAL ACTIVITY		
UA	Financial Revenue	**46,106,549**	
UC	Gains from Currency Exchange		
UD	Recovery of Provisions		
UE	Transfer of charges		
UF	**Total Financial Income**	**46,106,549**	
UG	**FINANCIAL RESULTS** (+ or -) **-547,940,805**		
UH	**Total income from ordinary activities**	**1,127,479,536**	**1,479,834,805**
U I	Results from Ordinary Activities (1) (+ or -) **-2,788,251,917** **-289,717,659**		
UJ	1.including corresponding tax : **69,370,741**		
	Excluding Ordinary Activities (H.A.O.)		
UK	Income from transfer of fixed assets		
UL	H.A.O. Income		**228,344,792**
UM	H.A.O. Reversals or recoveries		
UN	Transfer of charges		
UO	**Total income H.A.O.**		**228,344,792**
UP	Results H.A.O. (+ or -) **228,344,792**		
UT	**GENERAL TOTAL INCOME**	**1,127,479,536**	**1,708,179,597**
UZ	**Net Results** **-2,857,622,658** **-264,391,889** Gains (+) ; Losses (-)		

FINANCIAL TABLE OF RESOURCES AND APPLICATIONS (TAFIRE)

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

First Part: Determination of the financial balances of the Fiscal Year N

General Self-financing Capacity (C.A.F.G.)

CAFG = EBE
– Remaining Cash Charges} excluding transfers
+ Remaining Cashable Income} of fixed assets

		E.B.E.	-2,073,095,467
(SA) Financial Charges		(TT) Transfers of operating charges	
(SC) Exchange losses	594,047,354	(UA) Financial Income	46,106,549
(SL) H.A.O. Charges		(UE) Transfers of Financial charges	
(SQ) Participation		(UC) Gains in currency exchange	
(SR) Taxes on results	69,370,741	(UL) H.A.O. Income	
		(UN) Transfers of H.A.O. charges	
Total (I)	663,418,095	Total (II)	-2,026,988,918

CAFG : Total (II) - Total (I) = **-2,690,407,013** (N - 1) : **-79,189,778**

SELF-FINANCING (A.F.)

AF = CAFG - Distributions of dividends during the fiscal year (1)

AF = **-2,690,407,013** = **-2,690,407,013** (N - 1) : **-79,189,778**

Variation in the need to finance operations (B.F.E.)
Variation B.F.E. = Variation Stocks (2) + Variation receivables (2) + Variation current debts (2)

Variation of stocks : N - (N - 1)	Increase in Jobs (+)		Decrease in Resources
(BC) Goods		ou	
(BD) Raw Materials		ou	
(BE) Current		ou	
(BF) Manufactured Products		ou	
(A) General Net Variation in Stocks		**ou**	

(1) Dividends earmarked for payment during the fiscal year, including partial payments on dividends.
(2) Excluding H.A.O. elements

FINANCIAL TABLE OF RESOURCES AND APPLICATIONS (TAFIRE)

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

Variation in Receivables: N - (N - 1)	Increase in Jobs (+)		Decrease in Resources (-)
(BH) Suppliers, advances paid	368,603,720	ou	0
(B I) Clients	0	ou	939,593,908
(BJ) Other receivables	3,819,557,937	ou	0
(BU) Differences in Exchange conversion: Assets	0	ou	0
(B) General Net Variation in Receivables	**3,248,567,749**	**ou**	**0**

Variation of Current Debts : N - (N - 1)	Decrease in Jobs (-)		Increased Resources (+)
(D I) Clients, advance payments received	0	ou	112,647,000
(DJ) Suppliers for Operations	0	ou	1
(DK) Fiscal Debts	486,748,165	ou	0
(DL) Social Debts	13,519,275	ou	0
(DM) Other debts	0	ou	0
(DN) Provisioned Risks	0	ou	2,659,072,104
(DU)Differences resulting from conversion: Liabilities	0	ou	0
(C) Total Net Variation of Current Debts	0	ou	2,271,451,665
VARIATION of B.F.E. = (A) + (B) + (C)	977,116,084	ou	0

Surplus operational Treasury (E.T.E.)

ETE = EBE - Variation BFE - Immobilized Production

		N	**N - 1**
Gross Operating Surplus		-2,073,095,467	-104,515,548
- Variation of B.F.E.(- if jobs ; + if resources)	(- ou +)	-977,116,084	
- Production of Capital Goods		-	-
Surplus operations Treasury		**-3,050,211,551**	**-104,515,548**

FINANCIAL TABLE OF RESOURCES AND APPLICATIONS (TAFIRE)

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

Ref.		**Fiscal Year N**		**Fiscal Year N - 1**
		Jobs	**Resources**	**(E - ; R +)**
	I. Investments and Disinvestments			
FA	Capitalized charges (increases during the fiscal year)		–	
	Internal Growth			
FB	Acquisitions/Transfers of Intangible Assets			
FC	Acquisitions/Transfers of Tangible Assets	**2,884,763,071**		**-1,432,852,922**
	External Growth			
FD	Acquisitions/Transfers of Financial Assets	**57,349,345**		**-50,797,064**
FF	**TOTAL INVESTMENTS**	**2,942,112,416**		**-1,483,649,986**
FG	II. Variation in Financing Needs for Operations (see above: Variation B.F.E.)	**2,798,932,327** or		**-2,798,932,327**
FH	**A - Economic Applications to be financed (FF + FG)**	**5,741,044,743**		**-4,282,582,313**
F I	**III. Applications / Resources (B.F., H.A.O.)**	**0.00** or	–	
FJ	**IV. Obligatory Financial Applications (1)**	**0.00**	–	**0.00**
	Reimbursement (according to payment schedules) of loans and financial debts			
	(1) Excluding early reimbursements included in VII			
FK	**B -Total Applications to be Financed**		**-5,741,044,743**	**-4,282,582,313**

FINANCIAL TABLE OF RESOURCES AND APPLICATIONS (TAFIRE)

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

Réf.		**Fiscal Year N**		**Fiscal Year N - 1**
		Applications	**Resources**	**(E - ; R +)**
	V. Internal Financing			
FL	Dividends (applications) / C.A.F.G. (Resources)	0	-2,690,407,013	-79,189,778
	VI. Financing by shareholders' equity			
FM	Increases in capital through new contributions	–	264,391,889	264,391,889
FN	Investment Subsidies	–	0	
FP	Withdrawals from the capital (including withdrawals by the operator)	0	–	0
	VII. Financing through new loans			
FQ	Loans (2)	0	0	0
FR	Other financial debts (2)	0	3,400,516,361	0
	(2) Early reimbursements inscribed separately in applications			
FS	**C - Net Financing Resources**	0	974,501,237	185,202,111
FT	**D - Surplus or insufficiency of Financing Resources (C - B)**	108,581,279 ou		1,050,248,412
	VIII. Variation in the Treasury			
	Net Cash Flow			
FU	at the closing of the fiscal year: + or -	3,170,998,186		
FV	at the opening of the fiscal year: + or -	3,279,579,465		
FW	**Variation in the treasury : (+ if an application ; - if resources)**	-108,581,279 ou	108,581,279	-1,050,248,412
	Control : D = VIII with the opposite sign			

Note : I, IV, V, VI, VII : in terms of movements ; II, III, VIII : balance sheet differences

CONTROL (based on balance sheet results N and N - 1)		**Applications**	**Resources**
Variation of the working capital (F.d.R.)	: FdR(N) - FdR(N - 1)	ou	868,534,805
Variation of total B.F. (B.F.G.)	: BFG(N) - BFG(N - 1)	977,116,084 ou	
Variation of the treasury (T)	: T(N) - T(N - 1)	0 ou	108,581,279
	TOTAL	**977,116,084 =**	**977,116,084**

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg

Typical Name: ______________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2017

Duration (in months) : **12**

ANNEX TO THE STANDARD SYSTEM

N. B. : If you do not have sufficient space reserved here below, please continue on a separate sheet of paper that you can attach at the end of the balance sheet.

I - OBLIGATORY INFORMATION:

A - RULES AND ACCOUNTING METHODS :

I - A1 General Methods of Evaluation applied by the Company :

I - A2 Specific Methods of Evaluation Applied by the Company:

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

I - A3 Derogations used by the Company : please show justification for choices made and, if required, explain the impact on the company capital, the financial situation and the annual results of the company.

EMPTY

I - A4 Methods of Presentation applied by the company, with mention of modifications intervening from one fiscal year to the next:

EMPTY

I - A5 Derogations to the rules of presentation used by the company: Please justify any changes with an indication of their impact on the patrimony, the financial situation and the annual results of the company.

EMPTY

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

B - Additional Information related to the Balance Sheet and Income Statement

I - B1 Exceptional Circumstances that may distort the comparison between the financial statements from one fiscal year to the next :

EMPTY

I - B2 Information on the revaluations applied by the company :

Nature and dates of the revaluations :

EMPTY

Revaluation of elements according to balance sheet item		Amounts of historical costs	Additional Depreciation

Method of Revaluation used :

EMPTY

Tax treatment of differences in revaluation and additional depreciation :

EMPTY

Amount of difference incorporated into the capital :	

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

I - B3 DEBTS GUARANTEED BY REAL AND VALUABLE SECURITY :

	Gross Amount	Real Security		
		Mortgages	**Pledges**	**Other guarantees**
Financial Debts and Assimilated Resources Convertible Bond Issues Other bond issues Loans and debts from credit establishments Other financial debts	EMPTY			
TOTAL (1)				
Finance Lease Debts for property finance lease arrangement Debts for leasing of equipment Debts on assimilated contracts	EMPTY			
TOTAL (2)				
Debts on Current Liabilities : Suppliers and related accounts Clients Personnel Social Security and social agencies State International Agencies Associates and the Group Various Creditors	EMPTY			
TOTAL (3)				
TOTAL (1) + (2) + (3)				

I - B4 Financial Engagements :	**Engagements Granted**	**Engagements Received**
Engagements granted to related companies Engagements taken on as pensions or assimilated indemnities Endorsements, deposits and guarantees Mortgages, pledges, and other guarantees Discounted bills pending maturity Professional Commercial debts that have been transferred Abandonment of contingent debts or receivables		
TOTAL		

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg

Typical Name: ______________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2017

Duration (in months) : **12**

I - B5 Elements making up the Valuation of business activities as an asset :	**Amount**
Clientele	
Sale of goodwill	
Leasehold rights	
Trade Name	
Brand	

Means of accounting for the depreciation of business activities as an asset :

EMPTY

I - B6 Comments on eventual derogations from the rules in terms of research and development expenditure based on depreciation over a period included between two and five years:

EMPTY

Based on the non distribution of dividends before having completed the depreciation.

EMPTY

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

I - B7 Contracts having a title retention clause :

I - B7 - A: Goods included in the Assets that are the object of the title retention clause	Amount due
EMPTY	

I - B7 - B: Debts based on the title retention clause :	Amount of transactions
EMPTY	

I - B8 Significant difference of evaluation of each item that is interchangeable with the current assets	Evaluation according to the method used	Evaluation of the last market price known	Difference in the evaluation
EMPTY			

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** _______________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

I - B9 Specifications on the nature, amount and accounting methods :

I - B9 - A : Establishment costs (1) :

(1) Indicate an eventual derogation from the prohibition of distributing dividends

I - B9 - B : Charges to be apportioned over several fiscal years :

I - B10 Explain the calculation method of partial profits over operations covering several years, or covering a minimum of two fiscal years:

EMPTY

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

I - B11 : Provide information on the results of operations done with another party: losses incurred, profits transferred, profits recorded,

EMPTY

I - B12 - Elements of information required for the National Statistics

I - B12 - 1 : Detail of Products :	**Amount in country**	**Amount in other countries of the Region**	**Amount outside the Region**
Fees for patents, concessions, permits, brands, trademarks and similar rights:			
Fees for agricultural land rental:			

	Amount
Operating Subsidies on products :	
Portion for research and development charges in capitalized production	
Portion of mining and petroleum exploration costs in the capitalized production	
Financial income: revenue from participations	
Financial income: earnings from transferred investment securities	
Financial income: portion from interest payments received during the fiscal year	
Attendance fees and other payments granted to the board directors	

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg

Typical Name: ______________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2017

Duration (in months) : **12**

I - B12 - 2 : Detail of income from other than Ordinary Activities :	Amount

I - B12 - 3 : Nature of transfers of charges according to the charge category concerned:	Amount
TOTAL	

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

I - B12 - 4 DETAIL OF CHARGES :	**Amount**
Transportation charges on purchases	
Transportation charges on sales	
Insurance premiums	**57,403,521**
Fees for patents, concessions, permits, trademarks and similar rights	
Fees on the rental of agricultural land	
Social Contributions	
Grants or donations	
Actual paid out social security charges	
An assessment charged	
Gross salaries and wages	**1,785,510,165**
Taxes and fees charged on products	
Property taxes	
Losses from customer receivables	
Losses from the transfer of investment securities	
Provision for depreciation of capital assets	
Charges provisioned for the depreciation of investment securities	
Interests due and paid up	
Attendance fees and other payments for Board directors	

I - B12 - 5: Contents of the items concerning the charges from other than ordinary activities (H.A.O.) :	Amount
TOTAL	

ANNEX STATEMENT
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Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ________________________

Taxpayer Identification **N°** _________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

C - : SPECIFIC INFORMATION:

I - C1 Used goods acquired :	Amount in country	Amount in other states of the region	Amount Outside region

I - C2 Acquisitions and transfers of works of art :	Amount of acquisitions	Amount of transfers

I - C3 : Initial scheduled instalments of receivables covering a maximum of two years :	Maturities

I - C4 : Initial scheduled instalments of receivables covering two years or more	Maturities

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

I - C5 : Initial scheduled instalments of debts covering a maximum of two years:	**Maturities**

I - C6 : Initial scheduled instalments of debts covering over two years	**Maturities**

I - C7 : Amount of the VAT :	**Invoiced**	**Recuperable**	**Paid but non deductible**

D - For Companies :

I - D1 Composition of share capital : Nominal value of shares : **10,000**

Full name	Nationality	Shares or stocks	O or ADP (1)	Number	Amount Total	Transfers or reimbursements during the year
		TOTAL				

(1) O : ordinary, ADP without voting rights.

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ________________________

Taxpayer Identification **N°** _________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

I - D2 List of Affiliated companies and participations :

Corporate Name	**Location (city/country)**	**% Detained**	**Amount of shareholders' equity**	**Results from the last fiscal year**

I - D3 : Advances and credit granted to the associates and company directors

Family Name	**First Name**	**Maturity**	**Rate**	**Duration**	**Amount granted during the fiscal year**	**Amount reimbursed during the fiscal year**

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ________________________

Taxpayer Identification **N°** _________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

II - INFORMATION OF SIGNIFICANT IMPORTANCE :

A - INFORMATIONS DIVERSES :

	Nature	Tax Regime	Maturities
II-A1-A: Investment Grants			
II - A1 - B: Regulated Provisions :			
	Retired		**3 years**

II - A2 Exchange Differential	Nature	Amount	Currency	Maturities
A - Receivables :				
B - : Debts :				

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg

Typical Name: ______________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2017

Duration (in months) : **12**

II - A3: Evaluation based on market prices of the last month of the fiscal year of the stock purchased :	**Market Price**
Commodities	
Raw Materials	
Other Supplies	

II-A4-A: Receivables reaching maturity during the fiscal year :	**Principle**	**Interest payments**

II - A4 - B: Debts reaching maturity during the fiscal year :	**Principle**	**Interest payments**

II - A 5: Items included in Exchange losses and gains :	**Amount**

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

II - A 6: Analysis of Differed Tax Payments :	**Amount**

B - FOR COMPANIES :

II - B1 : Current Accounts of Associates :

Family Name	**First Name**	**Special Clauses**	**Amount**	**Duration**
MIEZAN AGUI				
DUTCH STEVEDORING				

	Nature	**Amount**
II - B2 - A: Receivables related to participations :		
II - B2 - B: Debts related to participations :		

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

	Kind	Amount
II - B3 **Detail of the unavailable reserve funds and free reserve funds**		

	Amount
II - B4 : Total Amount of payment for the executive, administrative and control functions:	

III - TABLES :

THE TABLES PRESENTED ON THE FOLLOWING PAGES ARE AN INTEGRAL PART OF THE ANNEX ACCOMPANYING THE STANDARD SYSTEM

TABLE 1 : Immobilized Assets,
TABLE 2 : Depreciation,
TABLE 3 : Capital Gains and Losses from Transfers,
TABLE 4 : Provisions included in the Balance Sheet,
TABLE 5 : Assets under Finance Leases and Assimilated Contracts,
TABLE 6 : Maturities of Receivables at the closing of the fiscal year,
TABLE 7 : Maturities of Debts at the closing of the fiscal year,
TABLE 8: Intermediate Consumption during the fiscal year
TABLE 9 : Distribution of results and other typical elements from the past five fiscal years
TABLE 10 : Proposed distribution of results from the fiscal year,
TABLE 11 : Number of employees, Payroll and External Personnel.

Supplementary Statement of the Standard System :

The supplementary statement of the standard system includes the following tables: :

TABLE 12 : Production during the fiscal year,
TABLE 13 : Purchases for Production.

ANNEX STATEMENT
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Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg — Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

TABLEAU 1 : ACTIF IMMOBILISE

Fiscal year from **1/1/2017** to **12/31/2017**

SITUATIONS AND MOVEMENTS / Chapters	A	INCREASES			DECREASES		D = A + B - C
	Gross Amount at the beginning of the fiscal year	Acquisitions Contributions Creations	Transfers from one account to another	Following a re-evaluation applied during the fiscal year	Transfers spin-offs External	Changes from one account to another account	Gross amount at the closing of the fiscal year
FIXED ASSETS							
Establishment costs							
Deferred charges							
Premiums and reimbursements of bonds							
INTANGIBLE ASSETS							
Research & Development costs							
Patents, licences, Software							
Business goodwill							
Other intangible fixed assets							
TANGIBLE FIXED ASSETS							
Land							
Buildings							
Installations and furnishings		711,878,551					711,878,551
Equipment		2,077,432,300					2,077,432,300
Vehicles, trucks, engines		95,452,220					95,452,220
Advances and partial payments made on fixed assets							
FINANCIAL ASSETS							
Equity Interests							
Other financial assets		57,349,345					57,349,345
GENERAL TOTAL		2,942,112,416					2,942,112,416

Note : Inscribe amounts according to budgetary chapter at the bottom of the table, if significant, of current tangible and intangible fixed assets at the end of the fiscal year.

ANNEX STATEMENT
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Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

TABLE 2 : DEPRECIATION	Fiscal year from **1/1/2017** to **12/31/2017**			
SITUATION and MOVEMENTS / Chapters	**A** Accumulated depreciation at the beginning of the Fiscal Year	**B** Increases Charges during the Fiscal Year	**C** DECREASES Depreciation related to items removed from assets	**D = A + B - C** Accumulated Depreciation during the Fiscal Year
CAPITALIZED CHARGES				
Establishment Charges				
Deferred Charges				
Reimbursement Premiums of Bonds				
TOTAL				
INTANGIBLE FIXED ASSETS				
Research and Development Expenses				
Patents, Licences, Software				
Business Goodwill				
Other intangible fixed Assets				
TOTAL (I)				
TANGIBLE FIXED ASSETS				
Land				
Buildings				
Installations and furnishings	209,700,687	502,177,864		711,878,551
Equipment	1,059,898,521	1,017,533,779		2,077,432,300
Vehicles, trucks, engines	95,452,174	0		95,452,174
TOTAL (II)	**1,365,051,382**	**1,519,711,643**		**2,884,763,025**
TOTAL (I + II)	**1,365,051,382**	**1,519,711,643**		**2,884,763,025**
Total Charges during the fiscal year		**1,519,711,643**		

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

TABLE 6 : Maturities of Receivables at the Closing of the Fiscal Year

RECEIVABLES	**Gross amount**	**ANALYSIS PER MATURITY**				**OTHER ANALYSES**		
		Up to one year maximum		**Over one year and less than two years**	**over two years**	**Amounts in foreign currency**	**Amounts for related companies**	**Amounts Represented by negotiable instruments**
			already due					
Debts from Fixed Assets (I)								
Loans (1) Debts related to equity participations Other financial fixed assets								
Debts from Current Assets (II)	4,650,911,425	4,650,911,425						
Suppliers	383,163,256	383,163,256						
Clients and related accounts								
Personnel								
Social Security and other State Social agencies	176,743,798	176,743,798						
International organizations								
Associates and Group								
Various Debtors	3,925,109,421	3,925,109,421						
H.A.O. Receivables								
Charges recorded in advance	165,894,950	165,894,950						
TOTAL (I) + (II)	**4,650,911,425**	**4,650,911,425**						

(1) Loans granted during the fiscal year: amount / Reimbursements obtained during the fiscal year: amount:

ANNEX STATEMENT
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Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

TABLE 6 : Maturities of Receivables at the Closing of the Fiscal Year

DEBTS	Gross Amount	ANALYSIS PER MATURITY				OTHER ANALYSES		
		Up to one year maximum		Over one year and less than two years	over two years	Amounts in foreign currency	Amounts for related companies	Amounts Represented by negotiable instruments
			already due					
Financial Debts and Assimilated Resources								
Convertible Bond Loans (1)								
Other Debenture Loans (1)								
Loans and Debts from Credit establishments (1)								
Other financial debts (1) (2)								
TOTAL (I)								
Debts from real estate leasing								
Debts from Equipment leasing								
Debs from assimilated contracts								
TOTAL (II)								
Debts from Current Liabilities								
Suppliers and related accounts	5,525	5,525						
Clients	112,647,000	112,647,000						
Personnel								
Social Security and social agencies								
Two Years Maximum	31,048,392	31,048,392						
International Organizations								
Associates and Group								
Various Creditors								
H.A.O. Debts								
Deferred Income								
TOTAL (III)	**143,700,917**	**143,700,917**						
TOTAL (I) + (II) + (III)	**143,700,917**	**143,700,917**						

(1) Loans subscribed to during the fiscal year: / Loans reimbursed during the fiscal year :
(2) Total debts towards associates (individuals) :

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

TABLE 8 : Intermediate Consumption during the Fiscal Year (specific accounts)

Description	**Account N°**	**AMOUNT** (in thousands of Cfa Francs)
Water	6,051	0
Electricity	6,052	0
Other Energy Sources	6,053	21,772,244
Non-storable maintenance Supplies	6,054	0
Non-Storable Office Supplies	6,055	182,291,558
Small equipment and tools	6,056	3,048,141
Transportation for third parties	613	0
Transportation of Personnel	614	0
Maintenance, Repairs of fixed Assets	6,241	0
Maintenance, Repairs of Equipment	6,242	1,526,823
Publicity, Publications, Public Relations	627	0
Telecommunications Expenses	628	11,064,942
Payment given to intermediaries and Advisors	632	217,859,252

ANNEX STATEMENT
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Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

TABLE 9 : Distribution of Results and other Characteristic Elements during the past five fiscal years

Fiscal Years concerned (1) / NATURE OF INDICATIONS	**N**	**N - 1**	**N - 2**	**N - 3**	**N - 4**
CAPITAL STRUCTURE AT THE CLOSING OF THE FISCAL YEAR (2)					
Share Capital					
Ordinary Shares					
Shares with preferred dividends (A.D.P.) without voting rights					
New shares to issue					
through bond conversion					
through the application of subscription rights					
OPERATIONS AND RESULTS OF THE FISCAL YEAR (3)					
Turnover before tax	1,081,372,987	1,479,834,805			
Results of Ordinary Activities (R.A.O.) before operational and financial					
charges and reversals	-2,788,251,917	-289,717,659			
Participation of workers in the profits					
Taxes on Results	69,370,741	203,019,022			
Net results (4)	-2,857,622,658	-264,391,889			
RESULTS PER SHARE					
Distributed Results (5)					
Dividends attributed to each share					
PERSONNEL AND SALARY POLICY					
Average Number of employees during the fiscal year (6)					
Average number of external personnel					
Payroll distributed during the fiscal year (7)	1,785,510,165	175,066,892			
Social benefits paid out during the fiscal year (8) (Social Security, social projects)		91,075			
External Personnel invoiced to the company (9)					

(1) Including the fiscal year wherein the financial reports were put before the approval of the Assembly

(2) Indication in case of partial payment of capital of the amount of uncalled capital.

(3) The items on this line are those included in the results account.

(4) When the results are negative, they should be in parentheses.

(5) Fiscal year N corresponds to the dividend proposed during the preceding fiscal year.

(6) The company’s own Personnel.

(7) Total of the accounts 661, 662 and 663.

(8) Total of the accounts 664 and 668.

(9) Account 667.

ANNEX STATEMENT
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Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

TABLE 10 : Proposed Assignment of the Results from the Fiscal Year Fiscal year from **1/1/2017** to **12/31/2017**

ASSIGNMENTS	AMOUNT (1)	ORIGINS	AMOUNT (1)
• Legal Reserve		• Carried over from preceding fiscal years (losses)	
• Statutory or Contractual Reserves		• Carried over from preceding fiscal years (profits)	
• Other Reserves (available)		• Net Results of the Fiscal Year	-2,857,622,658
• Dividends (2)		• Withdrawal from the reserves (3)	
• Other Assignments			
To be carried over	-2,857,622,658		
TOTAL (A)	**-2,857,622,658**	**Control : Total A = Total B TOTAL (B)**	**-2,857,622,658**

1) Negative amounts must be in parentheses or preceded by the sign (-).

2) If there are several categories having the right to dividends, indicate the amount for each category.

3) Indicate the reserve funds from which the withdrawals were made.

TECH MAHINDRA DRC SARLU

Standard System		COMPLEMENTARY STATEMENT N° 1 PAGE 1/3

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

Complementary Statement: General Direction of Taxes - National Accounting

Detail of Charges in Cfa Francs		
601,100	Purchase of goods within the Region	
601,200	Purchase of goods outside the Region	
601,300	Purchase of goods from the Group within the Region	
601,400	Purchase of goods from the Group outside the Region	
601,900	Rebates, discounts and kickbacks obtained	
RA	Purchase of Goods	
603,100	Variations in the stocks of goods	
RB	Variation in stocks	
602,100	Purchase of raw materials within the Region	
602,200	Purchase of raw materials outside the Region	
602,300	Purchase of raw materials from the Group within the Region	
602,400	Purchase of raw materials from the Group outside the Region	
602,900	Rebates, discounts and kickbacks obtained	
RC	Purchase of raw materials and supplies related thereto	
603,200	Variations in the stocks of raw materials	
RD	Variation of stocks	
604,100	Consumables	
604,200	Fuel	
604,300	Maintenance Products	
604,400	Workshop and Factory supplies	
604,600	Store Supplies	
604,700	Office Supplies	
604,900	Rebates, discounts and kickbacks obtained	
605,100	Water	
605,200	Electricity	
605,300	Other energy sources	21,772,244
605,400	Maintenance supplies that cannot be stored	
605,500	Office Supplies	182,291,558
605,600	Small equipment and tools	3,048,141
605,700	Studies and services provided	
605,800	Construction work, materials and equipment	
605,900	Rebates, discounts and kickbacks obtained	
608,100	Lost packaging	
608,200	Non-identifiable recoverable packaging	
608,300	Mixed use packaging	
608,900	Rebates, discounts and kickbacks obtained	
RE		207,111,943
603,300	Variation in the stocks of other supplies	
RH		

Standard System	COMPLEMENTARY STATEMENT N° 1 PAGE 2/3

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg   Typical Name: ______________________

Taxpayer Identification **N°** ________________   Fiscal year closed on : 12/31/2017   Duration (in months) : **12**

Complementary Statement: General Direction of Taxes - National Accounting

	DETAIL OF CHARGES IN Cfa Francs (continued)	Fiscal Year N°
611,000	Transport on Purchases	
612,000	Transport on sales	
613,000	Transport to be paid by third parties	
614,000	Transport of personnel	
616,000	Transport of documents (mail)	
618,100	Traveling and movement of personnel	23,592,323
618,200	Transport between the establishments and work sites	
618,300	Administrative Transport	
RI	Transport	23,592,323
621,000	Sub-contracting	363,893,950
622,100	Renting land	
622,200	Renting buildings	335,474,265
622,300	Renting equipment	99,675,753
622,400	Loss from packaging thrown away	
622,500	Renting packaging	
622,800	Miscellaneous rentals	12,121,100
623	Finance leasing	
624,100	Maintenance of buildings or real estate	
624,200	Maintenance of personal property	1,526,823
624,300	Maintenance	
624,800	Maintenance of other items	
625	Insurance	57,403,521
626,100	Studies and Research	
626,500	General Documentation	
626,600	Technical Documentation	
627	Publicity	
628,000	Telecommunication charges	11,064,942
631	Bank charges	33,710,689
632,100	Commissions on purchases	
632,200	Commissions on sales	
632,300	Payment of transit agents	
632,400	Professional Fees	217,859,252
632,500	Charges for official legal documents and litigation	
632,800	Miscellaneous expenses	
632,900	Charges covering the headquarters	
633,000	Personnel Training expenses	
634	Fees and royalties	
635	Social contributions	
637	External personnel	
638,100	Expenses incurred when recruiting personnel	
638,200	Moving expenses	
638,300	Receptions	5,523,728
638,400	Missions	
RJ	External Services	1,138,254,023

Standard System	COMPLEMENTARY STATEMENT N° 1 PAGE 3/3

Company Name: **TECH MAHINDRA DRC SARLU Company**

Address : Kinshasa Blvd of June 30, Congo Futur Bldg Typical Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2017 Duration (in months) : **12**

Complementary Statement: General Direction of Taxes - National Accounting

	Detail of charges in Cfa Francs (continued)	Fiscal Year N
641,100	Property Tax	0
641,200	Patents	0
641,310	Salary Taxes on national personnel	0
641,320	Salary taxes on non-national personnel	
641,800	Other direct taxes	0
645,000	Other indirect taxes	
646,000	Stamps and stickers	0
647,000	Fines and penalties	0
648,000	Other taxes	0
RK	Taxes and Fees	0
651	Miscellaneous Losses	0
652-653	Portion of results from operations carried out with other companies	0
654,000	Accounting values from transfers of fixed assets	0
658,100	Attendance fees for directors	0
658,200	Donations, gifts	0
658,300	Sponsorship, patronage	0
659	Provisioned Charges	0
RL	Other Charges	0
661	Salaries and benefits for national personnel	1,785,510,165
662	Salaries and benefits for non-national personnel	0
663	Indemnities for the personnel	0
664 1	Social charges for the national personnel	0
664 2	Social charges for the non-national personnel	0
666	Payment and charges of the individual operator	0
667	External personnel	0
668	Miscellaneous expenses for the personnel	0
RP	Personnel Charges	1,785,510,165
671-675	Financial charges	0
677,000	Losses from transfers of investment securities	0
678,000	Losses from financial risks	0
679,000	Provisioned financial charges	0
SA	Financial Charges	0
676,000	Exchange losses	594,047,354
SC	Exchange Losses	594,047,354
681	Charges for depreciation	167,215,645
691	Charges for provisions	0
RS	Charges for Depreciation and Provisions	167,215,645
687	Charges for depreciation that is financial	0
697	charges for financial provisions	0
SD	Charges for depreciation and provisions	0
TOTAL ORDINARY CHARGES		**3,915,731,453**

NTH DIMENSION LIMITED

Board of Directors
Mr. Sujit Baksi
Mr. Vikram Narayanan Nair
Mr. Vivek Agarwal
Mr. Rajib Bhattacharyya
Mr. Martin Leslie Wakely
Mr. Huw Thomas Owen

Registered Office
1st Floor
Charles Schwab Building
401 Grafton Gate (E)
Milton Keynes
MK9 1AT

BALANCE SHEET

MARCH 31, 2018

Particulars	As at March, 2018	Amt in £ As at March, 2017
NON-CURRENT ASSETS		
Deferred tax asset	**3,375**	3,375
Debtors	**1,062,000**	1,584,646
	1,065,376	1,588,021
CURRENT ASSETS		
Debtors	**1,467,099**	684,457
Cash at bank and in hand	**518,143**	684,056
	1,985,241	1,368,513
CREDITORS: amounts falling due within one year	**(728,346)**	(4,364,779)
NET CURRENT LIABILITIES	**1,256,895**	(2,996,266)
CREDITORS: amounts falling after within one year	**(4,243,789)**	0
TOTAL ASSETS LESS CURRENT LIABILITIES	**(1,921,518)**	(1,408,245)
CAPITAL AND RESERVES		
Called up share capital	**22.15**	22.15
Profit and loss account	**(1,921,540)**	(1,408,267)
SHAREHOLDERS' (DEFICIT) FUNDS	**(1,921,518)**	(1,408,245)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been prepared in accordance with the provisions of Section 1A of FRS 102.

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2018

Income Statement

Particulars	**Year Ended 31-Mar-18**	Amt in £ Year Ended 31-Mar-17
Turnover	**3,713,549**	3,282,524
Other Income	**28**	2,808
Cost of Sales	**(3,075,832)**	(3,931,575)
Gross Profit	**637,745**	(646,243)
Administrative Expenses	**(1,107,517)**	(1,411,879)
Operating Profit	**(469,772)**	(2,058,122)
Interest Payable	**(43,500)**	(38,789)
Profit on ordinary activities before tax	**(513,272)**	(2,096,911)
Tax on ordinary activities / deferred tax	**0**	(4,208)
Profit on ordinary activities after tax	**(513,272)**	(2,101,119)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Called up share capital £	Profit and loss account £	Total £
At 01 April 2017	22	(1,408,267)	(1,408,245)
Loss for the period	-	(513,272)	(513,272)
At 31 March 2018	**22**	**(1,921,540)**	**(1,921,517)**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding period.

General information and basis of accounting

Nth Dimension Limited is a company incorporated in the United Kingdom under the Companies Act.

The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page herein.

The average monthly number of employees (including executive directors) was 16 (15 May 2015 to 31 March 2016 - 17).

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102). The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

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. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Revenue in respect of service fee income is recognised on an accruals basis at the rate and term specified in the agreement, considering the certainty of realisation.

All revenue is derived from continuing operations within the United Kingdom.

Interest income

Interest income is recognised using the effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Going concern

The financial statements have been prepared on a going concern basis, anticipating that the short term liability issues affecting the company will be resolved.

The Board reviewed the latest quarterly cash flow forecast presented by the CEO during its board meeting of the company on 1 February 2018. This cashflow forecast showed that the company did not have sufficient cash resources to meet its short-term liabilities towards Tech Mahindra Limited, against its working capital loans and the amounts due in consideration of work carried out by Tech Mahindra for the company. In response to this the Board requested a proposal from Tech Mahindra to resolve this situation. Tech Mahindra reverted with a proposal on 6 February 2018. This proposal was approved by the Board on 15 February 2018, but the Minority Shareholders declined to consent to the proposed amendment to the shareholders agreements on 19 April 2018. Following the decline to consent by minority shareholders, Tech Mahindra has given an alternate proposal on 2 May 2018 via a non-binding letter and at the request of the Board further modified offer in the form of a binding letter dated 18th May, 2018. This proposal is described at note 9 of the accounts. The board of the company approved the proposal on 23 May 2018.

The revised proposal from Tech Mahindra represents a viable option for the company, but is yet to be executed by the company and is yet to result in a contract. One of the elements of the proposal from Tech Mahindra are subject to agreement of one of the company's clients.

It remains possible that the above proposal shall not result in a legally binding contract. These circumstances constitue a material uncertainty which may cast significant doubt on the ability of the company to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Foreign currency translation

In preparing the financial statements, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at 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 that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 Company after deducting all of its liabilities.

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as 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.

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.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) 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 year or prior period.

(e) 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 levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii. *Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

iii. *Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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.

Financial assets

For financial assets carried at amortised cost, the amount of 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.

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.

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 and associates, 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.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the year in which they become payable in accordance with the rules of the scheme.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider the critical judgement to relate to the impairment of financial assets, in particular trade receivables. 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 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 degrees of judgement and uncertainty

3 (LOSS) PROFIT BEFORE TAXATION

	Year ended 31 March 2018	Year ended 31 March 2017
	£	£
(Loss) profit before taxation is stated after charging:		
Auditor's remuneration for audit related assurance services	**-**	8,000
Foreign currency profit / (losses)	**27,189**	(7,401)

4 DEFERRED TAX ASSET

	Year ended 31 March 2018	Year ended 31 March 2017
	£	£
At 1 April 2017	**3,375**	7,583
Deferred tax charged to profit and loss account for the year	**-**	(4,208)
At 31 March 2018	**3,375**	3,375

The amounts of deferred tax provided in the accounts are as follows:

	2018	2017
	£	£
Temporary timing differences	**-**	3,375

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April

2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

There is a potential deferred tax asset of £398,050 (2015 - £nil) which is unprovided in relation to unrelieved trading losses. This is unprovided as, in the opinion of the directors, these losses will not be utilised in the foreseeable future.

5 DEBTORS

	2018	2017
	£	£
Due within one year:		
Trade debtors	**1,062,000**	433,278
Other debtors	**-**	12,213
Prepayments and accrued income	**-**	238,966
	1,062,000	684,457
Due after one year:		
Trade debtors	**1,062,000**	1,491,000
Prepayments and accrued income	**-**	93,646
	1,062,000	1,584,646

The financing element of the non-current trade receivables is deemed to be immaterial and consequently no discounting has been applied in determining the carrying value of the non-current trade receivables.

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	**31,595**	50,984
Amounts owed to group undertakings	**4,473,544**	4,088,662
Corporation tax	**-**	-
Other taxes and social security	**53,539**	52,115
Accruals and deferred income	**405,873**	173,018
	4,964,551	4,364,779

Amounts owed to group undertakings are not secured against any assets. Amounts owed to group undertakings relate to £1,888,784 (2016: £1,542,305) for trading activities with the balance due to financing arrangements. The amounts owed to group undertakings have fixed repayment terms and are repayable within one year. Interest is payable on the amounts owed to group undertakings at a variable rate of LIBOR +1.00% (2016: LIBOR +1.00%) on the principal amount.

7 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with other wholly owned group companies under the provisions of Section 33 of FRS 102 “Related Party Disclosures”.

During the year, the company paid £420,000 (Previous year - £400,000) as key management personnel compensation to directors. No director received company contributions to money purchase pension schemes (Previous year - none) and the compensation paid to the highest paid director during the current year was £300,000 (Previous year - £250,000).

8 SUBSEQUENT EVENTS

The Board reviewed the latest quarterly cash flow forecast presented by the CEO during its meeting on 1 February 2018. This cash flow forecast showed that the company did not have sufficient cash resources to meet its short-term liabilities towards Tech Mahindra Limited, against its working capital loans and the amounts due in consideration of work carried out by Tech Mahindra for the company. In response to this the Board requested a proposal from Tech Mahindra to resolve this situation. Tech Mahindra reverted with a proposal on 6 February 2018. This proposal was approved by the Board on 15 February 2018, but the Minority Shareholders declined to consent to the proposed amendment to the shareholders agreements on 19 April 2018. Following the decline to consent by minority shareholders, Tech Mahindra has given an alternate proposal on 2 May 2018 and at the request of the Board further modified offer in the form of a binding letter dated 18th May, 2018. The proposal from Tech Mahindra represents a viable option for the company but is yet to be executed by the company and is yet to result in a contract. One of the elements of the proposal from Tech

Mahindra are subject to agreement of one of the company's clients and another element is subject to the approval of the Reserve Bank of India.

The parent company, Tech Mahindra Limited has, inter alia, proposed on 18 May 2018 as follows:

- Tech Mahindra Limited ("TML") shall assign a part of the working capital facility agreement dated 2 Jun 2015 to Mahindra Engineering Services (Europe) Limited ("MES UK") and to Tech Mahindra GmbH ("TM GMBH"). This partial assignment shall include an assignment of £1.5mn of the facility limit in aggregate. TML shall procure that the existing loans provided by TM GMBH and MES UK are rolled over to this working capital facility agreement.
- TML shall infuse £2.5mn of preference capital into the Company against the unpaid 2,499,990 preference shares of £1.00 each in the capital of the Company (the "Preference Shares") issued to TML. This infusion shall be conditional upon approval of the Reserve Bank of India ("RBI"). In the event of RBI declining the approval, the parties will work together to procure that the Company's articles of association will be amended to enable to the surrender and forfeiture of the Preference Shares, following such amendment TML will surrender the Preference Shares.
- Immediately upon TML infusing the preference capital:
  - o All working capital loans availed by the Company from TML and from TM GMBH & MES UK shall be repaid by the Company in full;
  - o The accrued and unpaid interest in respect of the working capital loans shall be paid within 12 months from the date of such repayment;
  - o The facility limit shall stand reduced to nil.
- Payment against the overdue payables to TML shall be handled via an escrow arrangement where certain receivables from a customer shall be paid over the next few years. In this way, the payments against all of the overdue payables to TML shall get paid as and when the customer receivables are received which shall resolve the mismatch of timing between receivables and payables.

The above proposal from Tech Mahindra Limited was approved at the Board meeting held on 23 May 2018.

CONTROLLING PARTY

The immediate parent company and ultimate parent company is Tech Mahindra Limited, a Company incorporated in India. The registered address of Tech Mahindra Limited is Gateway Building, Apollo Bunder, Mumbai – 400 001, India.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Tech Mahindra Limited. Copies of the Tech Mahindra Limited consolidated financial statements can be obtained at www.techmahindra.com or from the Company Secretary at Rajiv Gandhi Infotech Park, Phase III, Pune, India

TECH MAHINDRA ARABIA LIMITED

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 and Touche & Co.

INDEPENDENT AUDITOR'S REPORT

To the shareholders
Tech Mahindra Arabia Limited
Al Khobar, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

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, 2018, and the statement of operations, statement of cash flows and statement of changes in shareholders' deficit for the year then ended and a summary of significant accounting policies and other explanatory information in notes 1 to 28.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, 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 Opinion

We conducted our audit in accordance with International Standards on Auditing that are 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 professional code of conduct and ethics that are endorsed 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 opinion.

Emphasis of Matter

We draw attention to note 2 to the financial statements which indicates that the accumulated losses as of March 31, 2018 amounted to SR 2,227,297 (2017: SR 1,753,512) which exceeded 50% of the Company's share capital of SR 1,000,000. In terms of Article 181 of the Regulations for Companies, the shareholders are therefore required to resolve to continue in business and provide support for the Company 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 unanimously resolved on March 31, 2018 to provide adequate financial support to the Company to meet its liabilities as and when they fall due, however the formalities for publication as of the date of our report were not completed. 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.

Our opinion is not modified in this respect.

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 International Standards on Auditing 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 International Standards on Auditing that are 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 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.

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

- As stated in note 14 to the financial statements, an amount of SR 982,188 (2017: SR 1,471,215) represent due from related party as at March 31, 2018. This amount due from a shareholder is not in compliance with the Regulations for Companies.

- The management did not engage us to provide a limited assurance report for the year ended March 31, 2018 on their declaration prepared in accordance with the requirements of Article 3.3 of the Implementing Regulations of the Regulations for Commercial Books in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants

Abdul Rahman S. Al-Suwayegh
License No. 461

TECH MAHINDRA ARABIA LIMITED

STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2018

	Note	2018 SR	2017 SR
ASSETS			
Current assets			
Cash and cash equivalents	5	**6,031,175**	704,164
Trade Receivable		**5,651,596**	-
Due from a related party	14	**982,188**	1,471,215
Unbilled revenue		**2,169,266**	70,000
Prepaid expenses and other assets	6	**538,487**	299,594
Total current assets		**15,372,712**	2,544,973
Non-current assets			
Property and equipment	7	**562,734**	-
Defer Tax Asset	13	**233,041**	-
Total non-current assets		**795,775**	-
TOTAL ASSETS		**16,168,487**	2,544,973
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Trade payable		**1,039,059**	-
Accrued expenses and other liabilities	8	**2,837,665**	276,354
Total Current liabilities		**3,876.724**	276,354
Non-current liabilities			
Due to related parties	14	**7,769,433**	3,004,492
Loan from a Shareholder	14	**5,610,000**	-
End of service indemnities	9	**139,627**	17,639
Total non-current liabilities		**13,519,060**	3,022,131
TOTAL LIABILITIES		**17,395,784**	3,298,485
Shareholders' deficit			
Share capital	1	**1,000,000**	1,000,000
Accumulated losses	2	**(2,227,297)**	(1,753,512)
Total shareholders' deficit		**(1,227,297)**	(753,512)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**16,168,487**	2,544,973

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2018

	Note	2018	2017
		SR	SR
Revenue		**8,678,049**	70,000
Costs of revenue	14	**(7,392,001)**	(62,191)
Gross profit		**1,286,048**	7,809
General and administrative expenses	10	**(818,227)**	(930,993)
Selling and distribution expenses	11	**(1,103,588)**	-
Operating loss		**(635,767)**	(923,184)
Finance cost	14	**(98,283)**	-
Other income ,net	12	**31,323**	-
NET LOSS		**(702,727)**	(923,184)

TECH MAHINDRA ARABIA LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2018

	2018	2017
	SR	SR
OPERATING ACTIVITIES		
Net loss for the year	**(702,727)**	(923,184)
Adjustments for:		
Depreciation	**62,330**	-
End of service indemnities	**122,716**	17,639
Finance Charges	**98,283**	-
Changes in operating assets and liabilities:		
Trade Receivable	**(5,651,596)**	-
Due from a shareholder	**489,027**	(1,471,215)
Unbilled Revenue	**(2,099,266)**	(70,000)
Prepayments	**(238,893)**	(14,624)
Trade Payable	**1,368,209**	
Accrued expenses and other liabilities	**2,557,212**	246,943
Cash used in operations	**(4,323,855)**	(2,214,441)
End of service indemnities paid	**(728)**	
Finance charges paid	**(98,283)**	-
Net cash used in operating activities	**(4,422,866)**	(2,214,441)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(625,064)**	-
Net cash used in investing activities	**(625,064)**	-
FINANCING ACTIVITIES		
Due to related parties	**4,764,941**	1,408,605
Loan form shareholders	**5,610,000**	
Net cash from financing activities	**10,374,941**	1,408,605
Net change in cash and cash equivalents	**5,327,011**	(805,836)
Cash and cash equivalents, January 1	**704,164**	1,510,000
CASH AND CASH EQUIVALENTS, MARCH 31	**6,031,175**	704,164

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT

YEAR ENDED MARCH 31, 2018

	Note	Tech Mahindra Limited SR	Midad Holding Company SR	Total SR
Share capital				
March 31, 2018 and 2017				
(1,000 share of SR 1,000 each)	1	**510,000**	**490,000**	**1,000,000**
Accumulated losses				
April 1, 2016		(418,028)	(401,634)	(819,662)
Net loss for the year		(470,824)	(452,360)	(923,184)
Zakat for the year	14	-	(10,666)	(10,666)
March 31, 2017		(888,852)	(864,661)	(1,753,512)
Net loss for the year		(358,391)	(344,336)	(702,727)
Tax and Zakat for the year		(25,371)	(10,666)	(10,666)
Deferred Tax recognized	14	192,905	-	192,905
March 31, 2018	14	**(1,234,304)**	**(992,994)**	**(2,227,297)**
Total shareholders' equity				
March 31, 2018		**(724,304)**	**(502,994)**	**(1,227,297)**
March 31, 2017		(378,852)	(374,661)	(753,512)

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED MARCH 31, 2018

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, 2018, 2017 are as follows:

Name	Shareholding %	Ownership
SR		
Tech Mahindra Limited, incorporated in India	**51 %**	**510,000**
Midad Company Limited (previously 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).

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, 2018, 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 accumulated losses as of March 31, 2018 amounted to SR 2,227,297 (2017: SR 1,753,512) which exceeded 50% of the Company's share capital of SR 1,000,000. In terms of Article 181 of the Regulations for Companies, the shareholders are therefore required to resolve to continue in business and provide support for the Company 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 unanimously resolved on March 31, 2018 to provide adequate financial support to the Company to meet its liabilities as and when they fall due, however the formalities for publication as of the date of our report were not completed. 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").

Effective April 1, 2018, the Company's financial statements will be prepared under International Financial Reporting Standards ("IFRS") or the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") as issued by the International Accounting Standards Board ("IASB") and endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA"). Upon adoption of the above, the Company will be required to comply with the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards or Section 35 of the IFRS for SMEs for reporting periods commencing on or after April 1, 2018. In preparing the opening financial statements, the Company will analyze the impacts and incorporate certain adjustments due to the first time adoption of IFRS or the IFRS for SMEs. As of March 31, 2017, the Company was in the process of determining the accounting framework to be adopted and analyzing the relevant impacts of this adoption.

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.

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Accounts receivable

Accounts receivable are stated at original invoice amount net of allowance for doubtful debts. An allowance against doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for improvement is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Years
Furniture and fixtures	5
Machinery and equipment	5
Office equipment	5
Computer equipment	3

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.

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.

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.

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. 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. 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.

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.

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. Rentals payable under operating leases are charged to the statement of operations on a straight-line basis over the term of the operating lease.

Foreign currencies

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 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, as described in note 3, the 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 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.

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 have a higher risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for doubtful debts

An allowance for doubtful debts is determined based on a combination of factors to ensure that receivables are not overstated due to un-collectability. Factors involved in this determination include aging and customers' financial conditions. In relation to related parties, management believes these are generally fully recoverable based on the relationship with these parties.

Useful lives of property and equipment

Estimated useful lives, of property and equipment are determined for calculating depreciation, taking into account the expected usage of assets and physical wear and tear. Residual values and estimated useful lives are reviewed annually.

5. CASH AND CASH EQUIVALENTS

At March 31, 2018, and 2017 cash and cash equivalents consist entirely of bank balance.

6. PREPAID EXPENSES AND OTHER ASSETS

	2018	2017
	SR	SR
Prepayments	**332,897**	299,594
Others	**205,590**	-
	538,487	299,594

7. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Machinery and equipm ent	Office equipment	Computer equipment	Total
	SR	SR	SR	SR	SR
Cost					
April 1, 2017	-	-	-	-	-
Additions	224,313	182,970	4,624	213,157	625,064
March 31, 2018	**224,313**	**182,970**	**4,624**	**213,157**	**625,064**
Depreciation					
April 1, 2017	-	-	-	-	-
Charge for the year	11,719	8,784	228	41,599	62,330
March 31, 2018	**11,719**	**8,784**	**228**	**41,599**	**62,330**
Net book value					
March 31, 2018	**212,594**	**174,186**	**4,396**	**171,558**	**562,734**
March 31, 2017	-		-	-	-

8. ACCURED EXPENSES AND OTHER LIABILITIES

	2018	2017
	SR	SR
Unearned revenue	**2,171,573**	-
VAT-Payable	**178,256**	-
Accrued interest	**98,283**	-
Employees' related cost	**56,304**	236,038
Zakat and income tax payable (note 14)	**4,099**	10,666
Professional fees	**-**	29,650
Others	**329,150**	-
	2,837,665	276,354

9. END-OF-SERVICE INDEMNITIES

	2018	2017
	SR	SR
April 1	**17,639**	-
Additional provision for year	**122,716**	17,639
Utilization of provision	**(728)**	-
March 1	**139,627**	17,639

10. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
	SR	SR
Employees' related cost	**-**	591,689
Rent (note 16)	**542,614**	142,485
Insurance	**51,421**	14,625
Professional services	**148,091**	154,677
Others	**76,101**	27,517
	818,227	930,993

11. SELLING AND DISTRIBUTION EXPENSES

	2018	2017
	SR	SR
Employees' related cost	**1,018,427**	-
Others	**85,161**	-
	1,103,588	-

12. OTHER INCOME, NET

	2018	2017
	SR	SR
Exchange gain on sales	**22,892**	-
Interest on fixed deposit	**9,178**	-
Unrealized revaluation gain/(loss)	**(747)**	-
	31,323	-

13. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2018	2017
	SR	SR
Non-current Assets	**795,775**	-
Non-current liabilities	**13,519,060**	3,022,131
Opening shareholders' (deficit) equity	**(753,512)**	180,338
Net loss for the year	**(702,727)**	(923,184)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in the zakat and income tax provision is as follows:

	2018	2017
	SR	SR
April 1	**10,666**	-
Provision for the year	**-**	10,666
Payments during the year	**(10,666)**	-
March 1	**-**	10,666

Income Tax:

	2018	2017
	SR	SR
Provision for the year	**25,371**	-
March 1	**25,371**	-

Income tax expense charged for the year:

	2018	2017
	SR	SR
Current year tax	**-**	-
Deferred tax	**-**	-
	-	-

The charge for the year for zakat and income tax is as follows:

	2018	2017
	SR	SR
Zakat for current year	**-**	10,666
Income tax for current year	**25,371**	-
Charged to statement of shareholders' deficit	**25,371**	10,666

Deferred Tax:

	2018	2017
	SR	SR
Provision for the year	**-**	-
Balance at the end of the year	**-**	-

	2018	2017
	SR	SR
Deferred tax		
Arising on temporary differences:	**-**	-
Unutilized tax losses	**-**	-
Property, plant and equipment	**-**	-
Provisions	**-**	-
Deferred tax asset	**-**	-

No deferred tax has been recognized as of March 31,2017 due to uncertainty of future results.

The Company has submitted its Zakat and returns up to March 31, 2017 and received the Zakat and income tax certificates and official receipts. The Company has not received any assessment from General Authority of Zakat and Tax (“GAZT”) since its inception.

14. RELATED PARTIES TRANSACTIONS AND BALANCES

In the normal course of business, the Company transacts with related parties. 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, Saudi Arabia	Shareholder
Tech Mahindra Limited, India	Shareholder
CJS, USA	Affiliate

The significant transactions and the related approximate amounts are as follows:

	2018	2017
	SR	SR
Expenses paid by the Company on behalf of a shareholder	**121,988**	1,471,215
Expenses paid by shareholders on behalf of the Company	**6,134,219**	760,865
Amounts paid by shareholders on behalf of the Company	**5,610,000**	2,243,627
Finance cost	**98,283**	-

Due from a related party as at March 31, is comprised of the following:

	2018	2017
	SR	SR
Tech Mahindra Limited	**982,188**	1,471,215

Due to related parties as at March 31, is comprised of the following:

	2018	2017
	SR	SR
Midad Holding Company	**818,903**	2,063,464
Tech Mahindra Limited	**6,549,674**	941,028
CJS	**400,856**	-
	7,769,433	3,004,492

LOAN FROM A SHAREHOLDERS

Loan from shareholders represent advance provided to support the Company's operation and working capital requirement from Tech Mahindra Limited. The interest is charged on loan of SAR 5.6 million on the basis of LIBOR plus hundred basis points (2.45% p.a) per annum. This loan has a grace period commencing from the loan utilization date up to May 11, 2017. These loans will be settled in full or through installments on or before July 13, 2018. These loans were obtained directly by the Company and is an unsecured loan. The purpose of this loan is to meet the financial requirement.

15. OPERATING LEASE ARRANGEMENTS

	2018	2017
	SR	SR
Payments under operating leases recognized as an expense during the year	**542,614**	142,485

Operating lease payments represent rentals for office premises. Leases and rentals are fixed and negotiated for an average term of one year.

16. 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, accounts receivable, other assets, due from a related party, trade payable and other liabilities, accrued expenses and due to related parties and loan from a shareholder.

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 to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash at bank and receivables. Cash at bank is placed with reliable financial institutions. Outstanding receivables are monitored by the management.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company's exposure to commission rate risk is mainly on loan from a shareholder. The Company pays floating interest rates on its debts.

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 shareholder through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity of the Company (comprising capital, accumulated losses).

The Company is not subject to any externally imposed capital requirements.

17. 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.

18. COMPARATIVE FIGURES

Comparative figures for 2017 have been reclassified to conform to the presentation in the current year.

TECH MAHINDRA NETHERLANDS B.V.

Board of Directors
Mr. Sandeep Phadke
Mr. Tanveer Hussain

Registered Office
2516 CK The Hague,
Maanplein 7, Building 4,
The Netherlands

Bankers
Citi Bank

AUDITOR'S REPORT

To the board of directors
Tech Mahindra Netherlands B.V. Maanplein 7 gebouw 4

Date: 7June 2018

Reference
978193

Dear board of directors,

We hereby offer you the report concerning the annual report 1 April 2017 until 31 March 2018 for Tech Mahindra Netherlands B.V., 's-Gravenhage.

ACCOUNTANT'S COMPILATION REPORT

The financial statements of Tech Mahindra Netherlands B.V., 's-Gravenhage, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 March 2018 and the profit and loss account for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Tech Mahindra Netherlands B.V. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

GENERAL

Incorporation company

The Company was incorporated on 24 November 2015. The company's first financial year commenced on this day and ended on 31 March 2016.

Management

The management of the enitity was led by Mr. S.T. Hussain and Mr. S. Phadke.

Adoption of the annual accounts

The annual General Meeting adopted the annual report of the previous year on 31 January 2018. The net result after taxation for the year was € 60,563.

FINANCIAL POSITION

To provide insight in the development of the financial position of the Company we provide you with the following statements. These are based on the information from the annual report. Hereafter we provide you with the balance sheet as at 31 March 2018 in an abridged form.

FINANCIAL POSITION

To provide insight in the development of the financial position of the Company we provide you with the following statements. These are based on the information from the annual report.

Here after we provide you with the balance sheet as at 31 March 2018 in an abridged form.

Financial Structure

	31-03-2018		31-03-2017	
	€	**%**	€	%
Assets				
Financial fixed assets	**1,411,722**	**30.3**		
Receivables	**2,233,546**	**48.1**	709,380	52.7
Cash at bank and in hand	**1,006,211**	**21.6**	635,534	47.3
	4,651,479	**100.0**	1,344,914	100.0
Liabilities				
Shareholders' equity	**163,509**	**3.5**	100,708	7.5
Long-term liabilities	**1,029,784**	**22.1**		
Current liabilities and accruals and deferred income	**3,458,186**	**74.4**	1,244,206	92.5
	4,651,479	**100.0**	1,344,914	100.0

ANALYSIS OF THE FINANCIAL POSITION

	31-03-2018 €	31-03-2017 €
Available on short term		
Receivables	**2,233,546**	709,380
Cash at bank and in hand	**1,006,211**	635,534
	3,239,757	1,344,914
Current liabilities and accruals and deferred income	**-3,458,186**	-1,244,206
Liquidity surplus = **working capital**	**-218,429**	100,708
Established for the long term		
Financial fixed assets	**1,411,722**	
Financed with on the long term available assets	**1,193,293**	100,708
Financing		
Shareholders' equity	**163,509**	100,708
Long-term liabilities	**1,029,784**	
	1,193,293	100,708

This overview shows that working capital increased by Euro 319,137 from Euro 100,708 as at March 31, 2017 to Euro -218,429 as at March 31, 2018.

FISCAL POSITION

	2017 / 2018 €
Calculation taxable amount	
Taxable amount = Result before taxation	78,499

Calculation corporate income tax

		2017 / 2018 €
2017		
275/365 x 20.0% of C	78,495	11,828
2018		
90/365 x 20.0% of C	78,495	3,870
Payable corporate income taxes		**15,698**

	Liability I Receivable at 01-04-2017 €	**corporate tax (income/ ex penses) in 2017 I 2018 €**	**Payments I receipts du ring 2017 I 2018 €**	**Liability I Receivable at 31-03-2018 €**
Situation at balance sheet date				
2016 I 2017	13,676		-13,676	
2017 I 2018		15,698	-20,000	-4,302
	13,676	**15,698**	**-33,676**	**-4,302**

TECH MAHINDRA NETHERLANDS B.V.

BALANCE SHEET AS AT 31 MARCH 2018

	31-03-2018		31-03-2017	
ASSETS	€	€	€	€
FIXED ASSETS				
Financial fixed assets				
Other amounts receivable		**1,411,722**		
CURRENT ASSETS				
Receivables				
Trade debtors	**330,225**		497,617	
Other receivables and accrued assets	**1,903,321**		211,763	
		2,233,546		709,380
Cash at bank and in hand		**1,006,211**		635,534
Total assets		**4,651,479**		1,344,914
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Issued share capital	**46,001**		46,001	
General reserve	**117,508**		54,707	
		163,509		100,708
LONG-TERM LIABILITIES				
Debts to credit institutions		**1,029,784**		
CURRENT LIABILITIES AND ACCRUALS AND DEFERRED INCOME				
Amounts owed to credit institutions	**2,061,119**			
Received in advance	**1,360,406**			
Trade creditors			467,260	
Liabilities to group companies			750,247	
Taxes and social security premiums	**20,333**		13,676	
Other liabilities and accrued expenses	**16,328**		13,023	
		3,458,186		1,244,206
Total liabilities		**4,651,479**		1,344,914

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01-04-17 UNTIL 31-03-18

	2017 / 2018		2016 / 2017	
	€	€	€	€
Net Turnover		**2,533,012**		1,507,930
Cost of services/goods	**2,411,185**		1,415,897	
Other operating expenses	**28,574**		17,547	
Total operating expenses		**2,439,759**		1,433,444
Operating result		**93,253**		74,486
Interest and similar expenses		**-14,754**		-247
Result from operational activities before taxation		**78,499**		74,239
Taxation		**-15,698**		-13,676
Net result after taxation		**62,801**		60,563

NOTES TO THE FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The registered and actual address of Tech Mahindra Netherlands B.V. is Maanplein 7 gebouw 4, 7313 AB in 's-Gravenhage Netherlands. Tech Mahindra Netherlands B.V. is registered at the trade register under number 64617270.

GENERAL NOTES

The most important activities of the entity

The activities of Tech Mahindra Netherlands B.V. consist mainly of trading software licenses.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, profit and loss account and the cash flow statement, references are made to the notes.

ACCOUNTING PRINCIPLES

Financial assets

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

FIXED ASSETS

Financial fixed assets

	31-03-2018	31-03-2017
Other amounts receivable	**€**	€
Prepaid expenses	**1,411,722**	

The prepaid expenses relate to an IBM software license agreement, which includes a contract of support during two years. The prepaid expenses of support costs regarding one year, are mentioned under the current assets.

CURRENT ASSETS

	31-03-2018	31-03-2017
	€	€
Receivables		
Trade debtors		
Trade debtors	**330,225**	497,617

A provision for doubtful debts is not deemed necessary.

Other receivables and accrued income		
Taxes	**4,302**	90,430
To be invoiced	**121,380**	121,333
Prepaid expenses	**1,777,639**	
	1,903,321	211,763
Taxes		
Value added tax	**-**	90,430
Corporate income tax	**4,302**	-
	4,302	90,430
Prepaid expenses		
Prepaid expenses short-term	**1,777,639**	-
Cash at bank and in hand		
Citibank	**1,006,211**	635,534

EQUITY AND LIABILITIES

Shareholders' equity

Movements in equity were as follows:

	Issued share capital	General reserve	Total
	€	€	€
Balance as at 1 April 2017			
Appropriation of result	46,001	54,707	100,708
		62,801	62,801
Balance as at 31 March 2018	**46,001**	**117,508**	**163,509**

Issued share capital

The authorised share capital of Tech Mahindra Netherlands B.V. amounts to Euro 46,001, divided into 46,001 ordinary shares of Euro 1,00 each, of which 46,001 shares are issued and paid up. As at March 31, 2018 the issued and paid up shares are owned by Tech Mahindra Limited, India.

General reserve

	2017-2018	2016-2017
	€	€
Balance as at 1 April	**54,707**	-5,856
Appropriation of result	**62,801**	60,563
Balance as at 31 March	**117,508**	54,707

LONG-TERM LIABILITIES

Long-term liabilities

	Balance as at 31 March 2018	Repayment due	Remaining pay-back time> 1
	€	€	€
Total	**3,090,903**	**2,061,119**	**1,029,784**

The long-term liability relates to a lease obligation regarding IBM software license. The conditions of the agreement are;

- The ownership of the lease equipment stays with the lessor;
- The economic risk due to damage or loss belongs to the lessor;
- At the end of the lease period, a period of 2 years, Tech Mahindra Netherlands B.V. may select one of the following options regarding the lease object;

* Renew the lease
* Return the equipment
* Purchase

The paid interest percentage amounts to 1.435%. The short-term liabilities are mentioned under the current liabilities.

Due to conditions described in the agreement which relate to financial lease or operational lease, the liability is classified as a long term loan.

Debts to credit institutions

	31-03-2018	31-03-2017
	€	€
Loan IBM license	**1,029,784**	-

	2017 / 2018	2016 / 2017
Loan IBM license	**€**	€
Balance as at 1 April		
Movements		
Increase	**4,129,636**	-
Repayment	**-1,038,733**	-
Balance movements	**3,090,903**	-
Balance as at 31 March		
Principal amount	**4,129,636**	-
Cumulative repayments	**-1,038,733**	-
Current portion	**-2,061,119**	-
Balance as at 31 March	**1,029,784**	-

CURRENT LIABILITIES AND ACCRUALS AND DEFERRED INCOME

	31-03-2018	31-03-2017
Amounts owed to credit institutions	**€**	€
Repayment obligations	**2,061,119**	-
Received in advance		
Received in advance	**1,360,406**	-
Trade creditors		
Trade creditor	**-**	467,260
Liabilities to group companies		
Tech Mahindra GmbH	**-**	750,247

As at March 16th 2017 Tech Mahindra GmbH issued an unsecured loan, of which the total amount will not exceed € 750,000. Interest percentage of the loan is based on LIBOR plus 0.75%. The loan is repaid during 2017 / 12018.

	31-03-2018	31-03-2017
	€	€
Taxes and social security premiums		
Value added tax	**20,333**	-
Corporate income tax		13,676
	20,333	13,676
Other liabilities and accrued expenses		
Audit and consultancy costs	**16,328**	13,023

PROPOSAL APPROPRIATION OF RESULT

The board of directors proposes, with the approval of the supervisory board, that the result for the financial year 1 April 2017 until 31 March 2018 amounting to € 62,801 should be transferred to reserves without payment of dividend.

The financial statements reflect this proposal.

TECH MAHINDRA NETHERLANDS B.V.

NOTES TO THE STATEMENT OF INCOME AND EXPENSES

	2017 / 2018	2016 / 2017
	€	€
Net Turnover		
Turnover	**2,533,012**	1,507,930
Cost of services/goods		
Cost of sales	**2,411,185**	1,415,897

Average number of employees 2017 / 2018

	Number
Average number of employees 2016 / 2017	
	Number
Average number of employees	

	2017 / 2018	2016 / 2017
	€	€
Other operating expenses		
General expenses	**28,574**	17,547
General expenses		
Fiscal advisory services	**19,061**	13,696
Accountancy costs	**5,333**	2,750
Bank expenses	**4,180**	1,101
	28,574	17,547
Interest and similar expenses		
Interest on loan IBM license	**8,865**	
Interest liabilities Tech mahindra GmbH	**5,514**	247
Interest tax authorities	**375**	
	14,754	247

‘s-Gravenhage, 7 June 2018

Tech Mahindra Netherlands B.V.

S.T. Hussain
Director

S. Phadke
Director

TECH MAHINDRA GROWTH FACTORIES LIMITED

Board of Directors
Mr. Vivek Agarwal
Mr. Jagdish Mitra
Mr. Sriram Gopalkrishnan
Mr. Pradeep Tagare
Mr. Kartheepan Madasamy

Company Secretary
Gaurav Padmawar

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 Third Annual Report together with the Audited Financial Statements of the Company for the year ended March 31, 2018.

FINANCIAL SUMMARY OR HIGHLIGHTS

(Figures in ₹)

For the year ended	March 31, 2018	March 31, 2017
Income	**6,61,36,277**	1,48,76,119
Expenditure	**9,80,32,855**	11,34,08,572
Depreciation	**6,15,387**	9,55,533
Profit/(Loss) Before Tax & Extra Ordinary items	**(3,25,11,964)**	(9,94,87,986)
Profit/(Loss) from discontinued operation (after tax)	**(2,51,76,175)**	(11,80,66,007)
Profit/ (Loss) after Tax	**(5,76,88,139)**	(21,75,53,993)
Profit /(Loss) Carried forward to Balance Sheet	**(5,76,88,139)**	(21,75,53,993)

DIVIDEND

With a view to conserve the Financial Resources for the future growth & expansion of the Company, your directors do not recommend any dividend for the Year ended on 31.03.2018.

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, Four 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

The members, in the 1st Annual General Meeting held on August 2, 2016, appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants [Firm's Registration No. 117366W/W-100018] as Statutory Auditors of the Company for a period of five years till the conclusion of the Sixth Annual General Meeting for the financial year 2020-2021.

Pursuant to the amendment to Section 139 of the Companies Act, 2013 which was notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no longer required.

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2017-18.

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 32,00,000 equity shares of ₹10/- each to the promoters of the Company. The

Company's paid up equity capital is ₹ 32,95,00,000/- comprising of 3,29,50,000 equity shares of Face Value of ₹ 10/- each at the end of the financial year 2017-18.

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 1".

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), Mr. Vivek Satish Agarwal (DIN: 05218475), Mr. Kartheepan Madasamy (DIN 03562906) and Mr. Pradeep Tagare (DIN 07516267).

To comply with the provisions of Sections 196, 203 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Jagdish Mitra was appointed as a whole time director of the Company for the period of three years w.e.f. January 19, 2017, which was approved by the members in the Annual General Meeting held on August 1, 2017.

Pursuant to the provisions of Section 152 (6) (c) of the Companies Act 2013, Mr. Vivek Agarwal (DIN: 05218475), Director is liable to retire by rotation and being eligible offers himself for reappointment. Mr. Vivek Agarwal 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, Mr. Pradeep Tagare (DIN 07516267) & Mr. Kartheepan Madasamy (DIN 03562906) were appointed by the Board as Additional Directors with effect from May 24, 2017. The members in the Annual General Meeting held on August 1, 2017 approved their appointment as Directors of the Company liable to retire by rotation.

KEY MANAGERIAL PERSONNEL (KMPs)

Mr. Deepak Bedekar, Company Secretary & KMP, resigned from the services of the company with effect from May 12, 2017.

Mr. Gaurav Padmawar was appointed as the Company Secretary & KMP of the Company with effect from October 20, 2017.

Except for the above, Mr. Jagdish Mitra, Whole-Time Director and Ms. Shweta Rai, Chief Financial Officer were the Key Managerial Personnel of the company during the year, pursuant to the provisions of Section 203 of the Companies Act, 2013.

COMMITTEES OF BOARD

CONSTITUTION OF AUDIT AND NOMINATION & REMUNERATION 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.

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.

However, the Ministry of Corporate Affairs, vide its Notification dated July 13, 2017 amended Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014.

In effect, the provisions in respect of appointment of independent directors on the board of unlisted wholly owned subsidiary Company are no more applicable. Also such unlisted wholly owned subsidiary Company need not constitute and have Audit Committee and Nomination & Remuneration Committee of the Board.

Accordingly, the Board, in its meeting held on July 28, 2017, noted the dissolution of Audit Committee and Nomination & Remuneration Committee.

STATEMENT OF COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS

Your Directors state that the Company has complied with the applicable Secretarial Standards during the year under review.

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.

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
Date: May 21, 2018

Sriram Gopalakrishnan
Director

Jagdish Mitra
Wholetime Director

ANNEXURE I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2018
[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 the Product/service	% 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.	-	2,97,50,000	2,97,50,000	100%	-	3,29,50,000	3,29,50,000	100%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Banks / FI	-	-	-	-	-	-	-	-	-
Sub Total A (1)		**2,97,50,000**	**2,97,50,000**	**100%**	**-**	**3,29,50,000**	**3,29,50,000**	**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)	**-**	**2,97,50,000**	**2,97,50,000**	**100%**	**-**	**3,29,50,000**	**3,29,50,000**	**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)	**-**	**2,97,50,000**	**2,97,50,000**	**100%**	**-**	**3,29,50,000**	**3,29,50,000**	**100%**	**-**

(ii) Shareholding of Promoter-

Sr. 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	2,97,50,000	100%	NIL	3,29,50,000	100%	NIL	NIL
	Total	2,97,50,000	100%	NIL	3,29,50,000	100%	NIL	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change) -

Sr. 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	2,97,50,000	100%		
	Allotments during the year*	32,00,000	100%	3,29,50,000	100%
	At the end of the year			3,29,50,000	100%

*Further issue of shares to Tech Mahindra Limited on May 24,2017, July 28, 2017 and March 26, 2018.

(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:

Sr. No.		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				
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)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL

(Figures in ₹)

Sr. 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: NIL

(Figures in ₹)

Sr. 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 – NIL

(Figures in ₹)

Sr. No.	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

Sriram Gopalakrishnan
Director

Jagdish Mitra
Wholetime Director

Place: **Noida**
Date: May 21, 2018

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 / (Received)	April 2017 - March 2018	(8)	9%	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 21, 2018

Sriram Gopalakrishnan
Director

Jagdish Mitra
Wholetime Director

INDEPENDENT AUDITORS' 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, 2018, 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 and the Order issued under section 143(11) of the Act.

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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, 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 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 Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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.

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: May 21, 2018

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 GROWTH FACTORIES LIMITED ("the Company") as of March 31, 2018 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 of the Company 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, 2018, based on the criteria for internal financial control over financial reporting 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: May 21, 2018

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)

(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 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 to the Company.

(ii) The Company does not have any inventory and hence reporting under 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.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause 3(iv) of the Order is not 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 and hence reporting under 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.

(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, Goods and Service 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, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2018 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, Value Added Tax and Goods and Service Tax as on March 31, 2018 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 and 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 to the Company.

(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 to the Company.

(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 to the Company.

(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: May 21, 2018

BALANCE SHEET AS AT MARCH 31, 2018

₹ in Million

Particulars		Note No.	As at March 31, 2018	As at March 31, 2017
I	**ASSETS**			
A	**Non-Current Assets**			
	(a) Property, Plant and Equipment	3A	**6,504,910**	11,090,064
	(b) Other Intangible Assets	3B	**1**	1
	(i) Other Financial Assets	4	**105,000**	6,424,835
	(c) Other Non-Current Assets	5	**3,427,097**	600,491
	Total Non - Current Assets		**10,037,008**	18,115,390
B	**Current Assets**			
	(a) Financial Assets			
	(i) Trade Receivables	6	**8,202,964**	10,893,302
	(ii) Cash and Cash Equivalents	7	**20,136,222**	21,689,374
	(iii) Other Financial Assets	8	**1,166,102**	2,033,575
	(b) Other Current Assets	9	**8,927,568**	8,422,069
	Total Current Assets		**38,432,856**	43,038,320
	TOTAL ASSETS		**48,469,865**	61,153,710
II	**EQUITY AND LIABILITIES**			
A	**Equity**			
	(a) Equity Share capital	10	**329,500,000**	297,500,000
	(b) Other Equity	11	**(321,394,747)**	(265,596,607)
			8,105,253	31,903,393
B	**Liabilities**			
1	**Non-current liabilities**			
	(a) Provisions	12	**1,550,000**	3,820,000
	Total Non - Current Liabilities		**1,550,000**	3,820,000
2	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Trade payables	13	**9,401,344**	12,797,843
	(b) Other Current Liabilities	14	**29,172,363**	11,825,718
	(c) Current Provisions	15	**240,904**	806,756
	Total Current Liabilities		**38,814,611**	25,430,317
	TOTAL EQUITY AND LIABILITIES		**48,469,865**	61,153,710
III	**See accompanying notes forming part of the financial statements**	1 to 31		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: Pune
Date: May 21, 2018

For Tech Mahindra Growth Factories Limited

Sriram Gopalakrishnan
Director

Jagdish Mitra
Whole-time Director

Shweta Rai
Chief Financial Officer

Gaurav Padmawar
Company Secretary

Place: Noida
Date: May 21, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million except earnings per share

	Particulars	Note No.	**Year Ended March 31 2018**	Year Ended March 31 2017
I	Revenue from Information Technology Enabled Services		**65,095,375**	14,090,644
II	Other Income	16	**1,040,902**	785,475
III	**Total Income (I +II)**		**66,136,277**	14,876,119
IV	**EXPENSES**			
	Employee Benefits Expenses	17	**31,591,587**	62,421,490
	Subcontracting Expenses		**21,007,956**	7,735,399
	Finance Costs	18	**-**	791,095
	Depreciation and Amortisation Expense	3	**615,387**	955,533
	Other Expenses	19	**45,433,312**	42,460,589
	Total Expenses		**98,648,242**	114,364,105
V	**Profit/(loss) before Tax (III-IV)**		**(32,511,964)**	(99,487,986)
VI	**Tax Expense**			
	Current Tax		**-**	-
	Deferred Tax (Refer Note 27)		**-**	-
	Total Tax Expense		**-**	-
VII	**Profit/ (Loss) for the year from Continuing Opertaions (V-VI)**		**(32,511,964)**	(99,487,986)
VIII	**Profit/(Loss) from discontinued operation before tax**		**(25,176,175)**	(118,066,007)
IX	**Tax Expense of Discontinued Operations**		**-**	-
X	**Profit/(Loss) from discontinued operation after tax (VIII-IX)**		**(25,176,175)**	(118,066,007)
XI	**Proft/ (Loss) for the year (VII+X)**		**(57,688,139)**	(217,553,993)
XII	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to Profit or Loss			
	Remeasurement of the defined benefit liabilities/(asset) defined benefit plans		**1,890,000**	690,001
	(ii) Income Tax relating to items that will not be reclassified to profit and loss		**-**	-
	(B) (i) Items that will be reclassified to Profit or Loss		**-**	-
XIII	**Total Other Comprehensive Income**		**1,890,000**	690,001
XIV	**Total Comprehensive Income for the year (XI+XIII)**		**(55,798,139)**	(216,863,992)
XV	**Earnings per Equity Share :**			
	Basic and Diluted [in ₹] [Face Value of ₹ 10] [Refer Note 25]		**(1.61)**	(12.87)
	See accompanying notes forming part of the financial statements	1 to 30		

In terms of our report attached

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Partner

Place: Pune
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For Tech Mahindra Growth Factories Limited

Sriram Gopalakrishnan
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Whole-time Director

Shweta Rai
Chief Financial Officer

Gaurav Padmawar
Company Secretary

Place: Noida
Date: May 21, 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

	Year ended March 31, 2018		Year ended March 31, 2017	
	₹ in million	₹ in million	₹ in million	₹ in million
A] CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax (continuing & discontinued operations)		**(57,688,139)**		(207,928,264)
Adjustments for:				
Depreciation and amortization (continuing & discontinued operations)	**4,497,571**		3,711,413	
Provision for Doubtful Receivables (discontinued operations)	**3,752,995**		1,200,497	
Interest Received	**(780,902)**		(771,475)	
Interest Expense	**-**		791,095	
Sundry Balance write back (continuing & discontinued operations)	**(1,095,259)**		(3,867,830)	
		6,374,405		1,063,700
Operating Profit before working capital changes		**(51,313,734)**		(206,864,565)
Adjustments for changes in working capital:				
Trade payable, other liabilities and provisions	**14,105,295**		5,455,051	
Trade receivables	**(1,062,657)**		(10,108,832)	
Other Current & Financial Assets	**7,456,974**		(4,262,454)	
		20,499,612		(8,916,236)
Cash generated from operations		**(30,814,123)**		(215,780,800)
Direct Taxes Paid (continuing & discontinued operations)		**(2,826,606)**		-
Net cash flows from/ (used in) operating activities (A)		**(33,640,729)**		(215,780,800)
B] CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	**(116,340)**		(13,349,565)	
Investment in Fixed Deposit	**-**		(30,000,000)	
(Loss) on sale of Fixed Assets	**203,922**		-	
Proceed from Sale of Investment in FD	**-**		30,000,000	
Interest Received	**-**		47,260	
Net Cash flows from/(used in) investing activities (B)		**87,582**		(13,302,305)
C] CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares	**32,000,000**		200,000,000	
Proceeds from Short term borrowings	**-**		50,000,000	
Repayments of Short term borrowings	**-**		(50,000,000)	
Interest Expense	**-**		(791,095)	
Net cash flows from/(used in) financing activities (C)		**32,000,000**		199,208,905
Net Increase / (decrease) in cash and cash equivalents (A + B +C)		**(1,553,147)**		(29,874,200)
Cash & cash equivalents at the year ended (refer note 1 below)		**20,136,222**		21,689,374
Cash & cash equivalents at the beginning of the year		**21,689,374**		61,191,854
Net increase/ (decrease) in cash & cash equivalents		**(1,553,152)**		(39,502,480)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

Particulars	**₹ in million**	₹ in million
Note 1:		
Cash and cash equivalents include:		
Balance with banks		
- In current accounts	**20,136,222**	21,689,374
Total Cash and cash equivalents - Refer Note 7	**20,136,222**	21,689,374

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: May 21, 2018

For Tech Mahindra Growth Factories Limited

Sriram Gopalakrishnan
Director

Jagdish Mitra
Whole-time Director

Shweta Rai
Chief Financial Officer

Gaurav Padmawar
Company Secretary

Place: Noida
Date: May 21, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital

Particulars	**Number of Shares**	**Equity Share Capital (₹ in Million)**
Balance As at April 1, 2016	9,750,000	97,500,000
Change in Equity share capital during the year ended	20,000,000	200,000,000
Balance As at March 31, 2017	**29,750,000**	**297,500,000**
Balance As at April 1, 2017	29,750,000	297,500,000
Changes in equity share capital during the year ended	3,200,000	32,000,000
Balance As at March 31, 2018	32,950,000	329,500,000

b. Other Equity

Particulars	**Reserves & Surplus**
	Retained Earnings
Balance As at April 1, 2016	(48,730,065)
Profit/(Loss) during the year ended	(207,928,264)
Other Comprehensive Income	690,001
Balance As at March 31, 2017	(255,968,328)
Profit/(Loss) during the year ended	(57,688,139)
Other Comprehensive Income	1,890,000
Loss for the year	(55,798,139)
Balance As at March 31, 2018	(311,766,468)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunil S Kothari
Partner

Place: Pune
Date: May 21, 2018

For Tech Mahindra Growth Factories Limited

Sriram Gopalakrishnan
Director

Jagdish Mitra
Whole-time Director

Shweta Rai
Chief Financial Officer

Gaurav Padmawar
Company Secretary

Place: Noida
Date: May 21, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

During the current year in the month of January 2018 management decided to discontinue Saral Business segment due to poor response from the market.

2. Significant accounting policies:

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 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 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 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.

Computers	3 years
Plant and Equipment	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 de-recognized 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.

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.

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.

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 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 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 & 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 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 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.

2.8 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 or loss are recognized 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 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 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 re measurement recognized in profit or loss.

Financial liabilities

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re measurement recognized 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 recognized in full other comprehensive income and accumulated in equity in the period in which they occur. (Refer note 23 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, 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 Company's policy. 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 un avalied 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 un availed 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 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 are recognized 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 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 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 recognized 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.

2.13 Borrowing costs:

Borrowings costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a 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 cost are charged to the statement of profit and loss.

2.14 Foreign Currency Transaction:

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 denominate monetary assets and liabilities are included in profit or loss.

2A New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should 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. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Note -3 : Property, Plant and Equipment

₹ in Million

Particulars	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	Cost as at April 01, 2017	Additions during the Year	Deletions during the year	**Balance as at March 31, 2018**	As at April 01, 2017	For the year	Deductions during Year	**Upto March 31, 2018**	**As at March 31, 2018**	As at March 31 , 2017
3A.Tangible Assets										
Computers	11,609,552	116,340	-	**11,725,892**	2,767,062	3,895,696	-	**6,662,758**	**5,063,134**	8,842,490
(Previous Year)	359,155	11,250,397	-	**11,609,552**	24,757	2,742,305	-	**2,767,062**	**8,842,491**	334,398
Plant and Equipments	1,982,560	-	-	**1,982,560**	356,241	396,507	-	**752,748**	**1,229,812**	1,626,319
(Previous Year)	-	1,982,560	-	**1,982,560**	-	356,241	-	**356,241**	**1,626,319**	-
Office Equipments	346,496	-	-	**346,496**	65,235	69,297	-	**134,532**	**211,964**	281,260
(Previous Year)	74,150	272,346	-	**346,496**	1,236	64,000	-	**65,235**	**281,260**	72,914
Leasehold Improvements	489,862	-	489,862	**-**	149,868	136,072	285,940	**-**	**-**	339,994
(Previous Year)	-	489,862	-	**489,862**	-	149,868	-	**149,868**	**339,994**	-
Total	**14,428,470**	**116,340**	**489,862**	**14,054,947**	**3,338,406**	**4,497,571**	**285,940**	**7,550,038**	**6,504,910**	**11,090,064**
Previous Year	433,305	13,995,165	-	**14,428,470**	25,993	3,312,414	-	**3,338,407**	**11,090,064**	407,312
3B.Intangible Assets										
Computer Software	399,000	-	-	**399,000**	399,000.00	-	-	**399,000**	**0**	0
(Previous Year)	-	399,000	-	**399,000**	-	399,000	-	**399,000**	**0**	0
Total	**399,000**	**-**	**-**	**399,000**	**399,000**	**-**	**-**	**399,000**	**0**	**0**
Previous Year	-	399,000	-	**399,000**	-	399,000	-	**399,000**	**0**	0

Note: Depriciation/ Amortization includes ₹ 3 Million being depriciation on Property, Plant & Equipments pertaining to Discontinued opeations the results of which has been disclosed on net basis in the Statement of Profit and Loss. Also refer note number 26 of notes to accounts for detailed discription.

Note-4 : Other Financial Assets

₹ In Million

Particulars	As at	
	March 31, 2018	March 31, 2017
Security Deposits	**105,000**	6,424,835
Total	**105,000**	6,424,835

Note-5 : Other non-current assets

₹ In Million

Particulars	As at	
	March 31, 2018	March 31, 2017
Balance with Government Authorities		
Advance Income Taxes	**3,427,097**	600,491
Total	**3,427,097**	600,491

Note -6 : Trade receivables

₹ in Million

Particulars	As at	
	March 31, 2018	March 31, 2017
Considered Good	**8,293,782**	10,893,302
Considered Doubtful	**4,862,676**	1,200,498
	13,156,457	12,093,800
Less: Allowance for Doubtful Receivables	**(4,953,493)**	(1,200,498)
Total	**8,202,964**	10,893,302

Note-7 : Cash and Cash Equivalents

₹ In Million

Particulars	As at	
	March 31, 2018	March 31, 2017
Balances with Banks		
-In Current Accounts	**20,136,222**	21,689,374
Total	**20,136,222**	21,689,374
Of the above, the balance that meet the definition of Cash and cash equivalents as per IND AS 7 Cash Flow Statements is	**20,136,222**	21,689,374

Note-8 : Other Financial Assets

₹ in Million

Particulars	As at	
	March 31, 2018	March 31, 2017
Unbilled Revenue	**-**	1,258,122
Dues from related party (Refer note 23)	**1,166,102**	775,453
Total	**1,166,102**	2,033,575

Note-9 : Other current assets

₹ in Million

Particulars	As at	
	March 31, 2018	March 31, 2017
Balance with Government Authorities	**5,369,370**	6,209,045
Advance to employees	**145,291**	272,038
Prepaid Expenses	**3,362,254**	1,890,332
Others Loans and Advances	**50,654**	50,654
Total	**8,927,568**	8,422,069

Note 10 - Share capital :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	**₹ in million**	Number	₹ in million
(a) Authorized :				
Equity shares of ₹ 10 each	**40,000,000**	**400,000,000**	40,000,000	400,000,000
(b) Issued, subscribed and fully paid up :				
Equity shares of ₹ 10 each fully paid up	**32,950,000**	**329,500,000**	29,750,000	297,500,000
Total	**32,950,000**	**329,500,000**	29,750,000	297,500,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	**₹ in million**	Number	₹ in million
Shares outstanding at the beginning of the year	**29,750,000**	**297,500,000**	9,750,000	97,500,000
Shares issued during the year	**3,200,000**	**32,000,000**	20,000,000	200,000,000
Shares outstanding at the year end	**32,950,000**	**329,500,000**	29,750,000	297,500,000

(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. During the year company has issued 320,000 shares of ₹ 10 each to Tech Mahindra Limited.

(iii) Details of shares held by the holding company and their associates:

₹in million

Particulars	**March 31, 2018**	March 31, 2017
Equity Shares:		
Tech Mahindra Limited		
32,949,994 (March 31, 2017: 29,749,994) Equity shares of ₹ 10 each fully paid	**330**	298
Tech Mahindra Limited j/w Milind Kulkarni		
1 (March 31, 2017 : 1) Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Atanu Sarkar		
1 (March 31, 2017 : 1) Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Manoj Bhat		
1 (March 31, 2017 : 1) Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Anil Khatri		
1 (March 31, 2017 : 1) Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Aniruddha Gadre		
1 (March 31, 2017 : 1) Equity share of ₹ 10 each fully paid	**0**	0
Tech Mahindra Limited j/w Sriram Gopalakrishnan		
1 (March 31, 2017 : 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, 2018**		March 31, 2017	
	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)	**32,950,000**	**100%**	29,750,000	100%

Note 11 : Other Equity

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Surplus in Statement of Profit and Loss		
Opening balance	**(265,596,607)**	(48,730,065)
Add : Profit/ (Loss) for the year	**(57,688,139)**	(217,556,543)
Add : Other Comprehensive Income	**1,890,000**	690,001
Closing Balance	**(321,394,747)**	(265,596,607)

Note - 12 : Long Term Provisions

₹ In Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits(refer note 22)		
Gratuity	**880,000**	2,130,000
Others	**670,000**	1,690,000
Total	**1,550,000**	3,820,000

Note - 13: Trade Payables

₹ In Million

Particulars	As at March 31, 2018	As at March 31, 2017
Creditors for supplies / services		
Due to Micro, Small and Medium Enterprises (Refer Note 29)	**-**	-
Other than due to Micro, Small and Medium Enterprises	**7,839,321**	9,308,664
Creditors for accrued wages and salaries	**1,562,022**	3,489,178
Total	**9,401,344**	12,797,843

Note - 14: Other Current Liabilities

₹ In Million

Particulars	As at March 31, 2018	As at March 31, 2017
Advances from customers	**0**	1,354,768
Deferred Revenues	**27,989,532**	8,199,924
Statutory Dues	**1,137,832**	2,091,026
Others	**45,000**	180,000
Total	**29,172,363**	11,825,718

Note-15 : Current Provisions

₹ In Million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits(refer note 22)		
Gratuity	**131,015**	286,757
Others	**109,889**	519,999
Total	**240,904**	806,756

Note-16 : Other Income

₹ In Million

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Interest Income	**783,402**	785,475
Sundry Balances written back	**257,500**	-
Total	**1,040,902**	785,475

Note -17 : Employee Benefits Expense

₹ In Million

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Salaries and Incentives	**29,748,702**	58,535,229
Contribution to provident and other funds	**1,105,586**	2,068,322
Staff welfare expenses	**10,679**	1,419,033
Gratuity (refer note 22)	**726,619**	398,906
Total	**31,591,587**	62,421,490

Note -18 : Finance Cost

₹ In Million

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Interest on Short term Loan (Refer Note 24)	**-**	791,095
Total	**-**	791,095

Note -19 : Other Expense

₹ In Million

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Power & Fuel Expenses	**1,351,157**	2,989,730
Rent(Refer note 21)	**11,986,615**	14,134,215
Rates and Taxes	**30,000**	-
Share Issue Expense	**-**	3,032,300
Communication Expenses	**319,920**	1,411,701
Travelling Expenses	**665,958**	1,621,238
Legal and Other Professional Costs	**2,330,364**	3,316,589
Auditors Fees - Statutory Audit	**1,000,000**	1,000,000
Repairs and maintenance		
- Machinery and Computers	**1,398,238**	1,015,356
- Others	**103,296**	167,050
Provision for Doubtful Receivables	**-**	1
Advertisement, Promotion & Selling Expenses	**24,188,482**	9,676,259
General Office Expenses	**1,855,360**	4,042,047
Loss on Disposal of Property, Plant and Equipment	**203,922**	-
Sundry Balances W/off	**-**	6,104
Total	**45,433,312**	42,460,589

20. 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 period ended March 31, 2018 is ₹ 13 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	2	-	-

21. Other Commitments:

Against the deferred revenue, the Company has a commitment of ₹ 5.09 Million in the current year.

22. 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:

₹ in Million

Particulars	**For The Year Ended March 31, 2018**	For The Year Ended March 31, 2017
Provident Fund contributions	**1**	2
Family Pension Fund contributions	**1**	2
Superannuation Fund contributions	**-**	0
National Pension Scheme contributions	**-**	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, 2018**	As at March 31, 2017
Present Value of Defined Obligation as at the beginning of the year	**2**	2
Current Service Cost	**1**	1
Interest cost	**0**	0
Benefits Paid	**(0)**	(0)
Actuarial (Gain)/ loss-experience	**(2)**	(1)
Actuarial (gains)/ losses on financial assumptions	**0**	0
Present Value of Defined Benefit Obligation as at the Year end	**1**	**2**

₹ In Million

Expense recognized in the statement of Profit and Loss	**For The Year Ended March 31 2018**	For The Year Ended March 31 2017
Current Service Cost	**1**	1
Net interest on net defined benefit liability/(asset)	**(0)**	(0)
Total expense recognised in the Statement of Profit & Loss	**1**	**1**

₹ in Million

Actuarial (Gain)/Loss recognized in Other Comprehensive Income	**For The Year Ended March 31 2018**	For The Year Ended March 31 2017
Actuarial (gain)/loss due to DBO experience	**(2)**	(1)
Actuarial (gain)/loss due to DBO assumption changes	**0**	0
Actuarial (gain)/loss arising during period	**(2)**	(1)
Return on plan assets (greater)/less than discount rate	**-**	-
Actuarial (gain) /loss recognised in OCI	**(2)**	**(1)**

Principal Actuarial Assumptions	**As at March 31, 2018**	As at March 31, 2017
Discount Rate	**7.40%**	7.10%
Rate of increase in compensation levels of covered employees	**4% to 8%**	4% to 8%
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, 2018 is based on the government bond yields as at 28th March 2018 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, 2018**
December 31, 2018	**0**
December 31, 2019	**0**
December 31, 2020	**0**
December 31, 2021	**0**
December 31, 2022	**0**
December 31, 2023 to December 31, 2027	**1**

Weighted Average duration of defined benefit obligation: 6 Years

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 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 during the quarter 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.

23. 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, 2018 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, 2018.

b) Related party Transactions for the Year Ended March 31, 2018:

₹ in Million

Nature of Transaction	**Particulars**	**For The Year Ended March 31 2018**	For The Year Ended March 31 2017
Reimbursment of Expenses (Net) – Paid/(Receipt)	Tech Mahindra Limited	**(8)**	6
Revenue	Mahindra and Mahindra	**0**	-
Subscription to equity share capital	Tech Mahindra Limited	**32**	20
Rent Paid	Tech Mahindra Limited	**1**	-
Inter corporate deposit (ICD)	Tech Mahindra Limited	**-**	50
Repayment of ICD	Tech Mahindra Limited	**-**	(50)
Interest on ICD	Tech Mahindra Limited	**-**	(1)

₹ in Million

Balances as at	**Particulars**	**March 31, 2018**	**March 31, 2017**
Trade Receivables	Mahindra and Mahindra	0	1
Other financial Assets	Tech Mahindra Limited	1	1
Trade Payables	Tech Mahindra Limited	(2)	(1)

24. Financial Instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2018 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
Assets:						
Cash and cash equivalents (Refer Note 7)	20	-	-	-	-	20
Trade receivables (Refer Note 6)	8	-	-	-	-	8
Other financial assets (Refer Note 4 & 8)	1	-	-	-	-	1
Total	**29**	**-**	**-**	**-**	**-**	**29**
Liabilities:						
Trade payables (Refer note 13)	10	-	-	-	-	10
Total	**10**	**-**	**-**	**-**	**-**	**10**

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
Assets:						
Cash and cash equivalents (Refer Note 7)	22	-	-	-	-	22
Trade receivables (Refer Note 6)	11	-	-	-	-	11
Other financial assets (Refer Note 4 & 8)	8	-	-	-	-	8
Total	**41**	**-**	**-**	**-**	**-**	**41**
Liabilities:						
Trade payables (Refer note 13)	12	-	-	-	-	12
Total	**12**	**-**	**-**	**-**	**-**	**12**

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 ₹ 29 million and ₹ 41 Million as of March 31, 2018 and March 31, 2017 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, 2018

₹ in Million

Particulars	**Less Than 1 Year**	**Total**
Trade Payables	10	10
Other Current liabilities	29	29

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

25. Earnings Per Share is calculated as follows

₹ in Million

Particulars	**For The Year Ended March 31 2018**	For The Year Ended March 31 2018
Net Profit/(Loss) attributable to shareholders	**(56)**	(218)
Equity Shares outstanding as at the end of the year (in nos.)	**32,950,000**	29,750,000
Weighted average Equity Shares outstanding as at the year end (in Nos)	**31,556,438**	16,903,425
Nominal Value per Equity Share (in ₹)	**10**	10
Earnings Per Share (Basic & Diluted) (in ₹)	**(1.61)**	(12.87)

26. Discontinuing Operations:

In the 13th Board Meeting held on January 25, 2018 the board decided to discontinue 'Saral Rozgar' operations which included digital SMS, rozgar pack and job cards. The company has not recognized any impairment loss in respect of the above business because neither the assets nor any liabilities of the operation were reclassified as held for sale. This is because the non current assets pertaining to Saral Rozgar business maily included servers, which will be used in other business streams of the company.

The combined result of discontinued operation (i.e. Saral Rozgar Business) included in the statement of profit and loss for the year are set out below. The comparative loss from discontinued operation have not been presented as the operations were discontinued in the current year.

Loss for the year from discontinued operations ₹ In Millions

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2018
Revenue	**29**	30
Depreciation	**3**	3
Other item debited to statement of profit and Loss	**51**	144
Profit/ Loss before tax	**(25)**	(117)

Cash flows from discontinued operatins

₹ In Millions

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2018
Net cash flows from operating activities	**(11)**	(110)
Net cash flows from investing activities	**0**	(13)
Net cash flows from financing activities	**0**	(1)

27. 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.

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.

The Company has identified business segments as reportable segments. Accordingly, Recruitment related services, Online course services & Push SMS Service 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.

Information on reportable segments for year ended March 31, 2018 is given below:

Business Segments

₹ in Million

Particulars	**For The Year Ended March 31 2018**				For The Year Ended March 31 2017			
	Recruitment related services (Refer note 26)	**Online Course Services**	**Push SMS (Refer Note 26)**	**Total**	Recruitment related services	Online Course Services	Push SMS	Total
Revenue	**5**	**65**	**23**	**93**	11	14	15	40
Unallocable other income				**2**				5
Direct Expenses	**29**	**58**	**19**	**106**	131	29	13	173
Segment Operating (Loss)/Gain	**(24)**	**7**	**4**	**(11)**	(120)	(15)	2	(128)
Less : Unallocable Expenses								
Depreciation and amortisation expense				**4**			4	4
Other Unallocable Expenses				**36**			86	86
Total Unallocable Expenses				**40**			90	90
Profit/(Loss) before Tax				**(51)**			(218)	(218)
Provision for Taxation								
Current tax and deferred tax				**-**			-	-
Profit/(Loss) for the quarter				**(51)**			(218)	(218)

₹ in Million

Statement of segment Assets and Liabilities	For The Year Ended March 31 2018	For The Year Ended March 31 2017
Segment Assets		
Trade and Other Receivables		
Recrutiment Related Services	**4**	3
Online Course Services	**6**	3
Push SMS	**2**	5
Total Trade Receivables	**12**	11
Unallocable Assets	**42**	50
TOTAL ASSETS	**54**	61
Trade Payable		
Recrutiment Related Services	**1**	0
Online Course Services	**4**	-
Push SMS	**1**	0
Unallocable Liablities	**5**	0
Total Trade Payable	**11**	0
Unallocable Liablities	**43**	61
TOTAL LIABILITIES	**54**	61

28. Deferred Tax (liability)/ asset:

₹ in Milllion

Particulars		For The Year Ended March 31 2018	For The Year Ended March 31 2018
Depreciation on Fixed Asset		**0**	1
Total Deferred Tax liability	(A)	**0**	1
Provsion for Employee Benefit Expenses		**0**	0
Carry forward tax losses		**0**	1
Others		**0**	-
Total Deferred Tax Asset	(B)	**0**	1
Net Defered Tax (Liability)/Asset	(C=B-A)	**0**	0
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.

29. Based on the information available with the Company, no creditors have been identified as "supplier" with in the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006".

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. Amount less than ₹ 0.50 Million has been rounded off and shown as ₹ 0 Million.

For Tech Mahindra Growth Factories Limited

Sriram Gopalakrishnan
Director

Jagdish Mitra
Whole-time Director

Shweta Rai
Chief Financial Officer

Gaurav Padmawar
Company Secretary

Place: Noida
Date: May 21, 2018

BALANCE SHEET

ASSETS

		From 01/04/2017 To 31/12/2017 (9 months)			Past year 31/03/2017 (12 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 “équivalence method”						
Other interest ownership						
Receivables related to interest ownership						
Capitalized securities						
Loans						
Other fixed assets						
TOTAL (I) (1)						
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						
. Other Called but unpaid capital						
Investment securities	94 360		94 360	100.00	95 288	100.00
Cash Instruments						
Cash						
Prepaid expenses						
TOTAL (II)	**94 360**		**94 360**	**100.00**	**95 288**	**100.00**
Charges to be spread over several periods						
(III) Premium for rédemption of bonds						
(IV) Unrealized exchange losses						
(V)						
TOTAL ASSETS (I & V)	**94 360**		**94 360**	**100.00**	**95288**	**100.00**

TECH MAHINDRA FRANCE SAS

BALANCE SHEET

EQUITY AND LIABILITIES

		du 01/04/2017 au 31/12/2017 9 Month		du 01/04/2016 au 31/03/2017 12 Month	
Shareholders' equity					
Share capital (paid-up capital : 100 000)					
Premiums arising from shares issues, from merger					
Revaluation					
Légal reserve		**100 000**	**105.98**	100 000	104.95
Statutory reserve					
Regulated reserves					
Other reserves					
Retained (profits / losses) brought forward merger		**-14 508**	**-15.37**	-3 694	-3.87
Net income or loss of the tax year		**-4 373**	**-4,62**	-10 814	-11.34
Subsidies of investment Regulated provisions					
	TOTAL (I)	**81119**	**85.97**	85492	89.72
Proceeds from the issuance of "participating titles"	**TOTAL (II)**				
Conditional advances					
Provisions for liabilities and charges	**TOTAL (III)**				
Reserves for contingencies Provisions for charges					
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		**13 241**	**14.03**	9 796	10.28
Tax payable and social liabiiities					
. 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)	**13 241**	**14.03**	9 796	10.28
Unrealized exchange gains	**(V)**				
	TOTAL LIABILITIES (I & V)	**94 360**	**100.00**	95288	100.00

INCOME STATEMENT

INCOME STATEMENT			From 01/04/2017 To 31/12/2017 (9 Month)		Past year 31/03/2017 (12 Month)		Variation absolute (9/12)	%
	France	Export	Total	%	Total	%	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)			**5120 75**		**10 690**		-5 570 75	-52.09
Variation on inventory (goods)								N/S
Purchase of raw materials and other supplies (including customs duties)								
Variation in inventory (raw materials and supplies)								
Other purchases and external expenses								
Taxes and assimilated payments								
Salaries and wages expenses								
Social security expenses								
Operating allowances on fixed assets : dépréciation 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			**5195**		**10 690**		-5495	-51.39
OPERATING RESULT			**-5195**		**-10 690**		5495	51.40
Attributed income or transfered loss								
Suffered loss or transfered profit								
Financial income from interest ownership			**826**				826	N/S
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			**826**				826	N/S
Financial allowances for dépréciations and provisions					**124**		-124	-100.00
Interests and assimilated expenses								
Loss on foreign exchange								
Net loss on sales of portfolio securities								
Total financial expenses					**124**		-124	-100.00
FINANCIAL RESULT			**826**		**-124**		950	766.13
Ordinary result before tax			**-4369**		**-10 814**		6445	59.60
Extraordinary operating gains								
Extraordinary capital gains								
Recaptures on reserves and expense transfers								
Total extraordinary income								
Extraordinary operating losses			**4**				4	N/S
Extraordinary capital losses								

INCOME STATEMENTS

INCOME STATEMENT (next)	**From 01/04/2017 To 31/12/2017 (9 months)**	Past year 31/03/2017 (12 months)	Variation absolute (9/12)	%
Dépréciation and reserve extraordinary allowances				
Total extraordinary expenses	**4**		4	N/S
EXTRAORDINARY RESULT	**-4**		-4	N/S
Profit sharing scheme Income tax				
Total Income	**826**		826	N/S
Total expenses	**5199**	10 814	-5 615	-51.91
NET RESULT	**-4373 Loss**	-10 814 Loss	6 441	59.56

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
Canara Bank
ICICI Bank

AUDITORS:
B. K. Khare & Company
Chartered Accountants

BOARD'S REPORT

Your Directors present their Thirteenth Annual Report of your Company for the year ended March 31, 2018.

FINANCIAL SUMMARY/RESULTS

	2018	2017
For the year Ended March 31	₹	₹
Donations received	**554,960,936.00**	453,062,711.00
Interest received on investments	**61,065,067.00**	54,548,037
Expenditure on the objects of the Company	**533,277,165.00**	364,483,071
Corpus fund	**1,031,621,656.00**	951,621,656

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 has successfully steered 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 primarily upon whole school improvement and capacity building of teachers 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, 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. In addition, the Foundation has also worked with Municipal Corporations in Chennai, Bengaluru, Hyderabad, Pune & Thane for strengthening capacities of government school teachers.

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 and is currently running 100 Centres at 11 locations across India. These include SMART Centres, SMART+ Centres (training for people with disabilities), and SMART-T Centres (training in technical trades). In addition, the Foundation has been running the SMART Academy for Healthcare in Delhi, which is offering Two-Year Diploma Programs in various fields related to Allied Healthcare. During the year in review, two more Academies were launched – in Visakhapatnam (for IT & Logistics), and in Mohali (for Healthcare).

In 2017-18, your Company trained more than 16,000 young women and men under its SMART programme. More than 70% of the graduates are placed in jobs upon successful completion of the training, across multiple industries.

The Foundation has partnered with the Banasthali University for Women in Rajasthan for setting up of the Tech Mahindra College of Nursing. Covering an area of 40,000 sft, the College will start offering Bachelors and Masters Degree Programs in Nursing.

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

The members, in the 12th Annual General Meeting held on 1st August, 2017, appointed M/s B. K. Khare & Co, Chartered Accountants, [ICAI Registration No.105102W] as Statutory Auditors of the Company for a 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.

Pursuant to the amendment to Section 139 of the Companies Act, 2013 which was notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no longer required.

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2017-18.

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 March 31, 2018 in **Form MGT – 9** is forming part of the Board's report as **"Annexure 1"**.

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 2017-18, 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 the 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 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 2".**

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.

For and on behalf of the Board

Place: Mumbai
Date: May 24, 2018

Keshub Mahindra
Chairman

Annexure - 1

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018

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	-	-	-	-	-

For and on behalf of the Board

Place: Mumbai
Date: May 24, 2018

Keshub Mahindra
Chairman

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	Sofgen India Private Limited Fellow subsidiary Company
(b) Nature of contracts/arrangements/transactions	CSR Contribution as per Companies Act, 2013 for the FY 17-18	CSR Contribution as per Companies Act, 2013 for the FY 17-18	CSR Contribution as per Companies Act, 2013 for the FY 17-18	CSR Contribution as per Companies Act, 2013 for the FY 17-18	CSR Contribution as per Companies Act, 2013 for the FY 17-18
(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 - ₹ 505,500,000	CSR Contribution as per Companies Act, 2013 Value - ₹ 13,386,388	CSR Contribution as per Companies Act, 2013 Value - ₹ 28,454,268	CSR Contribution as per Companies Act, 2013 Value - ₹ 6,600,000	CSR Contribution as per Companies Act, 2013 Value - ₹ 1,020,280
(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 : May 24, 2018

For and on behalf of the Board
Keshub Mahindra
Chairman

INDEPENDENT AUDITORS' 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, 2018, 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 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 thereunder.

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 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, 2018, and its income and expenditure for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As the Company is licensed and registered under Section 8 (erstwhile section 25) 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 and 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

R.D.Onkar
Partner
Membership Number: 045716
Place: Pune
Date: May 24, 2018

BALANCE SHEET AS AT MARCH 31, 2018

	Note	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
SOURCES OF FUNDS:			
SHAREHOLDERS' FUNDS:			
Capital	I	**500,000**	500,000
Corpus Fund	I	**1,031,621,656**	951,621,656
Surplus /(Deficit) in Income and Expenditure Account		**(553,743)**	475,078
TOTAL		**1,031,567,913**	952,596,734
Fixed Asset :	II		
i) Tangible Assets		**28,431,060**	12,863,108
ii) Intangible Assets		**3,415,665**	510,182
Net Block		**31,846,725**	13,373,290
Long Term Investments		**250,000,000**	80,240,000
CURRENT ASSETS, LOANS AND ADVANCES:	III		
Loans & Advances		**25,037,470**	19,937,330
Cash and Bank Balances		**737,108,536**	853,369,527
		762,146,006	873,306,857
Less: CURRENT LIABILITIES AND PROVISIONS:	IV		
Other Liabilities		**12,424,818**	14,323,413
		12,424,818	14,323,413
TOTAL		**1,031,567,913**	952,596,734
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	VII- IX		

As per our attached report of even date
For B K Khare & Co.
Chartered Accountants
R.D. Onkar
Partner
M No. 045716
Place : Pune
Date : May 24, 2018

For Tech Mahindra Foundation

Mr. Keshub Mahindra
Director

Mr. Anand Mahindra
Director

Mr. Vineet Nayyar
Director

Mr. Ulhas Yargop
Director

Place : Mumbai
Date : May 24, 2018

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2018

	Note	For the year ended March 31, 2018 Rupees	For the year ended March 31, 2017 Rupees
Income	V	**542,988,832**	380,214,354
TOTAL		**542,988,832**	380,214,354
EXPENDITURE			
Welfare Project Expenses	VI	**444,089,750**	306,840,622
Operating and Other Expenses		**93,389,381**	69,290,215
Depreciation		**6,538,522**	3,085,929
TOTAL		**544,017,653**	379,216,766
(Deficit)/Excess of Income over Expenditure for the year		**(1,028,821)**	997,587
Balance carried forward from previous year		**475,078**	(522,509)
Excess of Income over Expenditure/ (Expenditure over income)		**(553,743)**	475,078
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	VII- IX		

As per our attached report of even date
For B K Khare & Co.
Chartered Accountants
R.D. Onkar
Partner
M No. 045716
Place : Pune
Date : May 24, 2018

For Tech Mahindra Foundation

Mr. Keshub Mahindra
Director

Mr. Anand Mahindra
Director

Mr. Vineet Nayyar
Director

Mr. Ulhas Yargop
Director

Place : Mumbai
Date : May 24, 2018

NOTES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2018 Rupees	As at March 31, 2017 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
(All the above shares are held by Tech Mahindra Limited)		
TOTAL	**500,000**	500,000
Corpus Donations		
As per last Balance Sheet	**951,621,656**	822,621,656
Add : Received during the year	**80,000,000**	129,000,000
TOTAL	**1,031,621,656**	951,621,656

Note II: Fixed Assets

Amount in ₹

	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	Balance as at April 01, 2017	Additions during the period	Deletions during the period	Balance as at March 31, 2018	Balance as at April 01, 2017	For the period	Deductions during period	Balance as at March 31, 2018	Balance as at March 31, 2018	Balance as at March 31, 2017
a Tangible Assets										
Furniture and Fixtures	4,901,197	3,311,258	-	**8,212,455**	1,019,507	1,199,934	-	2,219,441	5,993,014	3,881,690
Computers	6,553,926	5,066,904	-	**11,620,830**	1,292,112	2,564,844	-	3,856,956	7,763,874	5,261,814
Plant and Machinery	-	8,026,527	-	**8,026,527**	-	797,529	-	797,529	7,228,998	-
Office Equipment	3,821,255	3,824,678	-	**7,645,933**	960,820	1,007,178	-	1,967,998	5,677,935	2,860,435
Vehicles	1,096,812	1,283,379	-	**2,380,191**	237,643	375,309	-	612,952	1,767,239	859,169
Total (a)	16,373,190	21,512,746	-	**37,885,936**	3,510,082	5,944,794	-	9,454,876	28,431,060	12,863,108
b Intangible Assets										
Software	589,639	3,499,211	-	**4,088,850**	79,457	593,728	-	673,185	3,415,665	510,182
Total (b)	589,639	3,499,211	-	**4,088,850**	79,457	593,728	-	673,185	3,415,665	510,182
Grand Total (a+b)	16,962,829	25,011,957	-	**41,974,786**	3,589,539	6,538,522	-	10,128,061	31,846,725	13,373,290

NOTES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Note III		
CURRENT ASSETS, LOANS AND ADVANCES :		
(a) Loans and Advances :		
(Unsecured)		
Interest Accrued on Deposits	**5,131,197**	5,957,506
Security Deposit	**1,537,000**	102,000
Balances with Government Authorities		
Tax Deducted at Source	**16,861,153**	12,563,415
Other Advances	**1,508,120**	1,314,409
	25,037,470	19,937,330
(a) Cash and Bank Balances :		
Balance with Scheduled banks: (i) In Current accounts	**61,128,348**	28,759,527
(ii) In Fixed Deposit accounts	**675,980,188**	824,610,000
	737,108,536	853,369,527
TOTAL	**762,146,006**	873,306,857

Note IV		
CURRENT LIABILITIES AND PROVISIONS:		
Dues to Small Scale Industrial Undertakings	**-**	-
Others	**12,424,818**	14,323,413
TOTAL	**12,424,818**	14,323,413

NOTES FORMING PART OF THE INCOME AND EXPENDITURE ACCOUNT

Note V	For the year ended March 31, 2018 Rupees	For the year ended March 31, 2017 Rupees
INCOME		
Donations Received	**474,960,936**	323,033,211
Interest on deposits with banks	**61,065,067**	54,548,037
Other Income	**6,962,829**	2,633,106
TOTAL	**542,988,832**	380,214,354

Note VI	For the year ended March 31, 2018 Rupees	For the year ended March 31, 2017 Rupees
OPERATING AND OTHER EXPENSES		
Professional and Consultancy Fees	**52,387,184**	44,431,988
Rent	**12,002,154**	12,940,559
Bank Charges	**38,398**	26,147
Audit Fees	**88,500**	57,250
Printing & Stationery	**2,284,477**	1,507,172
Travelling & Conveyance	**2,039,406**	1,218,691
Books & Periodicals	**77,344**	186,352
Welfare Expenses	**690,963**	245,153
Teacher’s Award Function Expenses	**-**	575,000
Seminars & Conferences	**65,000**	65,500
Telephone Expenses	**666,641**	249,924
Advertising and Marketing Expenses	**11,788,274**	-
General Office Expenses	**7,654,889**	5,000,214
Miscellaneous Expenses	**3,606,151**	2,786,265
TOTAL	**93,389,381**	69,290,215

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, 2018

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.

(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 as per the life of the assets 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. Estimate of useful life so made is more conservative than estimated useful life as prescribed in schedule II to the Companies Act, 2013.

Computers and Project specific software	3 years
Plant and Machinery	5 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.

Note VIII **Donations received during the year 2017-18 and 2016-17** (Amount in Rupees)

Particular	**2017-18**	2016-17
Corpus Donations		
Tech Mahindra Limited	**80,000,000**	129,000,000
Donations		
Tech Mahindra Limited	**425,500,000**	263,800,000
Comviva Technologies Limited	**13,386,388**	13,932,326
Tech Mahindra Business Services Ltd.	**28,454,268**	28,662,360
Satyam Venture Engineering Services Pvt. Ltd.	**6,600,000**	6,388,525
Sofgen India Private Limited	**1,020,280**	-
Mr. Anand Mahindra	**-**	100,000
Mahindra & Mahindra Limited	**-**	10,250,000
Others	**-**	929,500
Total	**554,960,936**	453,062,711

Note IX Previous year figures have been regrouped wherever necessary.

As per our attached report of even date
For B K Khare & Co.
Chartered Accountants
R.D. Onkar
Partner
M No . 045716
Place : Pune
Date : May 24, 2018

For Tech Mahindra Foundation

Mr. Keshub Mahindra
Director

Mr. Anand Mahindra
Director

Mr. Vineet Nayyar
Director

Mr. Ulhas Yargop
Director

Place : Mumbai
Date : May 24, 2018

MAHINDRA EDUCATIONAL INSTITUTIONS

Board of Directors
Vineet Nayyar
Director
Chander Prakash Gurnani
Director
Rakesh Soni
Director
Milind Kulkarni
Director
Shivanand Raja
Director

Auditors
M/s M. Bhaskara Rao & Co.,
5-D, Fifth Floor, 'Kautilya'
6-3-652, Somajiguda
Hyderabad-500082

Bankers
HDFC Bank Limited
Kotak Mahindra Bank Limited

Registered Office:
Survey No: 62/1A,
Bahadurpally, Jeedimetla, Hyderabad-500043
Telangana, India

DIRECTORS' REPORT

Your Directors present their Fifth Annual Report of your Company for the year ended 31st March 2018.

FINANCIAL RESULTS

Particulars	**For the year ended March 31, 2018 (₹ in Lakhs)**	For the year ended March 31, 2017 (₹ in Lakhs)
Expenditure on the objects of the Company	**6,104.45**	4,924.84
Donations received for University Corpus fund and Building & Equipment fund	**2,100.00**	4,300.00

REVIEW OF ACTIVITIES – 2017-18

Mahindra École Centrale (MEC), College of Engineering, established by Tech Mahindra in collaboration with École Centrale Paris (now Centrale Supélec) and JNTU Hyderabad, is set to deliver its first batch of graduates this year, after a successful four 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, Dr. Siva Banda plus a host of leading academicians. Mr. C.P. Gurnani, Managing Director & CEO Tech Mahindra and Board Member of MEC, hosted the eminent Prof Bala V Balachandran at MEC on 4th January 2017.

Year 2017-18 continued the legacy of annual techno-cultural festivals like **AETHER** and **ECOLE-TYOHAR. TEDX**-Mahindra Ecole Centrale in 2018 was attended by many eminent speakers from areas like Entrepreneurship, Academics, Fashion, Space Research, etc.

Mr. Vineet Nayyar, Chairman, Mahindra Educational Institutions addressed **Centrale Connect Conclave** which was hosted at MEC with the motive of facilitating students to discover and explore the career advancement possibilities lying ahead. The conclave hosted a series of keynote addresses and panel discussions chaired by eminent personalities from sectors like technology, corporate and government.

This year saw many intra-college competitions organized for MEC students like football, basketball, Cricket, Volleyball competitions etc. This year MEC has also hosted **AIRO**, an annual three day sports extravaganza in the month of March'18 for sports enthusiasts. Colleges from all corners of the country participated with their teams. The event saw participation from about 1000 student athletes who came to showcase their skills and talents.

MEC has hosted many TechM customers 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.

MATERIAL CHANGES AND COMMITMENTS

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 statements relate and the date of the report.

There was no change in the nature of business.

SIGNIFICANT AND MATERIAL ORDERS

During the year under review, there were 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 deposits and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

AUDITORS

M/s. M. Bhaskara Rao & Co., Chartered Accountants, (Firm Registration No. 000459S) were appointed as statutory auditors of the Company for a period of five years from the conclusion of the 4th Annual General Meeting held on 28 August, 2017 until the conclusion of the Annual General Meeting of the Company for the financial year 2021-22, on such remuneration as may be determined by the Board of Directors.

The members may note that the Ministry of Corporate Affairs vide notification dated May 07, 2018, has done away with the requirement of yearly ratification of appointment of Statutory Auditors, at the Annual General Meeting.

AUDITOR’S REPORT

There are no qualifications, reservations and adverse remarks reported in the Auditor’s Report for the financial year 2017-18 to comment upon by your Directors.

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 ₹ 1,00,000/- comprising of 10,000 equity shares of Face Value ₹ 10/- each.

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 EARNINGS AND OUTGO

The particulars prescribed as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

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: NIL

DIRECTORS

Pursuant to the provisions of section 152(6)(c) of the Companies Act 2013, Mr. Milind Kulkarni, Director (DIN: 00012888) 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, 2018 three Board Meetings were held on, May 25, 2017, November 20, 2017 and January 12, 2018. The Company being a Section 8 Company, intervening gap between the meetings was as prescribed under the Companies Act, 2013.

LOANS/ GUARANTEES / INVESTMENTS

The Company has not given / accepted any loans or guarantees during the year under review.

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 sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, **Form AOC 2** is annexed to this report as **Annexure A**.

DIVIDENDS

No dividend was recommended by the Board of Directors for the financial year 2017-18.

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 provisions of Section 203 of the Companies Act, 2013 are not applicable to the 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, internal auditor has not been appointed during financial year under review.

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) and under Section 134(3)(p) of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company doesn't fall in 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.

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 the Companies Act, 2013 is not applicable.

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

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, 2018 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

Place: Hyderabad | **Vineet Nayyar**
Date: May 24, 2018 | **Chairman**

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, 2018, 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: Enterprise having significant influence over 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 2017-18

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Donations Received: (₹ in Lakhs)

Tech Mahindra Limited : 2,100

Mahindra & Mahindra Ltd : Nil

Expenses Reimbursed:

Tech Mahindra Limited : 9.07

Rent Paid:

Tech Mahindra Limited : 1,472.38

Professional fees:

Tech Mahindra Limited : 65.84

Reimbursement:

Tech Mahindra Limited : Nil

(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

Vineet Nayyar
Chairman

Place: Hyderabad
Date: May 24, 2018

Annexure B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2018

[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	NIL	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	NIL	10000	10000	100	NIL	10000	10000	100	NIL
(A+B+C)									

(ii) Shareholding of Promoters

Sl no	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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. Allotment /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:

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	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
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness				
during the financial year				
· Addition	NIL	NIL	NIL	NIL
· Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the				
end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	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

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	NIL	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4	Commission					
	- as % of profit	NIL	NIL	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (A)	NIL	NIL	NIL	NIL	NIL
	Ceiling as per the Act	NIL	NIL	NIL	NIL	NIL

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of directors				Total Amount
1.	Independent Directors					
	· Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL
	· Commission	NIL	NIL	NIL	NIL	NIL
	· Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL	NIL	NIL
2.	Other Non-Executive					
	Directors					
	· Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL
	· Commission	NIL	NIL	NIL	NIL	NIL
	· Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL	NIL	NIL	NIL

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	NIL	NIL	NIL	NIL
	contained in section 17(1)				
	of the Income-tax Act, 1961				
	(b) Value of perquisites u/s	NIL	NIL	NIL	NIL
	17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary	NIL	NIL	NIL	NIL
	under section 17(3) Income Tax Act, 1961				
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission				
	- as % of profit	NIL	NIL	NIL	NIL
	- Others, specify	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	NIL	NIL	NIL	NIL
	Ceiling as per the Act	NIL	NIL	NIL	NIL

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

Place: Hyderabad
Date: May 24, 2018

Vineet Nayyar
Chairman

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 2018, the Statement of Income and Expenditure (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 2018, and its deficit (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 income and expenditure, 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 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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.

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, May 24, 2018

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 2018, 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 2018, 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, May 24, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note No	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	**3,487.51**	1,368.63
Capital work-in-progress	4	**650.20**	1,063.48
Other intangible assets	5	**-**	-
Financial assets			
Other financial assets	6	**143.31**	1,925.15
Non-Current tax asset (net)	7	**33.47**	8.44
Other non current assets	8	**23.69**	23.69
Total non-current assets		**4,338.18**	4,389.39
Current assets			
Financial assets			
Trade receivables	9	**72.34**	141.83
Cash and cash equivalents	10	**513.90**	3,528.03
Other bank balances	11	**5,061.00**	-
Other financial assets	12	**294.03**	36.23
Other current assets	13	**74.92**	14.38
Total current assets		**6,016.19**	3,720.47
Total assets		**10,354.37**	8,109.86
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	**1.00**	1.00
Other equity	15	**7,365.68**	5,972.26
Total Equity		**7,366.68**	5,973.26
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	16	**150.94**	87.58
Provisions	17	**59.25**	45.81
Total non-current liabilities		**210.19**	133.39
Current liabilities			
Financial liabilities			
Trade payables	18	**1,322.15**	1,131.66
Other current liabilities	19	**1,445.71**	870.85
Provisions	20	**9.64**	0.70
Total current liabilities		**2,777.50**	2,003.21
Total equity and liabilities		**10,354.37**	8,109.86
Corporate Information	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 Board of Directors
Mahindra Educational Institutions

Vineet Nayyar — Director
C.P. Gurnani — Director
Milind Kulkarni — Director

Hyderabad, May 24, 2018

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2018

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Fee from Academic Courses	21	**4,954.26**	3,635.17
Donations		**-**	-
Other Income	22	**444.72**	246.56
Total		**5,398.98**	3,881.73
Expenses			
Academic Expenses	23	**589.37**	988.25
Employee Benefits Expense	24	**1,417.00**	1,258.17
Finance Cost	25	**8.95**	4.32
Depreciation and Amortization Expense	26	**918.77**	541.75
Other expenses	27	**3,170.36**	2,132.35
Total		**6,104.45**	4,924.84
Surplus Before Tax		**(705.47)**	(1,043.11)
Tax Expense			
Current Tax			
Deferred Tax			
Surplus / (Deficit) for the year		**(705.47)**	(1,043.11)
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		**(1.11)**	7.22
Income tax on items that will not be reclassified to profit or loss		**-**	-
		(1.11)	7.22
B. Items that may be reclassified to profit or loss		**-**	-
Total other comprehensive income / (loss) for the year		**(1.11)**	7.22
Total comprehensive income / (loss) for the year		**(706.58)**	(1,035.89)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(706.58)**	(1,035.89)
Non controlling interests		**-**	-
Earnings per equity share	32		
Basic - (In ₹ per share)		**(7,054.74)**	(10,431.11)
Diluted - (In ₹ per share)		**(7,054.74)**	(10,431.11)
Corporate Information	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 Board of Directors
Mahindra Educational Institutions

Vineet Nayyar	**C.P. Gurnani**	**Milind Kulkarni**
Director	Director	Director

Hyderabad, May 24, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

All amounts are Rupees in lakhs unless otherwise stated

		Year ended 31 March 2018	Year ended 31 March 2017
A.	**Cash flow from operating activities**		
	Surplus before tax	**(705.47)**	(1,043.11)
	Adjustments for		
	Depreciation and Amortization Expense	**918.77**	541.75
	Interest Income	**(360.00)**	(216.80)
	Operating profit before working capital changes	**(146.70)**	(718.16)
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Other Non-Current Financial Assets	**(0.16)**	(12.99)
	Other Non-Current Assets	**-**	3.96
	Trade receivables	**69.49**	(97.39)
	Other Current Assets	**(60.54)**	(1.18)
	Adjustments for increase / (decrease) in operating liabilities:		
	Other Non-Current Financial Liability	**63.36**	87.58
	Long Term Provisions	**13.44**	6.35
	Trade Payables	**189.37**	109.55
	Other Current Liabilities	**574.86**	311.24
	Short Term Provisions	**8.94**	0.70
	Cash generated from operations	**712.06**	(310.34)
	Income Tax paid (Net)	**(25.03)**	(5.93)
	Net cash flow from operating activities (A)	**687.03**	(316.27)
B.	**Cash flow from investing activities**		
	Capital Expenditure on Fixed Assets & Intangible Assets	**(2,624.36)**	(2,190.01)
	Investments in Bank Deposits	**(3,576.00)**	(1,782.00)
	Redemption or Maturity of Bank Deposits	**297.00**	-
	Interest Received	**102.20**	201.82
	Net cash flow used in investing activities (B)	**(5,801.16)**	(3,770.19)
C.	**Cash flow from financing activities**		
	Amounts received towards Building and Equipment Fund	**600.00**	4,300.00
	Amounts received towards University Corpus Fund	**1,500.00**	
	Net cash flow from financing activities (C)	**2,100.00**	4,300.00
	Net increase / (decrease) in cash and cash equivalents	**(3,014.13)**	213.54
	Cash and cash equivalents at the beginning of the year	**3,528.03**	3,314.49
	Cash and cash equivalents at the end of the year	**513.90**	3,528.03

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 Board of Directors
Mahindra Educational Institutions

Vineet Nayyar	**C.P. Gurnani**	**Milind Kulkarni**
Director	Director	Director

Hyderabad, May 24, 2018

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	Amount
Issued and paid up equity share capital	
Balance as at 01 April 2016	**1.00**
Changes in equity share capital during the year	-
Balance as at 31 March 2017	**1.00**
Changes in equity share capital during the year	-
Balance as at 31 March 2018	**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	University Corpus Fund	Building and Equipment Fund	Retained Earnings	Remeasurements of net defined benefit plans			
Balance as at 01 April 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
Profit for the year	-	-	-	(705.47)	-	(705.47)	-	(705.47)
Other Comprehensive Income (net of income tax)	-	-	-	-	(1.11)	(1.11)	-	(1.11)
Total comprehensive income for the year	**-**	**-**	**-**	**(705.47)**	**(1.11)**	**(706.58)**	**-**	**(706.58)**
Contributions received during the year	-	1,500.00	600.00	-	-	2,100.00	-	2,100.00
Balance as at 31 March 2018	**1,166.00**	**1,500.00**	**6,610.00**	**(1,923.02)**	**12.70**	**7,365.68**	**-**	**7,365.68**

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 Board of Directors
Mahindra Educational Institutions

Vineet Nayyar Director
C.P. Gurnani Director
Milind Kulkarni Director

Hyderabad, May 24, 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 and amendments issued thereafter] and other relevant provisions of the Act.

The financial statements for the year ended 31 March 2018 were approved by the Board of Directors and authorised to issue on May 24, 2018.

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 in the year of purchase 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 buildings 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. 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.

2.16 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 statements.

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 1 inputs 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.

2.17 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to 31 March 2017

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from contracts with Customers'. The standard is effective from financial years commencing from 01 April 2018. Ind AS 115 (Revenue from Contracts with Customers) establishes a new criteria 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 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 is in the process of evaluating the impact of adoption of this new and amended standard.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

All amounts are Rupees in lakhs unless otherwise stated

6. Property, Plant and Equipment

	As at 31 March 2018	As at 31 March 2017
Buildings [Refer note 35]	**2,200.90**	492.94
Plant and Machinery [Refer note 35]	**771.98**	548.07
Computers	**164.19**	186.69
Office Equipment	**111.42**	84.02
Furniture and Fixtures	**238.97**	17.25
Library Books	**0.05**	39.67
	3,487.51	1,368.63

	Buildings	Plant and Machinery	Computers	Office Equipment	Furniture and Fixtures	Library Books
6.1 Cost or deemed Cost						
Balance as at 01 April 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**
Additions	1,889.25	453.88	104.65	58.10	317.87	4.61
Disposals/Adjustments	-	-	(0.52)	-	-	(0.01)
Balance as at 31 March 2018	**2,432.47**	**1,281.72**	**572.12**	**179.18**	**348.66**	**160.57**
6.2 Accumulated depreciation						
Balance as at 01 April 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**
Depreciation	181.29	229.98	127.15	30.69	96.15	44.23
Disposals / Adjustments	-	-	(0.52)	-	-	(0.01)
Balance as at 31 March 2018	**231.57**	**509.75**	**407.94**	**67.76**	**109.68**	**160.52**
6.3 Carrying Amount						
Balance as at 01 April 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**
Additions	1,889.25	453.88	104.65	58.10	317.87	4.61
Disposals	-	-	(0.52)	-	-	(0.01)
Depreciation	(181.29)	(229.98)	(127.15)	(30.69)	(96.15)	(44.23)
Depreciation Adjustment	-	-	0.52	-	-	0.01
Balance as at 31 March 2018	**2,200.90**	**771.98**	**164.19**	**111.42**	**238.97**	**0.05**

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2018	As at 31 March 2017
4	**Capital work-in-progress**		
	Capital work-in-progress	**650.20**	1,063.48
	Total	**650.20**	1,063.48
5	**Other intangible assets**		
	Software	**-**	-
	Total	**-**	-

		Software	Total
5.1	**Cost or Deemed Cost**		
	Balance as at 01 April 2016	**108.26**	108.26
	Additions	**68.09**	68.09
	Disposals/Adjustments	**-**	-
	Balance as at 31 March 2017	**176.35**	176.35
	Additions	**209.28**	209.28
	Disposals/Adjustments	**-**	-
	Balance as at 31 March 2018	**385.62**	385.62
5.2	**Accumulated depreciation**		
	Balance as at 01 April 2016	**108.26**	108.26
	Depreciation	**68.09**	68.09
	Disposals / Adjustments	**-**	-
	Balance as at 31 March 2017	**176.35**	176.35
	Depreciation	**209.28**	209.28
	Disposals / Adjustments	**-**	-
	Balance as at 31 March 2018	**385.62**	385.62
5.3	**Carrying Amount**		
	Balance as at 01 April 2016	**-**	-
	Additions	**68.09**	68.09
	Disposals	**-**	-
	Depreciation	**(68.09)**	(68.09)
	Balance as at 31 March 2017	**-**	-
	Additions	**209.28**	209.28
	Disposals	**-**	-
	Depreciation	**(209.28)**	(209.28)
	Balance as at 31 March 2018	**-**	-

6	**Other financial assets**		
	(unsecured, considered good)		
	Investments in term deposits	**130.00**	1,912.00
	(with remaining maturity of more than twelve months)		
	Security Deposits	**13.31**	13.15
	Total	**143.31**	1,925.15
7	**Non-Current Tax asset (net)**	**33.47**	8.44
	Tax Deducted at Source		
	Total	**33.47**	8.44

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2018	As at 31 March 2017
8	**Other non current assets**		
	Capital Advances	**23.69**	23.69
	Total	**23.69**	23.69
9	**Trade Receivables**		
	Unsecured, considered good	**72.34**	141.83
	Doubtful		-
		72.34	141.83
	Allowance for doubtfull debts	**-**	-
	Total	**72.34**	141.83
9.1	**Of the above, trade receivables from:**		
	Related parties [Refer note 32]	**-**	-
	Others	**72.34**	141.83
		72.34	141.83
9.2	**Classification of trade receivables**		
	Non-Current	**-**	-
	Current	**72.34**	141.83
	Total	**72.34**	141.83
10	**Cash and Cash Equivalents**		
	Balances with scheduled banks		
	In Savings accounts	**507.99**	3,495.23
	In Current accounts	**5.91**	32.80
	Total	**513.90**	3,528.03
11	**Other bank balances**		
	Balances with scheduled banks		
	In Deposit accounts	**5,061.00**	-
	Total	**5,061.00**	-
12	**Other financial assets**		
	(unsecured, considered good)		
	Interest Receviable on deposits	**294.03**	36.23
	Total	**294.03**	36.23
13	**Other current assets**		
	(unsecured, considered good)		
	Loans and Advances to Employees	**1.88**	1.13
	Prepaid expenses	**55.12**	7.90
	Others	**17.92**	5.35
	Total	**74.92**	14.38

All amounts are Rupees in lakhs unless otherwise stated

14 Equity Share capital

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorised Share Capital				
Equity share capital of ₹ 10 each	**10,000**	**1.00**	10,000	1.00
Issued, Subscribed and Fully Paid up				
Equity share capital of ₹ 10 each	**10,000**	**1.00**	10,000	1.00

14.1 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 2018		As at 31 March 2017	
	Number of Shares	**Amount**	Number of Shares	Amount
Equity share capital of ₹ 10 each				
Balance as at beginning of the period	**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

14.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	**Amount**	Number of Shares	Amount
Equity shares of ₹ 10 each fully paid held by				
Tech Mahindra Limited*	**10,000**	**1.00**	10,000	1.00

* 200 equity shares are held by jointly with the directors.

14.3 Details of shares held by each shareholders holding more than 5% shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	**% of Holding**	Number of Shares	Amount
Equity shares of ₹ 10 each fully paid held by				
Tech Mahindra Limited*	**10,000**	**100%**	10,000	100%

* 200 equity shares are held by jointly with the directors

14.4 Rights, preferences and restrictions attached to equity shares

The equity shares of the Company having par value of ₹ 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 2018	As at 31 March 2017
15	**Other equity**		
	Corpus Fund	**1,166.00**	1,166.00
	University Fund	**1,500.00**	-
	Building and Equipment Fund [Refer note 35]	**6,610.00**	6,010.00
	Retained Earnings	**(1,923.02)**	(1,217.55)
	Items of Other Comprehensive Income		
	Remeasurement of defined benefit plans	**12.70**	13.81
	Total	**7,365.68**	5,972.26
15.1	**Corpus Fund**		
	Opening balance	**1,166.00**	1,166.00
	Contributions received during the year	**-**	-
	Closing balance	**1,166.00**	1,166.00
15.2	**University Fund**		
	Opening balance	**-**	-
	Contributions received during the year	**1,500.00**	-
	Closing balance	**1,500.00**	-
15.3	**Building and Equipment Fund (Refer note 35)**		
	Opening balance	**6,010.00**	1,710.00
	Contributions received during the year	**600.00**	4,300.00
	Closing balance	**6,610.00**	6,010.00
15.4	**Retained Earnings**		
	Opening balance	**(1,217.55)**	(174.44)
	Surplus / (Deficit) for the year	**(705.47)**	(1,043.11)
	Closing balance	**(1,923.02)**	(1,217.55)
15.5	**Other Comprehensive Income accumulated in Other Equity, net of tax**		
	Remeasurement of defined benefit plans		
	Opening balance	**13.81**	6.59
	Surplus / (Deficit) for the year	**(1.11)**	7.22
	Closing balance	**12.70**	13.81

15.6 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.

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2018	As at 31 March 2017
16	**Other financial liabilities**		
	Caution Deposit from students	**150.94**	87.58
	Total	**150.94**	87.58
17	**Provisions (Non-Current)**		
	Provision for Employee Benefits [Refer note 33]		
	Compensated Absences	**16.48**	16.90
	Gratuity	**42.77**	28.91
	Total	**59.25**	45.81
18	**Trade Payables**		
	Acceptances	**-**	-
	Other than Acceptances	**1,322.15**	1,131.66
	Total	**1,322.15**	1,131.66

18.1 Trade payables include ₹ 986.83 Lakhs (31 March 2017: ₹ 365.45 Lakhs) due towards related party. [Refer note 30]

		As at 31 March 2018	As at 31 March 2017
19	**Other current liabilities**		
	Statutory payables	**80.71**	100.95
	Deferred revenue	**1,295.54**	-
	Fee recevied in advance	**17.48**	691.78
	Others	**51.98**	78.12
	Total	**1,445.71**	870.85
20	**Provisions (Current)**		
	Provision for Employee Benefits [Refer note 33]		
	Compensated Absences	**5.59**	0.70
	Gratuity	**4.05**	-
	Total	**9.64**	0.70

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2018	As at 31 March 2017
21	**Fee from Academic Courses**		
	Academic Fee	**3,523.28**	2,578.97
	Application Fee	**14.71**	31.64
	Hostel Fee	**1,202.58**	865.37
	Gymkhana Fee	**213.69**	159.19
	Total	**4,954.26**	3,635.17
22	**Other Income**		
	Interest on Bank Deposits	**301.14**	58.48
	Interest on savings account	**58.86**	158.32
	Interest Income from other financial assets (measured at amortised cost)	**21.90**	26.30
	Provisions no longer required written back	**60.20**	-
	Miscellaneous income	**2.62**	3.46
	Total	**444.72**	246.56
23	**Academic Expenses**		
	Student Scholarship	**196.00**	248.00
	Tution Fees	**2.87**	14.48
	Affiliation Fees	**279.98**	392.43
	Ecole Centrale Paris Charges	**50.07**	296.88
	Seminars and Conferences	**4.93**	6.19
	Laboratory expenses	**36.40**	16.31
	Research expenses	**-**	3.18
	Other expenses	**19.12**	10.78
	Total	**589.37**	988.25
24	**Employee Benefits Expense**		
	Salaries and wages	**1,302.89**	1,165.73
	Contribution to provident and other funds	**88.02**	77.15
	Gratuity	**22.09**	12.88
	Staff welfare	**4.01**	2.41
	Total	**1,417.00**	1,258.17
25	**Finance Costs**		
	Other Borrowing Costs		
	Interest on Caution Deposit	**8.95**	4.32
	Total	**8.95**	4.32
26	**Depreciation and Amortisation**		
	On Tangible assets	**709.49**	473.67
	On Intangible assets	**209.28**	68.09
	Total	**918.77**	541.75

All amounts are Rupees in lakhs unless otherwise stated

		As at 31 March 2018	As at 31 March 2017
27	**Other Expenses**		
	Rent	**1,470.60**	936.29
	Rates and taxes	**169.46**	0.38
	Power and fuel	**158.34**	140.21
	Printing and Stationery	**14.07**	10.93
	Books and Periodicals	**-**	1.11
	Travelling and Conveyance	**33.84**	63.72
	Communication	**36.09**	31.67
	Advertisement and Publicity	**27.78**	105.21
	Recruitment expenses	**6.07**	4.11
	Repair and Maintenance	**245.48**	165.01
	Debit balance written off	**29.00**	-
	Security Charges	**92.65**	53.72
	General Office Expenses	**190.69**	110.03
	Legal and Professional Charges [Refer note 27.1]	**87.44**	101.96
	Catering expenses	**601.00**	406.73
	Exchange loss	**1.58**	-
	Bank Charges	**0.52**	0.49
	Miscellaneous expenses	**4.55**	-
	Honarorium	**1.20**	0.78
	Total	**3,170.36**	2,132.35
27.1	**Auditors' Remuneration included under Legal and Professional Charges (excluding service tax)**		
	for Statutory Audit	**1.75**	1.75
	for Tax Audit	**1.00**	1.00
	for Other Matters		
	Total	**2.75**	2.75

		As at 31 March 2018	As at 31 March 2017
28	**Commitments and Contingencies**		
28.1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**4016.44**	521.23
28.2	Contingent Liabilities	**Nil**	Nil

29 Operating Leases

29.1 Rental expenses of ₹ 1,470.60 Lakhs [31 March 2017 : ₹ 936.29 Lakhs] has been charged to Statement of Income and Expenditure in respect of cancellable operating leases.

29.2 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.

All amounts are Rupees in lakhs unless otherwise stated

	Year Ended 31 March 2018	Year Ended 31 March 2017
Future Minimum Lease Payments		
Not later than one year	**1,466.53**	942.83
Later than one year and not later than five years	**6,198.00**	4,698.90
Later than five years		
Total	**7,664.53**	5,641.73
Lease payments recognised in the statement of income and expenditure	**1,470.60**	936.29

30 Related Party Transactions

30.1 Following is the list of related parties and their relationships

	Party Name	Relationship
1	Tech Mahindra Limited	Holding Company
2	Mahindra and Mahindra Limited	Enterprise having significant influence over holding company

30.2 Related party transactions for the year ended 31 March 2018 are as follows:

	Year Ended 31 March 2018	Year Ended 31 March 2017
Tech Mahindra Limited		
Donations Received	**2,100.00**	2,800.00
Expenses Reimbursed	**9.07**	43.18
Rent Paid	**1,472.38**	963.96
Professional fees	**65.84**	99.97
Reimbursement paid	**-**	4.20
Mahindra and Mahindra Limited		
Donations Received towards Building and Equipment Fund	**-**	1,500.00
Credit Balances at the end of the year		
Tech Mahindra Limited	**986.83**	365.45

31 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.

32 Earnings Per Equity Share

	Year Ended 31 March 2018	Year Ended 31 March 2017
Net surplus / (deficit) after tax	**(705.47)**	(1,043.11)
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 ₹ - Par value of ₹ 10 per share		
Basic and Diluted* [in ₹ per share]	**(7,054.74)**	(10,431.11)

* The Company has no dilutive instruments.

All amounts are Rupees in lakhs unless otherwise stated

33 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

	Details	**31-Mar-18**	31-Mar-17
1	Discount Rate(s)	**8%**	8%
2	Expected Rate(s) of salary increase	**4%**	4%
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 :

	Details	**Year ended 31 March 2018**	Year ended 31 March 2017
A	**Amounts Recongnised in Statement of Income and Expenditure**		
1	Current Service Cost	**17.04**	10.70
2	Interest Cost	**2.31**	1.86
3	Settlement cost / (credit)	**-**	-
4	**Cost recognised in statement of income and expenditure**	**19.35**	12.56
B	**Amounts Recongnised in Other Comprehensive Income (OCI)**		
1	Actuarial (gain)loss due to DBO experience	**(1.45)**	(6.90)
2	Actuarial (gain)loss due to DBO assumption changes	**-**	-
3	Actuarial (gain)loss arising during the period	**(1.45)**	(6.90)
4	Return on plan assets (Greater)/Less than discount rate	**-**	-
5	Actuarial (gains)/losses recognised in OCI	**(1.45)**	(6.90)
6	Adjustment for limit on net asset	**-**	-
7	Cumulative Actuarial (Gain)/ Loss Recogni zed via OCI at prior year end	**-**	-
7	**Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End**	**(1.45)**	(6.90)

All amounts are Rupees in lakhs unless otherwise stated

	Details	Year ended 31 March 2018	Year ended 31 March 2017
C	**Defined benefit cost**		
1	Service Cost	**17.04**	10.70
2	Net interest on net defined benefit liability / (asset)	**2.31**	1.86
3	Actuarial (gains)/losses recognised in OCI	**(1.45)**	(6.90)
4	Immediate recognition or (gains)/losses - other long term employee benefit plans	**-**	-
5	**Defined Benefit Cost**	**17.90**	5.66

III Changes in benefit obligation and assets

	Details	As at 31 March 2018	As at 31 March 2017
A.	**Changes in defined benefit obligation:**		
1	Defined benefit obligation(DBO) at the end of prior period	**28.91**	23.25
2	Current service cost	**17.04**	10.70
3	Interest cost	**2.31**	1.86
4	Curtailment (credit)/ cost	**-**	-
5	Settlement (credit)/ cost	**-**	-
6	Past service cost - plan amendments	**-**	-
7	Acquisitions (credit)/ cost	**-**	-
8	Actuarial (gain)/loss	**(1.45)**	(6.90)
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**	**46.81**	28.91
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**	**-**	-

33 Employee benefit plans cont…

IV Additional Disclosures

		31 March 2018	31 March 2017
A.	**Expected benefit payments for the years ending**		
	2018	**4.05**	69.68
	2019	**2.08**	97.52
	2020	**2.78**	128.11
	2021	**3.12**	157.46
	2022	**3.35**	174.52
B.	**Current and Non current breakup**		
	Current liability	**4.04**	-
	Non current liability	**42.77**	28.90
	Total Liability	**46.81**	28.90

All amounts are Rupees in lakhs unless otherwise stated

V Sensitivity Analysis

	Details	As at 31 March 2018	As at 31 March 2017
A	**Discount rate**		
	Discount rate as at year end	**8%**	8%
	Effect on DBO due to 1% increase in discount rate	**42.37**	25.59
	Effect on DBO due to 1% decrease in discount rate	**52.10**	32.98
B	**Salary escalation rate**		
	Salary escalation rate as at year end	**4%**	4%
	Effect on DBO due to 1% increase in salary escalation rate	**52.53**	29.93
	Effect on DBO due to 1% decrease in salary escalation rate	**41.96**	23.29
C	**Attrition rate**		
	Salary escalation rate as at year end	**4%**	4%
	Effect on DBO due to 1% increase in attrition rate	**48.06**	25.59
	Effect on DBO due to 1% decrease in attrition rate	**45.26**	32.98

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.

34 Financial Instruments

34.1 Accounting classification and fair values

The carrying amounts and fair values of financial instruments by class are as follows:

	As at 31 March 2018	As at 31 March 2017
Financial Assets		
Financial assets measured at fair value	**-**	-
Financial assets measured at amortised cost	**437.34**	1,961.38
Financial Liabilities		
Financial liabilities measured at fair value	**-**	-
Financial liabilities measured at amortised cost	**150.94**	87.58

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.

All amounts are Rupees in lakhs unless otherwise stated

34.2 Fair value hierarchy

The fair value of financial instruments as referred to in note 34.1 above have been classified into three categories depending on the inputs used in the valuation technique. The hirarchy gives the hightest priority to quoted prices 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.

34.3 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.

35. The Company has received ₹.6610.00 Lakhs as contributions towards development of building and equipment till year ended 31 March 2018. The Company has utilised ₹ 3714.20 Lakhs as on 31 March 2018 out of the funds received for the construction of buildings and purchase of equipments.

36. 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:

		Year ended 31 March 2018	Year ended 31 March 2017
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.	**-**	-

37. Provision for current tax and deffered tax has not been made since the income of Company is exempted U/s 11 and 12 of the Income Tax Act, 1961. Tax assessment upto AY 14-15 are complete granting exemption to the income of the Company.

In terms of our report attached
for **M. Bhaskara Rao & Co.,**
Chartered Accountants

M.V. Ramana Murthy
Partner

for and on behalf of Board of Directors
Mahindra Educational Institutions

Vineet Nayyar — Director
C.P. Gurnani — Director
Milind Kulkarni — Director

Hyderabad, May 24, 2018

PF HOLDINGS B.V.

Board of Directors
Mr. Vikram Nair
Mr. Tanveer Hussain
Mr. Sandeep Phadke
Mr. Rajan Wadhera
Mr. Anish Shah

Registered Office
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 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, 2018, 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 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 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 the effectiveness of the Company's internal financial control. 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, 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, 2018

					Amount in Euro
Balance Sheet			**Note No.**	**31-Mar-18**	**31-Mar-17**
ASSETS					
Non-Current Assets					
(a)	Financial Assets				
	(i)	Investments	3	**61,366,282**	41,154,604
(b)	Other Non-Current Assets		4	**11,464,633**	13,008,762
Total Non-Current Assets				**72,830,914**	**54,163,366**
Current Assets					
(a)	Financial Assets				
	(i)	Cash and Cash Equivalents	5	**235,248**	458,295
	(ii)	Loans	6	**-**	16,000,000
	(iii)	Other Financial Assets	7	**-**	34,000
(b)	Other Current Assets		8	**1,544,130**	1,574,130
Total Current Assets				**1,779,378**	**18,066,425**
Total Assets				**74,610,292**	**72,229,791**
EQUITY AND LIABILITIES					
Equity					
(a)	Equity Share Capital		9	**61,730,024**	57,730,024
(b)	Other Equity		10	**(140,860)**	(106,380)
Total Equity				**61,589,165**	**57,623,644**
Liabilities					
Non-current liabilities					
Other Non-Current Liabilities			11	**11,464,633**	13,008,762
Total Non-Current Liabilities				**11,464,633**	**13,008,762**
Current liabilities					
(a)	Financial Liabilities				
	(i)	Trade Payables	12	**12,365**	51,228
	(ii)	Other Financial Liabilities	13	**-**	2,027
(b)	Other Current Liabilities		14	**1,544,130**	1,544,130
Total Current Liabilities				**1,556,494**	**1,597,385**
Total Equity and Liabilities				**74,610,292**	**72,229,791**
See accompanying notes forming part of the financial statements			1 to 21		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For PF Holdings B.V.

Nilesh Lahoti
Partner

Director

Director

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31,2018

	Statement of Profit and Loss	Note No.	31-Mar-18	For the period from April 29, 2016 to March 31, 2017
I	Revenue from Operations			-
II	Other Income	15	**1,554,981**	1,371,499
III	**Total Revenue (I +II)**		**1,554,981**	1,371,499
IV	**EXPENSES**			
	Finance Cost	16	**2,748**	88,329
	Other Expenses	17	**1,586,712**	1,389,550
	Total Expenses		**1,589,461**	**1,477,879**
V	**Profit before Tax (III-IV)**		**(34,480)**	(106,380)
VI	**Tax Expense**			
	Current Tax		**-**	-
	Deferred Tax		**-**	-
	Total Tax Expense		**-**	**-**
VII	**Profit after tax (V-VI)**		**(34,480)**	**(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)**		**(34,480)**	**(106,380)**
	Earnings per Equity Share (Face Value Euro 1) in Euro	19		
	Basic		**-0.001**	-0.003
	Diluted		**-0.001**	-0.003
	See accompanying notes forming part of the financial statements	1 to 21		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For PF Holdings B.V.

Nilesh Lahoti
Partner

Director

Director

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	Balance as of March 31, 2017
-	57,730,024	57,730,024

Balance as of April 1, 2017	Changes in equity share capital during the year	Balance as of March 31, 2018
57,730,024	-	57,730,024

B. Other Equity -Reserves and Surplus - Retained Earnings

Amount in Euro

Particulars	Balance as at March 31, 2018	Balance as at March 31, 2017
Balance as at the beginning of reporting period	(106,380)	-
Loss for the Year/Period	(34,480)	(106,380)
Other Comprehensive Income (net)	-	-
Total Comprehensive income	**(140,860)**	**(106,380)**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner

For PF Holdings B.V.

Director

Director

STATEMENTS OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2018

			Amount in Euro
	Cash Flow Statement	**For the year ended Mar 31, 2018**	For the period from April 29, 2016 to March 31, 2017
A	**Cash Flow from Operating Activities**		
	Net Profit Before Tax but after Exceptional item		(106,380)
	Less: Exceptional Item		
	Loss Before Tax	**(34,480)**	(106,380)
	Adjustements to reconcile profit before tax to net cash used in Operating activities:		
	Working capital changes		
	Other Current and Non Current assets	**30,000**	(30,000)
	Unbilled Revenue		
	Trade Receivables		
	Other Financial Assets	**34,000**	-
	Trade Payable	**(38,863)**	-
	Other current and non current liabilities	**-**	1,597,385
	Cash Flow from Operations	**(9,343)**	1,461,005
	Income Tax Refund / (Paid) (net)	**-**	-
	Net Cash Flow from Operating Activities (A)	**(9,343)**	1,461,005
B	**Cash Flow from Investing Activities**		
	Investment in Subsidiaries (Refer note 3)	**(20,211,678)**	(25,264,705)
	Loan given	**-**	(17,544,130)
	Loan received back	**16,000,000**	
	Interest received on Loan given		(34,000)
	Interest Paid	**(2,027)**	
	Net Cash (used in) Investing Activities (B)	**(4,213,705)**	(42,842,835)
C	**Cash Flow from Financing Activities**		
	Proceeds from Issue of Equity Shares (Refer note 9)	**4,000,000**	41,840,125
	Net Cash Flow from Financing Activities (C)	**4,000,000**	41,840,125
	Net Increase in Cash and Cash Equivalents (A+B+C)	**(223,048)**	458,295
	Opening Cash and Cash Equivalents	**458,295**	-
	Cash and Cash Equivalents (Refer note below)	**235,248**	458,295
	Note:		
	Cash and Cash Equivalents Comprises of	**As at March 31, 2018**	As at March 31, 2017
	Balances with Banks :		
	In Current Accounts	**235,248**	458,295
		235,248	458,295

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Lahoti
Partner

For PF Holdings B.V.

Director

Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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, 2018 were authorised for issue by the Board of Directors on July , 2018.

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		As at 31-Mar-18		Amount in Euro As at 31-Mar-17
Trade				
In Subsidiary- quoted				
41,342,165 Equity Shares of Euro 1 each fully paid-up of Pininferina SPA (Refer Note 18.b)	**45,476,383**		**25,264,705**	
Increase on account of financial Guarantee (Refer Note 9)	**15,889,899**	**61,366,282**	**15,889,899**	41,154,604
Total		**61,366,282**		41,154,604

Note 4 : Other Non-Current Assets

Particulars	As at 31-Mar-18	As at 31-Mar-17
(Unsecured, considered good unless otherwise stated)		
Other Loans and Advances		
Considered Good (Refer Note 18.b)	**11,464,633**	13,008,762
Total	**11,464,633**	13,008,762

Note 5 : Cash and Cash Equivalents

Particulars	As at 31-Mar-18	As at 31-Mar-17
Balances with banks		
In Current Account	**235,248**	458,295
Total	**235,248**	458,295

Note 6 : Loans : Current

Particulars	As at 31-Mar-18	As at 31-Mar-17
(Unsecured, considered good unless otherwise stated)		
Loans to related parties (Refer Note 18.b)	**-**	16,000,000
Total	**-**	16,000,000

Note 7 : Other Financial Assets : Current

Particulars	As at 31-Mar-18	As at 31-Mar-17
(Unsecured, considered good unless otherwise stated)		
Interest Receivable - Others (Refer Note 18.b)	**-**	34,000
Total	**-**	34,000

Note 8 : Other Current Assets

Particulars	**As at 31-Mar-18**	As at 31-Mar-17
(Unsecured, considered good unless otherwise stated)		
Others Loans and Advances		
Considered Good (Refer Note 18.b)	**1,544,130**	1,574,130
Considered Doubtful	**-**	-
Less: Allowance on other loans and advances	**-**	-
Total	**1,544,130**	1,574,130

Note 9 : Equity Share Capital

Particulars	**March 31, 2018**		March 31, 2017	
	Number	**Amount in Euro**	Number	Amount in Euro
Authorised				
Equity shares of Euro 1/- each with voting rights	**45,840,125**	**45,840,125**	41,840,125	41,840,125
Issued, Subscribed and Paid up				
Balance as at beginning of reporting year/period	**41,840,125**	**41,840,125**		
Shares Issued during the year	**4,000,000**	**4,000,000**	41,840,125	41,840,125
Increase on account of financial Guarantee (Refer Note i Below)	**-**	**15,889,899**	-	15,889,899
Adjusted : Issued, Subscribed Share Capital	**45,840,125**	**61,730,024**	41,840,125	57,730,024
Reconciliation of number of Equity Shares and amount outstanding				
Shares outstanding at the beginning of the year/period	**41,840,125**	**57,730,024**	-	-
Shares issued during the year/period	**4,000,000**	**4,000,000**	41,840,125	57,730,024
Total	**45,840,125**	**61,730,024**	41,840,125	57,730,024
Less : Shares issued to ESOP Trust but not allotted to employees	**-**	**-**	-	-
Adjusted : Issued, Subscribed Share Capital	**45,840,125**	**61,730,024**	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, 2018		As at March 31, 2017	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Tech Mahindra Limited	**27,504,075**	**60%**	25,104,075	60%
Mahindra & Mahindra Limited	**18,336,050**	**40%**	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

	As at March 31, 2018	As at March 31, 2017
- Retained Earnings		
Opening balance	**(106,380)**	-
Add : Profit for the year	**(34,480)**	(106,380)
Closing Balance	**(140,860)**	(106,380)

Note 11 : Other Non Current Liabilities

Particulars	**As at March 31, 2018**	As at March 31, 2017
Unearned Revenue (Refer Note 18.b)	**11,464,633**	13,008,762
Total	**11,464,633**	13,008,762

Note 12 : Trade Payables

Particulars	**As at March 31, 2018**	As at March 31, 2017
Trade Payables other than Accrued Salaries and Benefits	**12,365**	51,228
Total	**12,365**	51,228

Note 13: Other Financial Liabilities : Current

Particulars	**As at March 31, 2018**	As at March 31, 2017
- Interest payable on borrowings (Refer Note 18.b)	**-**	2,027
Total	**-**	2,027

Note 14 : Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
- Unearned Revenue (Refer Note 18.b)	**1,544,130**	1,544,130
Total	**1,544,130**	1,544,130

Note 15 : Other Income

Particulars	For the year ended March 31, 2018	For the period from April 29, 2016 to March 31, 2017
Interest Income		
- On Other financial assets carried at amortised cost	**352**	492
- On Inter Corporate Deposits (Refer Note 18.b)	**1,554,018**	1,371,007
Foreign Exchange gain/(loss) net	**611**	-
Total	**1,554,981**	1,371,499

Note 16 : Finance Cost

Particulars	For the year ended March 31, 2018	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)	**2,748**	53,808
Total	**2,748**	88,329

Note 17 : Other Expenses

Particulars	For the year ended March 31, 2018	For the period from April 29, 2016 to March 31, 2017
Rates and Taxes	**22,210**	14,220
Legal and Other Professional Costs	**17,728**	37,228
Miscellaneous Expenses (Refer Note 18.b)	**1,546,775**	1,338,102
Total	**1,586,712**	1,389,550

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 18 As required under Ind AS 24, Related Party Disclosures, following are the transactions during the year ended March 31, 2018 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	Pininfarina S.p.A.			
	Fellow Subsidiary Company	Tech Mahindra GmbH			
18.b	**Details of related party transactions during the year ended March 31, 2018 and balances outstanding as at March 31, 2018:**				
					Amount in Euro
	Particulars	**Holding Company**	**Fellow Subsidiary Company**	**Subsidiary Comapny**	**Total**
	Investments	-	-	20,211,678	20,211,678
		(-)	(-)	(41,154,604)	(41,154,604)
	Interest Income	-	-	1,554,018	1,554,018
		(-)	(-)	(1,371,007)	(1,371,007)
	Loan Received	-	4,000,000		4,000,000
		(4,755,387)	(-)	(-)	(4,755,387)
		-	4,000,000	-	4,000,000
	Loan Repayment	(-)	(-)	(-)	(-)
		(4,807,168)		(-)	(4,807,168)
		(-)	(-)	(-)	(-)
	Loan Given	-	-	-	-
		(-)	(-)	(16,000,000)	(16,000,000)
	Misc. Expenses	-	-	1,546,775	1,546,775
		(-)	(-)	(1,338,102)	(1,338,102)
	Interest Expenses	-	2,748	-	2,748
		(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			13,008,762	13,008,762
		(-)	(-)	(11,464,632)	(11,464,632)
	Loans Receivable	-	-	-	-
		(-)	(-)	(16,000,000)	(-)
	Investment		-	61,366,282	61,366,282
		(-)	(-)	(41,154,604)	(41,154,604)
	Advances Receivable		-	13,008,762	13,008,762
		(-)	(-)	(14,582,892)	(14,582,892)
	Previous years figures are in brackets				

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19 Earnings Per Share is calculated as follows:

Particulars	**For the year Year ended March 31, 2018**	For the period from April 29, 2016 to March 31, 2017
Profit after taxation	**(34,480)**	(106,380)
Equity Shares outstanding as at the end of the year (in nos.)	**45,840,125**	41,840,125
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**43,308,618**	38,515,841.10
Nominal Value per Equity Share (in EUR)	**1**	1
Earnings Per Share:		
Earnings Per Share (Basic) (in EUR)	**(0.001)**	(0.003)
Earnings Per Share (Diluted) (in EUR)	**(0.001)**	(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:

The carrying value and fair value of financial instruments by categories as of March 31, 2018 is as follows:

Particulars	**Amount in Euro**		
	Amortised cost	**Carrying value**	**Fair value**
Assets:			
Investment	61,366,282	61,366,282	61,366,282
Cash and cash equivalents	235,248	235,248	235,248
Loans	-	-	-
Other Financial Assets	-	-	-
	61,601,530	**61,601,530**	**61,601,530**
Liabilities:			
Trade and other payables	12,365	12,365	12,365
Other Financial Liabilities	-	-	-
	12,365	**12,365**	**12,365**

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 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Director Director

PININFARINA S.p.A.

Chairman*	Paolo Pininfarina
Chief Executive Officer	Silvio Pietro Angori
Directors	Manoj Bhat Romina Guglielmetti Chander Prakash Gurnani Jay Itzkowitz Licia Mattioli Sara Miglioli Antony Sheriff

Board of Statutory Auditors

Chairman	Nicola	Treves
Standing Statutory Auditors	Margherita Giovanni	Spaini Rayneri
Alternate Statutory Auditors	Maria Luisa Alberto	Fassero Bertagnolio Licio
Secretary to the Board of Directors and Manager in charge of financial reporting	Gianfranco	Albertini

Independent Auditors	KPMG S.p.A.

LETTER TO THE SHAREHOLDERS OF PININFARINA

Dear shareholders,

2017 was a record-breaking year for Pininfarina, evidence that the business is financially sustainable and continuously capable of offering services and solutions that set the benchmark for markets around the world.

Performance and financial indicators

All performance and financial indicators show dramatic improvements on 2016: revenue rose 27% to

€87.1 million, while the gross contribution margin jumped 730 bp to €7.5 million, coming to 8.6% of revenue.

For the first time in 14 years, the Pininfarina group’s consolidated financial statements show a profit for the year, which amounts to €1.3 million net of non-recurring financial transactions.

Equity attributable to the owners of the parent increased to €59 million from approximately €30 million at the previous year end. At the same time, the Group further reduced gross debt to €37.8 million from

€41.2 million at the previous year end. Lastly, cash and cash equivalents totalled approximately €40 million at the reporting date, generating a net financial position of €12 million, versus net financial debt of €17.7 million at 2016 year end.

Performance of the Pininfarina share and creation of value for shareholders

Financial markets rewarded the parent’s results. The capital increase on the market, which was completed in July 2017 as part of the agreements to transfer the controlling interest in the parent to the Mahindra Group, was fully subscribed, demonstrating the confidence that shareholders have in Pininfarina’s future. The share’s par value jumped 58% from €1.26 per share in December 2016 to €2.0 per share in December 2017 and, underscoring the parent’s sound results and intrinsic value, joined another 22 prestigious Italian brands in Borsa Italiana’s elite Italian Brands Index. This impressive distinction places Pininfarina on the perfect track to create additional value for shareholders.

The order backlog

The acquisition of large, long-term car engineering service contracts drove the growth in revenue and profits and, with terms of over 36 months, they enable the parent to focus on searching for and developing other equally important opportunities in 2018. At the same time, the parent has acquired significant design service projects in the automotive, industrial, civil architectural and nautical fields, as well as, more generally, transport. It has expanded its already large client portfolio with the arrival of many new clients on the world’s highest growth markets, like China, Germany, the United States and Vietnam.

Investments in technology and human resources and synergies with the Tech Mahindra Group

The parent’s unflagging efforts to streamline operations and continuously improve operating efficiency have helped cut operating expenses considerably. It has invested in new technologies like 3D printers and multi-axis core drills to verticalise operations and keep value added inside the Group. With the sharp spike in revenue, the parent has hired new professionals with skills to complement those of current employees, while making the most of the synergies with the Tech Mahindra Group by leveraging the competitive cost of Indian resources. The reorganisation of core business resources will continue, with the sale of assets that no longer serve the parent’s new mission, and the proceeds will be

used to acquire skills that help expand Pininfarina’s range of higher value added services in the automotive sector and beyond.

Focus on new markets for sustainability mobility and limited series cars. Brand development

The revolutionary change in the automotive industry, combined with the radical changes on markets as ownership economies shift to sharing economies, is opening doors to mind-boggling opportunities for Pininfarina. The parent is already a leader as sustainable mobility, electric, hybrid and self-driving cars and IoT applications in the automotive industry come to the forefront. Consumers’ need for distinction, uniqueness and customised products generates endless opportunities for Pininfarina in the design and construction of one-of-a-kind or limited series cars. This trend is not limited to the car industry, in which the parent has built a solid reputation, but also encompasses the durable goods and lifestyle markets, where the Pininfarina brand’s unique prestige stands to create unparalleled value. It is on this basis that the parent plans to develop its brand, expanding in similar sectors in addition to that it has historically served.

2018 and new opportunities

The parent expects to perform well again in 2018, with sustainable, profitable growth positioning Pininfarina among one of the highest-value names in its sector. Early indications that revenue will grow came from the excitement sparked at the most recent International Geneva Motor Show with the unveiling of the production version of the H2 Speed, Pininfarina’s high-performance electric-hydrogen racing car, and the HK GT concept, a hybrid Gran Turismo developed for Hybrid Kinetic.

Pininfarina's people

Last but certainly not least, we would like to thank the men and women of Pininfarina who never, even in our difficult years, lost faith in the parent's future, who have helped build this business with determination, perseverance and the right dose of light-heartedness. Our outstanding results for 2017 come in the wake of relentless work by the many people who make up our parent's human capital. We also wish to thank all our stakeholders for the trust they have placed in us, and foremost our shareholders, who have spurred the parent's profitable growth with their ongoing support and encouragement. We firmly believe that so much more is yet to be created through innovation, purity and elegance, the hallmarks of Pininfarina. As always, our dedication will be wholehearted and steadfast.

22 March 2018

Silvio Pietro Angori	Paolo Pininfarina
Chief Executive Officer	Chairman

DIRECTORS' REPORT

General considerations

The Group

The Group recognised revenue of €87.1 million for 2017, an improvement of 26.4% on the previous year seen across all its business segments but principally in the Italian engineering services segment.

The gross operating profit increased to €7.5 million from €0.9 million in 2016 thanks to the contribution of all the group companies, and especially the parent, Pininfarina S.p.A..

The Group's operating profit was €4.2 million compared to an operating loss of €2.9 million for 2016. Once again, this improvement was achieved thanks to the increased business volumes of all the segments and/or better operating profits achieved in 2017.

The Group's net financial expense for the year amounted to €2.1 million compared to net financial income of €23.4 million for 2016. On 30 May 2016, the current Rescheduling Agreement signed with the lending institutions came into force, which allowed the parent to recognise a gain of approximately €26.5 million on the extinguishment of financial liabilities.

The Group recognised income tax expense of €0.8 million compared to a benefit of €10 thousand for 2016.

As a result of the above, the Group recorded a profit for the year of €1.3 million compared to a profit of €20.5 million for the previous year (which was heavily influenced by the effects of the above- mentioned debt Rescheduling Agreement).

The Group's equity rose from €30.5 million at 31 December 2016 to €58.8 million at the reporting date (+92.7%), principally due to the parent's capital increase completed on 11 July 2017 (€26.6 million).

The Group's net financial position came to €12 million, compared to net financial debt of €17.7 million at 31 December 2016. The €29.7 million improvement is the result of the extinguishment of the loan of €16 million due to the ultimate parent, PF Holdings B.V. (Mahindra Group), which used that amount to partially pay its subscribed portion of the new shares issued for Pininfarina S.p.A.'s share capital increase, the proceeds of roughly €10.6 million from the subscription of newly-issued shares and changes in working capital of €3.1 million.

The workforce numbered 610 at the reporting date (31 December 2016: 578, +5%).

Pininfarina S.p.A.

The key events of the year for the parent related to completion of the offering of 24,120,480 newly- issued shares, arising from the capital increase against consideration carried out in instalments approved by the shareholders on 21 November 2016. On 9 June 2017, Consob approved the publication of the Prospectus for the capital increase. The offering was then launched on 12 June 2017. The parent announced the conclusion of the capital increase procedure on 11 July 2017. It was 99.99% subscribed, for an overall amount (including the share premium) of €26,532,523.60. The parent's majority shareholder, PF Holdings B.V., subscribed €20,211,677.20. Its portion of the 54,287,128 shares making up the parent's new share capital (filed with the Turin Company Registrar on 17 July 2017) is 76.15%.

VAT dispute

On 14 March 2018, the Supreme Court of Cassation informed the parent of the hearing scheduled for 10 May 2018 in the case relating to the Turin regional tax court's ruling of 17 February 2010 which admitted Pininfarina S.p.A.'s appeal, cancelling the notices of VAT assessment issued by the tax authorities for 2002 and 2003. Pininfarina still expects the dispute to end in its favour, as it remains confident about the grounds of its arguments.

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
2017	324	83	114	89	610
2016	318	75	98	87	578

The figures of the operations segment do not include 49 employees who were transferred to a third party on 1 April 2011 by virtue of a business lease agreement that has been renewed until 31 December 2022.

Geographical segment

	Italy	Germany	China	USA	TOTAL
2017	333	233	34	10	610
2016	305	238	23	12	578

Research

Research projects undertaken in 2017 related to the Horizon 2020 programme. The two ongoing projects are on schedule and the planned methods are being followed to complete the virtual tests of the innovative materials (high performance alloys). They will be used for future industrial applications (the related tests will be completed in the second half of 2018) and research to integrate new rapid prototyping technologies in the production process with full functionalities and quality of design (to be completed by the end of 2019). Research expenditure amounted to €0.1 million in 2017 and was fully expensed.

Pininfarina S.p.A.

During the year, the parent did not use any ordinary government-sponsored lay-off schemes.

In 2017, 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.

However, an employee of Italdesign died on 7 April 2017 inside the parent's wind tunnel in Grugliasco.

The parent has not received any notifications from the competent authorities although two of its proxies have been charged.

During the year, the parent did not reach any settlements regarding remuneration issues with employees or former employees and 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 2018 amount to roughly €850,000.

Further to the sale agreement (31 December 2009) for the Grugliasco facility to Sviluppo Investimenti Territorio S.r.l. (SIT), an environmental audit was carried out in 2011 on the site where the facility stands. It 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.

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".

An appeal is pending before the Italian council of state. The date of the hearing has not yet been set.

SIT and the Grugliasco municipality are involved in a dispute before the Piedmont regional administrative court about the above-mentioned site owned by SIT (and by Pininfarina up to December 2009). The municipality alleged that SIT had left waste on its site.

The application for an interim order presented by SIT claimed that Pininfarina S.p.A. was partly liable.

The parent appeared before the court. The regional administrative 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 had been correctly addressed to the current owner SIT.

The parent is actively involved in handling its part of the environmental issue and contacted the Grugliasco municipality in January 2018 to discuss how to proceed.

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 2017, finding it compliant. The parent took the necessary measures to ensure its system's compliance with the new UNI EN ISO 14001:2015 standard and the recertification audit by the notified body which will take place in 2018.

2017 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 bears the costs of the support and property management functions of the parent, Pininfarina S.p.A.. It recognised revenue of €10.2 million (€11.4 million in 2016; -10.5%), accounting for 11.7% of consolidated revenue (16.6% in 2016). The decrease is mainly due to the renewal of the business lease at a lower annual fee of €1.8 million starting from 1 January 2017 compared to the previous terms. The segment's operating loss was €5.2 million compared to an operating loss of €4 million for 2016.

Services

This segment, comprising the design, industrial design and engineering businesses, recognised revenue of €76.9 million (€57.4 million in 2016; +34%). The considerable increase is mostly due to the greater volume of engineering and design activities performed in Italy. The segment contributed 88.3% to the Group's revenue (83.4% in 2016). The segment operating profit amounted to €9.4 million, a considerable improvement on the €1.2 million operating profit for 2016.

The main activities carried out in Italy by the services segment in 2017 were:

Design

Design services were principally provided to European and Chinese customers. At the 2017 Geneva international motor show, the parent unveiled two new concept cars: the Fittipaldi EF7 Vision grand tourer (an extremely high-performance track car) and the luxury sedan hybrid H6000 (developed for Hybrid Kinetic Group). Together with the five and seven-seater SUV (H550 and H750), the H600 was also presented at the Shanghai international motor show.

Industrial design

In line with the past, the Group provided industrial design services to a plethora of customers and sectors. In addition to the industrial industry, the activities in this segment were directed at the architecture, exterior and interior furnishings, electrical bikes, writing systems and other sectors. Accolades received include the "Via della Seta" award as part of the China Awards 2017 organised by the Italy China Foundation, the "Oasis Ambiente 2017" award for environmental sustainability, the Red Dot Design Award 2017 for the Forever Pininfarina AERO, the Design Award 2017 for the E- voluzione electrical bike and the Good Design Award for the Snaidero Aria by Pininfarina kitchen.

Engineering

During the year, major new projects were commenced with Chinese and Iranian customers while services continued to be provided to the Group's long-standing European customers. Wind tunnel services recorded an outstanding performance for the fourth consecutive year, not only in terms of activities and profitability but also thanks to the continued diversified top-notch 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 net financial position (debt), with separate classification of current and non-current items, are set out on page herein.

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 herein.

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	31.12.2017	31.12.2016	Variation
Revenue	53.5	36.8	16.7
Operating profit (loss)	2.2	(2.3)	4.5
Profit for the year	0.6	23.3	(22.7)
Net financial position (debt)	7.5	(22.7)	30.2
Equity	59.8	32.0	27.8
Number of employees at the reporting date	303	278	25

Pininfarina Extra Group

€'million	31.12.2017	31.12.2016	Variation
Revenue	8.4	7.8	0.6
Operating profit	1.9	1.0	0.9
Profit for the year	1.5	0.9	0.6
Net financial position	3.8	3.4	0.4
Equity	7.2	6.4	0.8
Number of employees at the reporting date	40	39	1

Pininfarina Deutschland Group

€'million	31.12.2017	31.12.2016	Variation
Revenue	21.8	22.5	(0.7)
Operating loss	(0.5)	(2.0)	1.5
Loss for the year	(0.5)	(2.0)	1.5
Net financial position (debt)	(0.1)	0.7	(0.8)
Equity	18.1	18.6	(0.5)
Number of employees at the reporting date	233	238	(7)

Pininfarina Automotive Engineering Shanghai Co Ltd

€'million	31.12.2017	31.12.2016	Variation
Revenue	4.3	2.9	1.4
Operating profit	0.6	0.3	0.3
Profit for the year	0.4	0.3	0.1
Net financial position	0.8	1.0	(0.2)
Equity	1.0	0.7	0.3
Number of employees at the reporting date	34	23	10

Other information

None of the group companies has approved the distribution of dividends to Pininfarina S.p.A. after the reporting date.

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 2017 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.

Consolidated non-financial statement

Pursuant to the obligation introduced by Legislative decree no. 254/2016 about the presentation of a consolidated non-financial statement, this statement 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.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE PININFARINA GROUP

Financial performance

Net revenue increased by €16.9 million to €79.6 million from €62.7 million in 2016. The change in finished goods and work in progress became a positive €50 million (negative €4.0 million in the previous year). Other revenue and income decreased to €7.4 million from €10.2 million in the previous year and mainly comprise the business lease income and royalties earned by the parent.

2017 consolidated revenue increased by 26.4% to €87.1 million from €68.9 million in 2016. The increase is mainly due to the engineering activities performed in Italy. A breakdown of revenue by business segment is given on page herein. Net gains on the sale of non-current assets totalled €136.8 thousand compared to €14.5 thousand in 2016 (they referred to sales by the parent of two property units and two company cars in 2017 and the sale of machinery in 2016).

Operating expense, including changes in inventories, came to €35.2 million (€24.8 million in 2016; +41.9%).

Value added rose by €8 million to €52.1 million from €44.1 million in the previous year. Labour cost amounted to €44.6 million (€43.2 million in 2016).

The gross operating profit of €7.5 million improved on the €0.9 million gross operating profit for 2016, mainly due to the larger contribution of all the group companies and especially the parent.

Amortisation and depreciation amounted to €3.0 million with a decrease of €0.1 million (€3.1 million for 2016). Additions to/utilisation of provisions and impairment losses came to a negative €0.2 million (compared to a negative €0.6 million for 2016). Specifically, additions (net of utilisations) were €0.2 million (€0.6 million for 2016) while no releases of provisions for risks and charges were recognised (€3 thousand for 2016).

As a result, the operating profit was €4.2 million (operating loss of €2.9 million in 2016).

Net financial expense decreased to €2.1 million from €3.1 million in the previous year, mainly due to the reduction in the parent's financial expense. The income tax expense amounted to €821 thousand against a benefit of €10 thousand for 2016.

The profit for 2017 came to €1.3 million compared to €20.5 million for 2016, which included the gain on the extinguishment of financial liabilities of €26.5 million as part of the parent's Rescheduling Agreement.

RECLASSIFIED INCOME STATEMENT

(€'000)

	2017	**%**	2016	%	Variation
Revenue from sales and services	**79,642**	**91.44**	62,660	90.98	16,982
Change in inventories and contract work in progress	**50**	**0.06**	(4,018)	(5.82)	4,068
Other revenue and income	**7,410**	**8.50**	10,227	14.85	(2,817)
Revenue	**87,102**	**100.00**	68,869	100.00	18,233
Net gains on the sale of non-current assets	**137**	**0.16**	14	0.02	123
Materials and services (*)	**(35,245)**	**(40.46)**	(24,840)	(36.07)	(10,405)
Change in raw materials	**85**	**0.10**	54	0.08	31
Value added	**52,079**	**59.80**	44,097	64.03	7,982
Labour cost (**)	**(44,596)**	**(51.20)**	(43,231)	(62.77)	(1,365)
Gross operating profit	**7,483**	**8.60**	866	1.26	6,617
Amortisation and depreciation	**(3,023)**	**(3.47)**	(3,143)	(4.56)	120
(Additions to)/utilisation of provisions and impairment losses	**(232)**	**(0.27)**	(601)	(0.87)	369
Operating profit (loss)	**4,228**	**4.86**	(2,878)	(4.17)	7,106
Net financial expense	**(2,107)**	**(2.42)**	(3,074)	(4.46)	967
Gain on the extinguishment of financial liabilities	**-**	**-**	26,459	38	(26,459)
Share of profit (loss) of equity-accounted investees	**12**	**0.01**	14	0.02	(2)
Profit before taxes	**2,133**	**2.45**	20,521	29.81	(18,388)
Income taxes	**(821)**	**(0.94)**	10	0.01	(831)
Profit for the year	**1,312**	**1.51**	20,531	29.82	(19,219)

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€62 thousand and €1 thousand for 2016 and 2017, respectively

(**) **Labour cost** is net of utilisations of the restructuring provision (€701 thousand and €9 thousand for 2016 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 2017 decreased by €1.3 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 €51.6 million (down by €0.7 million on 31 December 2016), comprising a decrease of €0.1 million in intangible assets and a reduction of €0.6 million in property, plant and equipment and equity investments;

working capital decreased by €0.7 million to €58 thousand from €0.8 million at 31 December 2016;

post-employment benefits decreased to €4.8 million from €4.9 million at the previous year end, following the amounts paid to employees who left the Group.

Capital requirements were funded by:

- equity of €58.8 million, which rose by €28.3 million from €30.5 million at 31 December 2016. The increase is mainly attributable to the parent's capital increase;
- net financial position of €12 million, which shows a strong improvement on the net financial debt of €17.7 million at 31 December 2016 mostly achieved as a result of the parent's capital increase.

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 2017 are reconciled with the Group's figures below.

	Profit for the year		**Equity**	
	2017	2016	**31.12.2017**	31.12.2016
Pininfarina S.p.A.'s separate financial statements	**608,558**	23,267,243	**59,795,432**	32,006,165
- Subsidiaries' contribution	**1,409,179**	(819,142)	**4,700,894**	4,149,250
- 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	**(717,800)**	(1,931,200)	**-**	-
- Share of profit of equity-accounted investees	**11,772**	14,307	**11,772**	14,307
Consolidated financial statements	**1,311,709**	20,531,208	**58,802,542**	30,464,166

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€'000)

Net non-current assets (A)	**31.12.2017**	31.12.2016	Variation
Net intangible assets	**1,672**	1,809	(137)
Net property, plant and equipment and investment property	**49,557**	50,111	(554)
Equity investments	**349**	337	12
Total A	**51,578**	52,257	(679)
Working capital (B)			
Inventories	**1,876**	1,749	127
Net trade receivables and other assets	**31,439**	18,376	13,063
Assets held for sale	**252**	-	252
Deferred tax assets	**881**	1,002	(121)
Trade payables	**(26,784)**	(12,925)	(13,859)
Provisions for risks and charges	**(596)**	(421)	(175)
Other liabilities (*)	**(7,010)**	(6,981)	(29)
Total B	**58**	800	(742)
Net invested capital (C=A+B)	**51,636**	53,057	(1,421)
Post-employment benefits (D)	**4,789**	4,927	(138)
Net capital requirements (E=C-D)	**46,847**	48,130	(1,283)
Equity (F)	**58,803**	30,464	28,339
Net financial (position) debt (G)			
Non-current loans and borrowings	**24,275**	25,997	(1,722)
Net current financial position	**(36,231)**	(8,331)	(27,900)
Total G	**(11,956)**	17,666	(29,622)
Total as in E (H=F+G)	**46,847**	48,130	(1,283)

(*) Other liabilities include the following items: deferred tax liabilities, other financial liabilities, current tax liabilities and other liabilities.

NET FINANCIAL POSITION

(€'000)

	31.12.2017	31.12.2016	Variation
Cash and cash equivalents	**39,785**	27,783	12,002
Current finance lease liabilities	**-**	-	-
Loans and borrowings - related parties and joint ventures	**-**	(16,024)	16,024
Current portion of bank loans and borrowings	**(3,554)**	(3,428)	(126)
Net current financial position	**36,231**	8,331	27,900
Non-current loans and receivables - third parties	**-**	-	-
Non-current loans and receivables - related parties	**100**	134	(34)
Non-current finance lease liabilities	**-**	-	-
Non-current bank loans and borrowings	**(24,375)**	(26,131)	1,756
Non-current loans and borrowings	**(24,275)**	(25,997)	1,722
NET FINANCIAL POSITION (DEBT)	**11,956**	(17,666)	29,622

NET FINANCIAL POSITION (CONSOB)

(CESR RECOMMENDATIONS NO. 05-04B – EU REGULATION NO. 809/2004)

(€'000)

	31.12.2017	31.12.2016	Variation
Cash	**(39,785)**	(27,783)	(12,002)
Other cash equivalents	**-**	-	-
Securities held for trading	**-**	-	-
Total cash and cash equivalents (A.)+(B.)+(C.)	**(39,785)**	**(27,783)**	**(12,002)**
Current loan assets	**-**	-	-
Current bank loans and borrowings	**-**	-	-
Current portion of secured bank loans	**60**	60	-
Current portion of unsecured bank loans	**3,494**	3,368	126
Current portion of non-current debt	**3,554**	3,428	126
Other current loans and borrowings	**-**	16,024	(16,024)
Current financial debt (F.)+(G.)+(H.)	**3,554**	19,452	(15,898)
Net current financial position	**(36,231)**	(8,331)	(27,900)
Non-current portion of secured bank loans	**150**	210	(60)
Non-current portion of unsecured bank loans	**24,225**	25,921	(1,696)
Non-current bank loans and borrow ings	**24,375**	26,131	(1,756)
Bonds issued	**-**	-	-
Other non-current loans and borrowings	**-**	-	-
Net non-current financial debt (K.)+(L.)+(M.)	**24,375**	26,131	(1,756)
Net financial (position) debt (J+N)	**(11,856)**	17,800	(29,656)

The "Net financial position" set out above is presented in accordance with the format recommended by 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 position" 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 position" 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 2016: €134 thousand
- At 31 December 2017: €100 thousand

OUTLOOK

Consolidated revenue, operating profit and net financial position are all expected to improve in 2018.

Chief Executive Officer (Silvio Pietro Angori)	Chairman of the Board of Directors (Paolo Pininfarina)

PININFARINA S.p.A.

STATEMENT OF FINANCIAL POSITION

	Note	**31.12.2017**	31.12.2016
Land and buildings	1	**34,629,271**	35,965,549
Land		**7,655,314**	7,655,314
Buildings		**26,973,957**	28,310,235
Leased property		**-**	-
Plant and machinery	1	**4,806,912**	3,739,856
Machinery		**1,425,392**	391,600
Plant		**3,381,520**	3,348,256
Leased machinery and equipment		**-**	-
Furniture, fixtures and other assets	1	**2,120,014**	2,289,483
Furniture and fixtures		**886,083**	941,196
Hardware and software		**700,913**	785,390
Other assets, including vehicles		**533,018**	562,897
Assets under construction	1	**248,803**	-
Property, plant and equipment		**41,805,000**	41,994,888
Investment property	2	**7,751,920**	8,116,293
Goodwill	3	**1,043,495**	1,043,495
Licences and trademarks	3	**554,097**	675,921
Other	3	**74,653**	89,438
Intangible assets		**1,672,245**	1,808,854
Associates Joint ventures	4	**96,694**	84,922
Other companies	5	**- 252,017**	- 252,017
Equity investments		**348,711**	336,939
Deferred tax assets	17	**880,553**	1,001,766
Held-to-maturity investments Loans and receivables	6	**- 100,470**	- 133,997
Third parties		**-**	-
Related parties		**100,470**	133,997
Available-for-sale financial assets		**-**	-
Non-current financial assets		**100,470**	133,997
TOTAL NON-CURRENT ASSETS		**52,558,899**	53,392,737
Raw materials		**200,895**	116,011
Work in progress		**-**	-
Finished goods		**191,854**	214,377
Inventories	7	**392,749**	330,388
Contract work in progress	8	**1,483,347**	1,418,702
Assets held for trading		**-**	-
Loans and receivables		**-**	-
Third parties		**-**	-
Related parties		**-**	-
Available-for-sale financial assets		**-**	-
Current financial assets		**-**	-
Derivatives		**-**	-
Trade receivables	9	**17,988,325**	12,803,047
Third parties		**17,366,866**	12,406,317
Related parties		**621,459**	396,730
Other assets	10	**13,450,528**	5,572,480
Trade receivables and other assets		**31,438,853**	18,375,527
Cash in hand and cash equivalents		**17,254**	8,137
Short-term bank deposits		**39,767,360**	27,775,232
Cash and cash equivalents	11	**39,784,614**	27,783,369
TOTAL CURRENT ASSETS		**73,099,563**	**47,907,986**
Assets held for sale	1	**252,426**	-
TOTAL ASSETS		**125,910,888**	**101,300,723**

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2017	31.12.2016
Share capital	12	**54,271,170**	30,150,694
Share premium reserve	12	**2,053,660**	-
Reserve for treasury shares	12	**175,697**	175,697
Legal reserve	12	**6,033,331**	6,033,331
Stock option reserve	12	**1,172,170**	157,793
Translation reserve	12	**(50,950)**	124,112
Other reserves	12	**2,646,208**	2,646,208
Losses carried forward	12	**(8,810,453)**	(29,354,877)
Profit for the year	12	**1,311,709**	20,531,208
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**58,802,542**	30,464,166
Equity attributable to non-controlling interests		**-**	-
EQUITY		**58,802,542**	30,464,166
Finance lease liabilities		**-**	-
Other loans and borrowings		**24,374,769**	26,130,952
Third parties		**24,374,769**	26,130,952
Related parties		**-**	-
Non-current loans and borrowings	13	**24,374,769**	26,130,952
Deferred tax liabilities	17	**2,915**	974
Italian post-employment benefits	14	**4,789,063**	4,926,779
Other		**-**	-
Post-employment benefits		**4,926,779**	4,979,678
TOTAL NON-CURRENT LIABILITIES		**29,166,747**	31,058,705
Bank overdrafts		**-**	-
Finance lease liabilities		**-**	-
Other loans and borrowings		**3,553,899**	19,451,614
Third parties		**3,553,899**	3,427,614
Related parties		**-**	16,024,000
Current loans and borrowings	13	**3,553,899**	19,451,614
Wages and salaries payable		**2,554,857**	2,228,912
Social security charges payable		**1,225,841**	1,341,011
Other		**1,248,660**	1,396,651
Other financial liabilities	15	**5,029,358**	4,966,574
Third parties		**15,115,347**	6,910,250
Related parties		**491,180**	-
Advances for contract work in progress		**11,177,804**	6,014,357
Trade payables	15	**26,784,331**	12,924,607
Direct tax liabilities		**-**	-
Other tax liabilities		**1,029,416**	616,440
Current tax liabilities	17	**1,029,416**	616,440
Derivatives		**-**	-
Provision for product warranty		**53,243**	54,525
Restructuring provision		**228,900**	238,195
Other provisions		**313,838**	128,068
Provisions for risks and charges	16	**595,981**	420,788
Third parties		**948,614**	1,397,829
Related parties		**-**	-
Other liabilities	15	**948,614**	1,397,829
TOTAL CURRENT LIABILITIES		**37,941,599**	39,777,852
TOTAL LIABILITIES		**67,108,346**	70,836,557
Liabilities associated with assets held for sale		**-**	-
TOTAL LIABILITIES AND EQUITY		**125,910,888**	101,300,723

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 €60,879 and €51,750 relating to Pininfarina S.p.A. and Pininfarina Extra, respectively.

INCOME STATEMENT

	Note	2017	of which: related parties	2016	of which: related parties
Revenue from sales and services	18	**79,641,561**	**4,360,600**	62,659,520	1,336,146
Internal work capitalised		**-**		-	
Change in inventories and contract work in progress		**49,671**		(4,017,609)	
Change in contract work in progress		**72,194**		(3,929,079)	
Change in finished goods and work in progress		**(22,523)**		(88,530)	
Other revenue and income	19	**7,410,720**	**5,032,000**	10,226,750	5,032,000
Revenue		**87,101,952**	**9,392,600**	68,868,661	6,368,146
Gains on sale of non-current assets and equity investments		**136,782**	**-**	14,454	-
Gain on sale of equity investments		**-**		-	
Raw materials and components	20	**(8,422,497)**		(4,752,143)	
Change in raw materials		**84,884**		54,124	
Inventory write-downs		**-**		-	
Raw materials and consumables		**(8,337,613)**	**-**	(4,698,019)	-
Consumables		**(1,447,106)**		(765,332)	
External maintenance		**(1,136,476)**		(1,346,690)	
Other variable production costs		**(2,583,582)**	**-**	(2,112,022)	-
External variable engineering services	21	**(11,887,301)**	**(1,100,950)**	(5,306,243)	-
Blue collars, white collars and managers		**(43,365,402)**		(42,013,601)	
Independent contractors and temporary workers		**-**		-	
Social security contributions and other post-employment benefits		**(1,229,198)**		(1,217,607)	
Wages, salaries and employee benefits	22	**(44,594,600)**	**-**	(43,231,208)	-
Depreciation of property, plant and equipment and investment property		**(2,609,022)**		(2,581,859)	
Amortisation of intangible assets		**(414,020)**		(561,483)	
Losses on sale of non-current assets and equity investments		**-**		-	
(Additions to)/utilisation of provisions and impairment losses	23	**(231,875)**		(600,526)	
Amortisation, depreciation and impairment losses		**(3,254,917)**	**-**	(3,743,868)	-
Net exchange rate losses		**(144,170)**		(26,622)	
Other expenses	24	**(12,208,125)**	**-**	(12,642,937)	(400,000)
Operating profit (loss)	25	**4,228,426**	**8,291,650**	(2,877,804)	5,968,146
Net financial expense		**(2,120,153)**	**(16,265)**	(3,088,927)	(15,391)
Gain on the extinguishment of financial liabilities		**-**		26,458,885	
Dividends		**13,309**		14,561	
Share of profit of equity-accounted investees		**11,772**		14,307	
Profit before taxes		**2,133,354**	**8,275,385**	20,521,022	5,952,755
Income taxes	17	**(821,645)**		10,186	
Profit from continuing operations		**1,311,709**	**8,275,385**	20,531,208	5,952,755
Profit for the year		**1,311,709**	**8,275,385**	20,531,208	5,952,755
Of which:					
- Profit for the year attributable to the owners of the parent		**1,311,709**		20,531,208	
- Profit for the year attributable to non-controlling interests		**-**		-	
Basic/diluted earnings per share:					
- Profit for the year attributable to the owners of the parent		**1,311,709**		20,531,208	
- Number of ordinary shares, net		**54,271,170**		30,150,694	
- Basic/diluted earnings per share		**0.02**		0.68	

STATEMENT OF COMPREHENSIVE INCOME

	2017	2016
Profit for the year	**1,311,709**	20,531,208
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gains (losses) on defined benefit plans - IAS 19	**19,853**	(73,278)
- Income taxes	**(6,637)**	9,774
Other	**-**	-
Total items of other comprehensive income (expense) that will not be reclassified to profit or loss, net of tax effect:		
Items that will or may be subsequently reclassified to profit or loss:		
	13,216	(63,504)
Gains (losses) from translation of financial statements of foreign operations - IAS 21	**(175,062)**	8,940
Other	**-**	-
Total items of other comprehensive income (expense) that will be subsequently reclassified to profit or loss, net of tax effect:		
	(175,062)	8,940
Total other comprehensive expense, net of tax effect	**(161,846)**	(54,564)
Comprehensive income	**1,149,863**	20,476,644
Of which:		
- Comprehensive income attributable to the owners of the parent	**1,149,863**	20,476,644
- Comprehensive income attributable to non-controlling interests	**-**	-
Of which:		
- Comprehensive income from continuing operations	**1,149,863**	20,476,644
- 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.

PININFARINA S.p.A.

STATEMENT OF CHANGES IN EQUITY

	31.12.2015	Comprehensive income	Stock option reserve	Allocation of prior year loss	Proceeds from the issue of shares	Capital increase transaction costs	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**

	31.12.2016	Comprehensive income	Stock option reserve	Allocation of prior year loss	Proceeds from the issue of shares	Capital increase transaction costs	31.12.2016
Share capital	30,150,694	-	-	-	24,120,476	-	54,271,170
Share premium reserve	-	-	-	-	2,412,047	(358,387)	2,053,660
Reserve for treasury shares	175,697	-	-	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	-	-	6,033,331
Stock option reserve	157,793	-	1,014,377	-	-	-	1,172,170
Translation reserve	124,112	(175,062)	-	-	-	-	(50,950)
Other reserves	2,646,208	-	-	-	-	-	2,646,208
Losses carried forward	(29,354,877)	13,216	-	20,531,208	-	-	(8,810,453)
Profit for the year	20,531,208	1,311,709	-	(20,531,208)	-	1,311,709	
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	30,464,166	1,149,863	1,014,377	-	26,532,523	(358,387)	58,802,542
Equity attributable to non-controlling interests	-	-	-	-	-	-	-
EQUITY	**30,464,166**	**1,149,863**	**1,014,377**	**-**	**26,532,523**	**(358,387)**	**58,802,542**

STATEMENT OF CASH FLOWS

	2017	2016
Profit for the year	**1,311,709**	20,531,208
Adjustments:		
- Income taxes	**821,645**	(10,186)
- Depreciation of property, plant and equipment and investment property	**2,609,022**	2,581,859
- Amortisation of intangible assets	**414,020**	561,483
- Impairment losses, provisions and change in accounting estimates	**(643,009)**	(541,535)
- Gains on the sale of non-current assets	**(136,782)**	(14,454)
- Financial expense	**2,224,795**	3,250,706
- Financial income	**(104,642)**	(161,779)
- Dividends	**-**	-
- Share of profit of equity-accounted investees	**(11,772)**	(14,307)
- Other adjustments	**657,894**	(26,386,800)
Total adjustments	**5,831,171**	(20,735,013)
Change in work ing capital:		
- (Increase)/decrease in inventories	**(44,595)**	255,280
- (Increase)/decrease in contract work in progress	**(64,645)**	3,937,769
- (Increase)/decrease in trade receivables and other assets	**(6,368,864)**	3,815,239
- Increase in trade receivables from related parties and joint ventures	**(224,729)**	(372,697)
- Increase/(decrease) in trade payables, other financial liabilities and other liabilities	**1,458,630**	(3,579,021)
- Increase/(decrease) in trade payables to related parties and joint ventures	**491,180**	(15,135)
- Increase in advances for contract work in progress and deferred income	**5,163,447**	4,341,545
- Other changes	**194,638**	9,597
Total changes in working capital	**605,062**	8,392,577
Gross cash flows from operating activities	**7,747,942**	8,188,772
- Interest expense	**(212,553)**	(336,248)
- Income taxes	**(292,589)**	(9,597)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**7,242,800**	7,842,927
- Purchases of non-current assets and equity investments	**(2,641,024)**	(1,559,796)
- Proceeds from the sale of non-current assets and equity investments	**265,500**	109,108
- 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	**37,151**	144,002
- Proceeds from the sale of current assets held for trading	**-**	16,359,251
- Financial income	**101,018**	81,085
- Dividends collected	**-**	-
- Other changes	**(65,220)**	(35,492)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**(2,302,575)**	31,098,158
- Proceeds from the issue of shares	**10,488,634**	-
- Increase in finance lease liabilities and other loans and borrowings - third parties	**-**	-
- Increase in other loans and borrowings - related parties and joint ventures	**-**	-
- Repayment of finance lease liabilities and other loans and borrowings - third parties	**(3,427,614)**	(32,153,413)
- Repayment of other loans and borrowings - related parties and joint ventures	**-**	-
- Dividends paid	**-**	-
- Other changes/Other non-cash items	**-**	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**7,061,020**	(32,153,413)
TOTAL CASH FLOWS	**12,001,245**	6,787,672
Opening net cash and cash equivalents	**27,783,369**	20,995,697
Net cash and cash equivalents of companies that left the consolidation scope		-
Closing net cash and cash equivalents	**39,784,614**	27,783,369
Of which:		
- Cash and cash equivalents	**39,784,614**	27,783,369
- Bank overdrafts	**-**	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the impact of transactions with related parties, which are those with the ultimate parent, PF Holding B.V., the Mahindra group companies and the associate Goodmind S.r.l., are disclosed in notes 6, 9, and 15 to the condensed interim 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 23.82% of its share capital, with the remaining 76.18% held by the following shareholders:

- PF Holdings BV 76.15%;
- treasury shares held by Pininfarina S.p.A. 0.03%.

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 these consolidated financial statements on 22 March 2018. They were authorised for publication according to the legal terms.

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 position, with a breakdown of the main components and balances with related parties (page herein 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 herein).

Related party transactions are not presented in separate schedules because they are listed as separate items in the statement of financial position (pages herein).

Basis of preparation

These consolidated financial statements are prepared on a going concern basis, which the directors deemed appropriate.

These consolidated financial statements at 31 December 2017 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 2017 are the same as those used in 2016, except as noted in the following section.

Standards, amendments and interpretations applicable from 1 January 2017

Listed below are the new standards or amendments to existing standards applicable to annual periods beginning on or after 1 January 2017, whose earlier adoption is permitted.

Amendments to IAS 12 – Income tax

On 19 January 2016, the IASB published “Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)”, which clarifies how to account for deferred tax assets on debt instruments measured at fair value.

Amendments to IAS 7 – Statement of cash flows

On 29 January 2016, the IASB published amendments to IAS 7 - Statement of cash flows. The Disclosure initiative (Amendments to IAS 7) aims at improving the presentation and disclosure of financial information in financial reports and resolving certain critical issues reported by operators. The amendments introduce new disclosure requirements for changes in liabilities and assets relating to financing activities.

Annual improvements to IFRS - 2014-2016 cycle

As part of its process to streamline and clarify existing standards, the IASB issued “Annual Improvements to IFRS - 2014–2016 cycle” on 8 December 2016. This document relates to the following standards: IFRS 1 - First-time adoption of international financial reporting standards, IFRS 12 - Disclosure of interests in other entities and IAS 28 - Investments in associates and joint venture.

New standards published but not yet adopted

An update to the information provided in the Group’s most recent annual consolidated financial statements relating to published standards that it has not yet adopted and that may have a significant effect on its consolidated financial statements is provided below.

IFRS 15 - Revenue from contracts with customers

IFRS 15 provides a single model to establish if, when and to what extent an entity shall recognise revenue. It replaces the recognition requirements set out in IAS 18 - Revenue, IAS 11 - Construction contracts and IFRIC 13 - Customer loyalty programmes.

IFRS 15 will be applicable to annual periods beginning on or after 1 January 2018. Earlier adoption is allowed. The Group will apply it from 1 January 2018.

It has assessed the effect of the new standard. Based on a preliminary analysis of the potential effect of the application of IFRS 15 on its major sales contracts, the Group does not expect a significant impact on revenue recognition in its consolidated financial statements.

IFRS 9 - Financial instruments

The IASB published the definitive version of IFRS 9 - Financial instruments in July 2014.

IFRS 9 will be applicable to annual periods beginning on or after 1 January 2018. Earlier adoption is allowed. The Group will apply it from 1 January 2018.

The impact of the adoption of IFRS 9 on the consolidated financial statements in 2018 is currently unknown, nor can it be reliably estimated as it will depend on the financial instruments that the Group will hold and the financial conditions in that period, as well as the Group’s future accounting decisions and policies.

Based on a preliminary analysis, no significant impact on the consolidated financial statements is expected.

IFRS 16 - Leases

IFRS 16 introduces a single model for recognising leases in lessees’ financial statements, whereby lessees shall recognise an asset representing their right of use to the leased asset and a liability for its obligation to make lease payments. Exemptions are provided for short-term and low value leases. The recognition model for lessors is substantially unchanged from that currently applied, i.e., they continue to classify leases as operating or finance.

IFRS 16 supersedes the current requirements for leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases - Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease.

IFRS 16 will be applicable to annual periods beginning on or after 1 January 2019. Earlier adoption is allowed for entities that apply IFRS 15 at the first adoption date of IFRS 16 or that have already applied it. The Group will apply it from 1 January 2019.

The Group is currently assessing the impact of application of the new standard.

ACCOUNTING POLICIES

Consolidated financial statements

The consolidated financial statements include all 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	Quota/share capital
Pininfarina Extra S.r.l.	Via Bruno Buozzi 6, Turin, Italy	100%	Pininfarina S.p.A.	€	388,000
Pininfarina of America Corp.	1101 Brickell Ave - South Tower - 8th Floor - Miami FL 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 (Shanghai) Co Ltd	Unit 1, Building 3, Lane 56, Antuo Road, Anting, 201805, Jiading district, Shanghai, China	100%	Pininfarina S.p.A.	CNY	3,702,824

The reporting date of the subsidiaries is the same as that of the parent, Pininfarina S.p.A..

The liquidation procedure for Matra Automobile Engineerig SAS commenced in 2015 was concluded on 7 June 2015.

(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:

		Investment			
Name	**Registered office**	**%**	**Held by**	**Currency**	**Quota capital**
Goodmind S.r.l.	Via Nazionale 30,	20%	Pininfarina Extra	€	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	31.12.2017	2017	31.12.2016	2016
US dollar - USD	1.20	1.13	1.05	1.11
Chinese renminbi (yuan) - CNY	7.81	7.63	7.32	7.35

(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.

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

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 investing 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.

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:		Fair value hierarchy	Financial instruments at amortised cost	Equity investments measured at cost	Carrying amount at 31.12.2017	Carrying amount at 31.12.2016
	profit or loss	equity					
Assets:							
Equity investments in other companies	-	-		-	252,107	252,107	252,017
Loans and receivables	-	-		100,470	-	100,470	133,997
Assets held for trading	-	-	Level 1	-	-	-	-
Trade receivables and other assets	-	-		32,103,294	-	32,103,294	18,375,527
Liabilities:							
Finance lease liabilities	-	-	-	-	-	-	-
Other loans and borrowings	-	-		27,928,668	-	27,928,668	45,582,566
Trade payables and other liabilities	-	-		28,595,298	-	28,595,298	14,321,258

In addition, net cash and cash equivalents are measured at fair value which usually equals their nominal amount.

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.
- 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.

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 30 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 solely 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 4.74% and 6.40%, 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:

	31.12.2017	**%**	31.12.2016	%
- Fixed rate	**27,718,668**	**99.2%**	29,288,566	99.1%
- Variable rate	**210,000**	**0.8%**	270,000	0.9%
Gross financial debt with third parties	**27,928,668**	**100.00%**	29,558,566	100.00%

Due to the new structure of the interest rates on the medium to long-term financing that, at variable rates, accounts for 0.8% 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.

(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 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 parent's and 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 31.12.2017	Contractual cash flows	Of which: due within one year	Of which: due from one to five years	Of which: after five years
Term financing	27,928,668	38,019,173	3,553,899	18,040,445	16,424,829

The Group holds net cash and cash equivalents totalling €39.8 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 may include acceleration clauses that would give rise to liquidity risk.

The Rescheduling Agreement requires that, as of the verification date of 31 March 2018, the financial covenant shall be at least equal to the minimum consolidated equity, i.e., €30 million. The covenant will be checked annually based on the condensed interim financial statements at 31 March of each year until the expiry of the loan.

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 at 31 December 2017 and 2016 is set out below. Amounts are in thousands of Euros.

	2017			2016		
	Operations	**Design & engineering**	**Total**	Operations	Design & engineering	Total
	A	**B**	**A + B**	A	B	A + B
Revenue	10,569	77,365	87,934	11,865	58,212	70,077
(Intra-segment revenue)	(406)	(426)	(832)	(436)	(772)	(1,208)
Revenue - third parties	10,163	76,939	87,102	11,429	57,440	68,869
Operating profit (loss)	(5,207)	9,437	4,230	(4,037)	1,159	(2,878)
Net financial expense			(2,107)			(3,074)
Gain on the extinguishment of financial liabilities			-			26,459
Dividends			-			-
Share of profit of equity-accounted investees	-	12	12	-	14	14
Profit before taxes	-	-	2,133	-	-	20,521
Income taxes	-	-	(821)	-	-	10
Profit from continuing operations	-	-	1,312	-	-	20,531
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit for the year	-	-	1,312	-	-	20,531
Other information required by IFRS 8:						
- Amortisation and depreciation	(1,660)	(1,363)	(3,023)	(1,586)	(1,557)	(3,143)
- Impairment losses	-	(46)	(46)	-	(682)	(682)
- Provisions/change in accounting estimates	(205)	19	(186)	-	82	82
- Net gains on the sale of non-current assets	137	-	137	-	14	14

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.

	2017				2016			
	Operations	**Design & engineering**	**Unallocated**	**Total**	Production / Operations	Design & engineering	Unallocated	Total
	A	**B**	**C**	**A + B + C**	A	B	C	A + B + C
Assets	**23,630**	**57,482**	**44,799**	**125,911**	23,937	47,208	30,156	101,301
Liabilities	**3,679**	**17,328**	**46,101**	**67,108**	2,821	18,440	49,575	70,837
Of which: other information required by IFRS 8:								
- Equity-accounted investments	**-**	**97**	**-**	**97**	-	85	-	85
- Intangible assets	**-**	**1,222**	**451**	**1,672**	-	1,223	585	1,809
- Property, plant and equipment and investment property	**22,535**	**26,198**	**824**	**49,557**	23,201	25,915	996	50,111
- Assets held for sale			**252**	**252**				
- Employees	**83**	**476**	**48**	**607**	75	459	44	578

The unallocated segment consists of captions specifically related to centralised functions.

Sales are broken down by geographical segment below:

	2017	2016
Italy	**15,322**	10,154
EU	**28,109**	32,841
Non-EU countries	**36,211**	19,665
Revenue from sales and services	**79,642**	62,660

NOTES TO THE CAPTIONS

1. Property, plant and equipment

The carrying amount of property, plant and equipment at 31 December 2017 decreased to €41.8 million from €42 million at 31 December 2016.

Changes in property, plant and equipment and an analysis of the items making up the captions are set out below.

	Land	Buildings	Total
Historical cost	12,291,743	64,456,069	76,747,812
Accumulated depreciation and impairment losses	(4,636,429)	(36,145,834)	(40,782,263)
Carrying amount at 31 December 2016	**7,655,314**	**28,310,235**	**35,965,549**
Reclassification: Historical cost	(551,302)	(298,876)	
Reclassification: Acc. depreciation and imp. losses	-	298,876	298,876
Additions	-	213,771	213,771
Disposals: Historical cost	-	(148,968)	(148,968)
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(1,147,826)	(1,147,826)
Impairment losses	-	-	-
Reclassifications	-	(2,428)	(2,428)
Other changes	-	1,599	1,599
Carrying amount at 31 December 2017	**7,655,314**	**26,973,957**	**34,881,697**
Of which:			
Historical cost	12,291,743	63,969,570	76,513,739
Accumulated depreciation and impairment losses	(4,636,429)	(36,995,613)	(41,632,042)

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).

The reclassifications of historical cost and accumulated depreciation refer to six property units in Turin, which Pininfarina S.p.A. is selling, having given the related mandate to a real estate agency. Two of the six property units were sold in 2017, as illustrated in Disposals, generating a gain of €116 thousand, while the carrying amount of the other four units has been reclassified as Assets held for sale.

Two additional property units have been sold at the date of preparation of these consolidated financial statements.

The industrial facility in Bairo Canavese (total carrying amount of €13.5 million) was leased to a third party in 2011 and the lease was renewed until 2022, while the industrial facility in San Giorgio Canavese (total carrying amount of €9 million) was put out of use at the end of 2015, in line with the new business plan for 2016-2025, approved in December 2015.

The carrying amount of the Bairo Canavese facility is less than its value in use calculated on the basis of the contractual terms in place with the current tenant until the end of the depreciation period and discounting estimated future cash flows.

The carrying amount of the San Giorgio Canavese facility is substantially in line with the appraisal available to the parent, which was updated in March 2018.

Considering the above, the parent does not believe there are any indications of impairment for either of these industrial facilities.

All land and buildings located in Italy are owned by Pininfarina S.p.A..

	Machinery	Plant	Total
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)
Carrying amount at 31 December 2016	**391,600**	**3,348,256**	**3,739,856**
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	1,097,481	553,944	1,651,425
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	(63,689)	(520,680)	(584,369)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Carrying amount at 31 December 2017	**1,425,392**	**3,381,520**	**4,806,912**
Of which:			
Historical cost	6,470,797	83,977,820	90,448,617
Accumulated depreciation and impairment losses	(5,045,405)	(80,596,300)	(85,641,705)

Plant and machinery at 31 December 2017 include generic production plant and machinery, mainly based at the Bairo and Cambiano facilities.

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	3,507,195	6,318,456	966,806	10,792,456
Accumulated depreciation and impairment losses	(2,565,999)	(5,533,066)	(403,908)	(8,502,973)
Carrying amount at 31 December 2016	**941,196**	**785,390**	**562,897**	**2,289,483**
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-	-
Additions	114,182	313,644	70,591	498,417
Disposals: Historical cost	-	(944,483)	(88,704)	(1,033,187)
Disposals: Acc. depreciation and imp. losses	-	832,727	71,610	904,337
Depreciation	(160,334)	(280,101)	(72,019)	(512,454)
Impairment losses	-	-	-	-
Reclassifications	(9,262)	(6,507)	(14,066)	(29,835)
Other changes	301	243	2,709	3,253
Carrying amount at 31 December 2017	**886,083**	**700,913**	**533,018**	**2,120,014**
Of which:				
Historical cost	3,612,115	5,681,110	934,627	10,227,852
Accumulated depreciation and impairment losses	(2,726,032)	(4,980,197)	(401,609)	(8,107,838)

Additions of the year in hardware and software refer to the purchase of IT equipment to update technology, while those classified under other assets consist of a company car purchase by the parent.

Hardware and software disposals mainly refer to the scrapping of fully-depreciated IT material and disposals of other assets relate to the sale of two company cars, which generated a €20 thousand gain.

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 (€210,000).

The market value of property, calculated in the appraisal available to the parent, exceeds its carrying amount.

	Land	Buildings	Total
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(9,917,640)	(9,917,640)
Carrying amount at 31 December 2016	**5,807,378**	**2,308,915**	**8,116,293**
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
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 2017	**5,807,378**	**1,944,542**	**7,751,920**
Of which:			
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(10,282,013)	(10,282,013)

3. Intangible assets

The carrying amount of intangible assets at 31 December 2017 decreased to €1.7 million from €1.8 million at 31 December 2016.

	Goodwill	Licences	Other	Total
Historical cost	1,043,495	5,841,633	2,165,870	9,050,998
Accumulated depreciation and impairment losses	-	(5,165,712)	(2,076,432)	(7,242,144)
Carrying amount at 31 December 2016	**1,043,495**	**675,921**	**89,438**	**1,808,854**
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-	-
Additions	-	260,335	17,076	277,411
Disposals: Historical cost	-	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-	-
Depreciation	-	(382,159)	(31,861)	(414,020)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Carrying amount at 31 December 2017	**1,043,495**	**554,097**	**74,653**	**1,672,245**
Of which:				
Historical cost	1,043,495	6,101,968	2,182,946	9,328,409
Accumulated depreciation and impairment losses	-	(5,547,871)	(2,108,293)	(7,656,164)

The Group's only intangible asset with an indefinite useful life, goodwill of €1,043,495 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 change in value.

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 8.08%. 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 €11,772. 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:

	31.12.2017
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.

	31.12.2016	Increase	Interest income	Collection	31.12.2017
Goodmind S.r.l.	133,997	-	3,624	(37,151)	100,470
Loans and receivables - related parties	133,997	-	3,624	(37,151)	100,470

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. 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:

	31.12.2017	31.12.2016
Raw materials	**561,083**	493,965
Allowance for inventory write-down	**(360,188)**	(377,954)
Finished goods	**191,854**	214,377
Allowance for inventory write-down	**-**	-
Inventories	**392,749**	330,388

The allowance for raw material write-down reflects the risk of obsolete and slow-moving items.

	2017		2016	
	Allowance for raw materials write-down	**Allowance for finished goods write- down**	Allowance for raw materials write-down	Allowance for finished goods write-down
Opening balance	**377,954**	**-**	521,055	77,773
Additions	**-**	**-**	-	-
Utilisations	**(17,766)**	**-**	(37,066)	(183,808)
Other changes	**-**	**-**	(106,035)	106,035
Closing balance	**360,188**	**-**	377,954	-

8. 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 period is due to the progress of certain styling and engineering contracts from customers inside and outside the European Union.

9. Trade receivables - third and related parties

The following table shows trade receivables at 31 December 2017 and 2013:

	31.12.2017	31.12.2016
Italy	**3,578,663**	2,713,055
EU	**4,770,572**	6,782,867
Non-EU countries	**9,474,440**	4,029,925
(Allowance for impairment)	**(456,809)**	(1,119,529)
Third parties	**17,366,866**	12,406,317
Mahindra & Mahindra Group	**464,031**	361,500
Tech Mahindra Group	**157,428**	35,230
Ssangyong Motor Company	**-**	-
Related parties	**621,459**	396,730
Trade receivables	**17,988,325**	12,803,047

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:

	2017	2016
Opening balance	**1,119,529**	542,453
Additions	**13,760**	681,917
Utilisations	**(676,480)**	(115,863)
Other changes	**-**	11,022
Closing balance	**456,809**	1,119,529

Utilisations refer to irrecoverable trade receivables of the Pininfarina Extra Group.

10. Other assets

The following table shows other assets at 31 December 2017 and 2016:

	31.12.2017	31.12.2016
VAT	**3,716,864**	2,642,667
Withholding taxes	**2,948,090**	1,901,056
Prepayments and accrued income	**6,477,454**	609,589
Advances to suppliers	**41,800**	37,942
Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution)	**4,475**	166,461
Amounts due from employees	**40,147**	16,707
Other assets	**221,698**	198,059
Other assets	**13,450,528**	5,572,480

The change in prepayments and accrued income mainly relates to an advisory services agreement that Pininfarina S.p.A. signed in connection with a long-term engineering contract. The prepayments for this agreement have been recognised at the discounted value of the contractual payment plan in place with the service provider. Costs are accrued in line with the progress of completion of the long- term engineering services agreement.

The VAT asset is mainly attributable to the parent.

11. Cash and cash equivalents

The table below shows a breakdown of this caption and a comparison with the previous year-end corresponding figures:

	31.12.2017	31.12.2016
Cash in hand and cash equivalents	**17,254**	8,137
Short-term bank deposits	**39,767,360**	27,775,232
Cash and cash equivalents	**39,784,614**	27,783,369
(Bank overdrafts)	**-**	-
Net cash and cash equivalents	**39,784,614**	27,783,369

The increase in net cash and cash equivalents is due to the parent's proceeds from the issue of shares.

12. Equity

(a) Share capital

	31.12.2017		31.12.2016	
	Nominal amount	**No.**	Nominal amount	No.
Ordinary shares	**54,287,128**	**54,287,128**	30,166,652	30,166,652
(Treasury shares)	**(15,958)**	**(15,958)**	(15,958)	(15,958)
Share capital	**54,271,170**	**54,271,170**	30,150,694	30,150,694

The parent's share capital is comprised of 54,287,128 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.

The increase in the number of shares compared to 31 December 2016 is the result of the parent's capital increase, which may be summarised as follows:

		Options	**Shares**	**Nominal amount**	**Share capital**	**Share premium**	**Share premium reserve**
Pre-increase balance	Total shares		30,166,652	1.00	30,166,652		
	Treasury shares		(15,958)	1.00	(15,958)		
			30,150,694	1.00	30,150,694		
Number of approved new shares			24,120,480				
Offering ratio	Old shares			5			
	New shares			4			
				0.8			
Options granted*		30,150,600	24,120,480				
Capital increase (portion offered in option)		30,051,515	24,041,212	1.00	24,041,212	0.1	2,404,121
Capital increase (portion offered to the market)		99,080	79,264	1.00	79,264	0.1	7,926
Total new share capital			54,271,170		54,271,170		2,412,047

* Old shares net of treasury shares and 94 unexercised options

The offering of 24,120,480 newly-issued shares, arising from the capital increase against consideration carried out by instalments approved by the shareholders on 21 November 2016, was completed on 11 July 2017.

The main steps of the capital increase are summarised below:

On 5 June 2017, the parent's board of directors resolved as follows:

- the definitive capital increase amount as €26,532,528 and the maximum number of shares to be issued as 24,120,480 at a unit issue price of €1.10, including €0.10 as the premium; they also agreed the exchange ratio of four new shares for each five shares held;

- that the options were to be exercised during the offering period from 12 to 30 June 2017 (inclusive), if the necessary authorisations from the competent authorities were obtained in due time, and that the options were to be traded on the stock exchange during the period from 12 to 26 June 2017 (inclusive). Any unexercised options were to be made available during at least five business days in the month after the offering period ends pursuant to article 2441.3 of the Italian Civil Code;

On 9 June 2017, Consob approved the publication of the Prospectus for the capital increase. The offering was then launched on 12 June 2017. The parent announced the conclusion of the capital increase procedure on 11 July 2017. It was 99.99% subscribed, for an overall amount (including the share premium) of €26,532,523.60. The parent's majority shareholder, PF Holdings B.V., subscribed €20,211,677.20. Its portion of the 54,287,128 shares making up the parent's new share capital (filed with the Turin Company Registrar on 17 July 2017) is 76.15%.

(b) Share premium reserve

This reserve was recognised following the parent's capital increase that provided for a €0.10 premium per share, totalling €2,412,047, net of transaction costs of €358,387.

(c) 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.

(d) 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.

(e) 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 increased by the plan cost pertaining to the period.

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: €1,017,377
8. Carrying amount at the reporting date: €1,172,170

(f) 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..

(g) Other reserves

Other reserves are unchanged from the previous year end.

(h) Losses carried forward

Losses carried forward totalled €8,810,453 at the reporting date, down by €20,544,424 on 31 December 2016 due to the profit for 2016 of €20,531,208 and the effect of the adoption of IAS 19 (revised), quantified at €13,216.

The table reconciling the parent's profit and equity as at and for the year ended 31 December 2017 with the Group's figures is provided in the directors' report, to which reference is made.

13. 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, 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, 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%.

(b) 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 assistance 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:

	31.12.2016	Figurative interest	Repayment	Current/ non-current reclassification	31.12.2017
Finance lease liabilities	-	-	-	-	
Other loans and borrowings	26,130,952	1,797,716	-	(3,553,899)	24,374,769
Non-current portion	**26,130,952**	**1,797,716**	**-**	**(3,553,899)**	**24,374,769**
Bank overdrafts	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Other loans and borrowings	3,427,614	-	(3,427,614)	3,553,899	3,553,899
Current portion	**3,427,614**	**-**	**(3,427,614)**	**3,553,899**	**3,553,899**
Current and non-current portion	**29,558,566**	**1,797,716**	**(3,427,614)**	**-**	**27,928,668**

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:

	31.12.2016	Figurative interest	Repayment	31.12.2017
Intesa Sanpaolo S.p.A.	18,959,643	1,163,732	(2,179,989)	17,943,386
Banca Nazionale del Lavoro S.p.A.	1,116,026	68,501	(128,321)	1,056,206
Ubi Banca S.p.A. (formerly Banca Regionale Europea S.p.A.)	4,456,651	273,547	(512,429)	4,217,769
Selmabipiemme Leasing S.p.A.	4,756,246	291,936	(546,875)	4,501,307
Volksbank Region Leonberg (GER)	270,000	-	(60,000)	210,000
Other loans and borrowings	29,558,566	1,797,716	(3,427,614)	27,928,668

Other information

The €210,000 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

The loan that PF Holdings B.V. granted to Pininfarina S.p.A., including interest accrued up to 29 June 2017, totalling €16,043,889, was converted into share capital for the portion subscribed by the majority shareholder. Accordingly, the loan no longer exists at the reporting date.

The loan agreement provided for interest at 0.25% pa.

14. 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:

	2017	2016
Opening post-employment benefits	**4,926,779**	4,979,679
Interest cost recognised in profit or loss	**38,525**	66,487
Current service cost recognised in profit or loss	**66,272**	61,263
Actuarial (gains) losses recognised in other comprehensive income	**(19,853)**	73,278
Payments	**(222,660)**	(253,928)
Closing post-employment benefits	**4,789,063**	4,926,779

The business lease signed by the parent and Bluecar Italy S.r.l., a Bolloré Group company, included the transfer of 49 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	2016
Annual inflation rate	**1.5%**	1.5%
Benefit discount rate	**1.0%**	0.8%
Annual salary increase rate	**0.5% - 3.5%**	0.5% - 3%

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.

15. Trade payables, other financial liabilities and other liabilities

(a) Trade payables

	31.12.2017	31.12.2016
Third parties	**15,115,347**	6,910,250
Related parties	**491,180**	-
Advances for contract work in progress	**11,177,804**	6,014,357
Trade payables	**26,784,331**	12,924,607

Trade payables to third parties include roughly €6 million arising from an advisory services agreement that the parent signed in connection with a long-term contract.

The amount due under the agreement is recognised at the discounted value of the contractual payment plan in place with the service provider.

The reporting-date balance comprises amounts that will be paid within twelve months of the reporting date, except for the trade payable described above, which will be settled over the term of the contract to which it relates. The portion due within one year amounts to approximately €3 million.

(b) Other financial liabilities

	31.12.2017	31.12.2016
Wages and salaries payable	**2,554,857**	2,228,912
Social security charges payable	**1,225,841**	1,341,011
Other	**1,248,660**	1,396,651
Other financial liabilities	**5,029,358**	4,966,574

(c) Other liabilities

This caption comprises the parent's deferred royalty income relating to the brand licence agreement signed with Mahindra & Mahindra Ltd, deferred business lease payments and accrued expenses of the subsidiaries.

16. 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:

	31.12.2016	Additions	Utilisations	Other changes	31.12.2016
Provision for product warranty	54,525	-	(1,282)	-	53,243
Restructuring provision	238,195	-	(9,295)	-	228,900
Other provisions	128,068	268,907	(83,137)	-	313,838
Provisions for risks and charges	**420,788**	**268,907**	**(93,714)**	**-**	**595,981**

The restructuring provision reflects the best estimate of the liability for restructuring at the reporting date.

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. The column titled "Additions" shows accruals to the provision for environmental risks and the effects of unrealised losses to complete long-term contracts, which are also shown in "Utilisations".

(b) Contingent liabilities and litigation

VAT

The parent is involved in a tax dispute relating to two tax assessment notices served by the tax authorities in 2007 and relating to allegedly incorrect invoicing practices in 2002 and 2003 by Industrie Pininfarina S.p.A. (which merged into the parent in 2004) with Gefco Italy S.p.A., as the client Peugeot Citroen Automobiles' tax representative in Italy.

The tax authorities prepared one challenge for VAT purposes for 2002, which it repeated for 2003, finding that the company had not applied VAT on certain sales of goods that the parent had considered non-taxable, along with other less material findings.

The tax authorities also raised certain challenges relating to IRPEG (income tax) and IRAP for 2003 as well.

The higher assessed taxes in these notices amounted to €17.7 million for 2002 and €12 million for 2003. The total amount claimed in the notices, including taxes and sanctions, was €69.5 million.

The parent lodged two separate appeals against the notices before the Turin provincial tax court, challenging the legitimacy and grounds of all their findings. In a ruling issued on 17 February 2009, the Turin provincial tax court confirmed the legitimacy of the main finding relating to VAT, but cancelled the sanctions applied for both years and the other minor findings for 2003, "given the complicity of the case and the difficulty in interpreting the applied regulation".

The amount due from the parent was reduced from roughly €69.5 million to around €29.4 million.

The parent appealed the ruling before the Turin regional tax court, claiming the partial amendment of the first-level ruling, with specific regard to the cancellation of the main VAT finding and the cancellation of other less material findings with respect to IRES (corporate income tax) and IRAP (regional tax on production activities) which the first-level judge had not cancelled.

The tax authorities appeared in the hearing to argue against the parent's appeal and to file an appeal of its own with respect to the sanctions on the main VAT finding and the material findings cancelled by the first-level judge.

On 17 February 2010, the Turin regional tax court lodged a ruling in which: (i) it admitted the parent's appeal against the VAT finding, therefore deciding that the parent is not obliged to pay any amount in this respect; and (ii) partially confirmed the legitimacy of certain IRES and IRAP findings against the parent, amounting to approximately €230,000, in the tax assessment notice for 2003.

In 2011, the tax authorities appealed before the Supreme Court of Cassation against the Turin regional tax court's ruling and the parent argued against the appeal in court by filing a counter- appeal and claiming the inadmissibility and lack of grounds of the tax authorities' appeal.

The total amount claimed at 31 December 2017 is roughly €29.4 million, plus the legal interest that would be applied in the inauspicious event that the parent loses the case, in which case, it could exercise its right as taxpayer to offset the VAT due against that paid. This VAT dispute is currently pending before the Supreme Court of Cassation. On 14 March 2018, the court clerk's office informed the parent that the case regarding the Turin regional tax court's ruling of 17 February 2010 will be heard on 10 May 2018. At the date of preparation of this report, the parent does not know how long it will take for the court ruling to be published, but it is expected to take a few months.

The parent's directors, supported by reliable expert opinions stating that the tax authorities' claims are without grounds and that any financial expenditure is unlikely and based on the outcome of the first two levels of judgement, believe that the risk of this tax dispute is only potential with any financial expenditure improbable. Accordingly, they have not accrued any amounts for this purpose in the consolidated financial statements as at and for the year ended 31 December 2017.

17. Current and deferred taxes

(a) Deferred taxes

The table below provides a breakdown of deferred tax assets and liabilities:

	31.12.2017	31.12.2016
Deferred tax assets	**880,553**	1,001,766
(Deferred tax liabilities)	**(2,915)**	(974)
Net deferred tax assets	**877,638**	1,000,792

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..

Deferred tax assets decreased due to the disappearance of the temporary differences of the subsidiary Pininfarina Extra S.r.l..

(b) Current taxes

Income taxes recognised in profit or loss are detailed below:

	31.12.2017	31.12.2016
Income taxes	**(437,068)**	(11,674)
IRAP (Regional tax on production activities)	**(265,536)**	(54,861)
Adjustment to prior year tax consolidation benefit	**(2,961)**	-
Current taxes	**(705,565)**	(66,535)
Change in deferred tax assets	**(116,079)**	76,721
Change in deferred tax liabilities	**-**	-
Net deferred taxes	**(116,079)**	76,721
Income taxes	**(821,645)**	10,186

18. Revenue from sales and services

	31.12.2017	31.12.2016
Sales - Italy	**978,828**	1,394,239
Sales - EU	**1,704,285**	1,392,274
Sales - Non-EU countries	**3,231,650**	4,298,651
Services - Italy	**14,343,604**	8,760,035
Services - EU	**26,404,354**	31,448,293
Services - Non-EU countries	**32,978,840**	15,366,028
Revenue from sales and services	**79,641,561**	62,659,520

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 herein

19. Other revenue and income

	2017	2016
Royalties	**5,263,000**	6,083,000
Lease income	**1,783,453**	3,592,634
Rebilling	**132,479**	171,397
Prior year income	**103,927**	212,913
Sundry	**68,675**	109,081
Insurance compensation	**37,710**	52,256
Grants for research and training	**21,476**	5,469
Other revenue and income	**7,410,720**	10,226,750

Royalties mainly refer to fees for the brand licence agreement signed with Mahindra & Mahindra Ltd. and 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.

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.

20. 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.

21. External variable engineering services

External variable engineering services mainly refer to design and technical services.

22. Wages, salaries and employee benefits

	2017	2016
Wages and salaries	**(34,870,090)**	(34,476,355)
Social security contributions	**(8,504,607)**	(8,238,411)
Independent contractors	**-**	-
Utilisation of restructuring provision	**9,295**	701,165
Blue collars, white collars and managers	**(43,365,402)**	(42,013,601)
Post-employment benefits - defined contribution plan	**(1,229,198)**	(1,217,607)
Wages, salaries and employee benefits	**(44,594,600)**	(43,231,208)

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 31 December 2017 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 year and dividing the result by two:

	2017		2016	
	reporting date	**average**	reporting date	average
Managers	**24**	**23**	22	24
White collars	**556**	**541**	532	539
Blue collars	**27**	**26**	24	28
Total	**607**	**590**	578	590

The business lease currently in force involved the transfer of 49 employment contracts.

23. Additions to/utilisation of provisions and impairment losses

	2017	2016
Net impairment losses on loans and receivables	**(46,105)**	(682,334)
Revised estimate of the allowance for impairment	**-**	-
Additions to provisions for risks and charges	**(268,907)**	(168,014)
Utilisation and revised estimates of provisions for risks and charges	**83,137**	249,822
Additions to/utilisation of provisions and impairment losses	**(231,875)**	(600,526)

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 16 for details of additions to the provisions for risks and charges.

24. Other expenses

	2017	2016
Travel expenses	**(1,575,580)**	(1,353,993)
Leases	**(2,271,330)**	(2,682,676)
Directors' and statutory auditors' fees	**(735,959)**	(898,756)
Consulting and other services	**(3,177,166)**	(3,591,999)
Other personnel costs	**(1,064,403)**	(749,021)
Postal expenses	**(369,750)**	(441,845)
Cleaning and waste disposal services	**(289,291)**	(305,383)
Advertising	**(681,628)**	(307,308)
Indirect taxes	**(725,953)**	(687,237)
Insurance	**(551,228)**	(585,881)
Membership fees	**(104,851)**	(102,061)
Prior year expense	**(30,284)**	(19,922)
General services and other expenses	**(630,702)**	(916,855)
Other expenses	**(12,208,125)**	(12,642,937)

Consulting and other services mainly include IT, administrative and commercial 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.

25. Net financial expense

	2017	2016
Interest and commission expense on credit facilities	**(105,755)**	(155,306)
Lease interest expense	**-**	(1,235,609)
Interest expense on loans and financing	**(1,904,513)**	(1,835,791)
Interest expense on loans from the ultimate parent	**(19,889)**	(24,000)
Interest expense - Trade payables	**(194,638)**	-
Financial expense	**(2,224,795)**	(3,250,706)
Bank interest income	**20,726**	70,302
Interest income on loans and receivables - third parties	**384**	10,783
Interest income on loans and receivables - related parties	**3,624**	8,609
Gains on assets held for trading	**-**	72,085
Sales of unopted rights	**79,908**	-
Financial income	**104,642**	161,779
Net financial expense	**(2,120,153)**	(3,088,927)

Interest and commission expense refers to interest paid on credit facilities and bank fees.

Interest expense on non-current loans and financing of €1,904,513 comprises the effect of measuring liabilities at amortised cost (€1,797,716) and interest accrued under the existing agreement (€104,732). The remainder relates to foreign companies. Interest expense on non- current loans and financing was paid at the reporting date.

Interest expense on loans from the ultimate parent refers to the loan granted by PF Holdings B.V. to Pininfarina S.p.A., which was converted into share capital for the portion subscribed by the majority shareholder. Accordingly, the loan no longer exists at the reporting date.

Interest expense on trade payables of €194,638 relates to the amortised-cost measurement of liabilities arising from an advisory services agreement that the parent signed in connection with a long-term engineering contract.

Bank interest income accrued on the current account credit balances.

Interest income on loans and receivables - related parties accrued on the loans granted to the associate Goodmind S.r.l. by Pininfarina Extra S.r.l..

Sales of unopted rights relate to the sale of 99,080 unexercised options.

OTHER INFORMATION

Events after the reporting period

There are no 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	-	-	-	-	-	-	-	19,889
Goodmind S.r.l.	-	-	100,470	-	32,000	-	3,624	-
Mahindra&Mahindra Ltd	464,031	-	-	-	6,964,264	-	-	-
Mahindra Graphic Research Design S.r.l.	-	152,642	-	-	-	307,722	-	-
Tech Mahindra Ltd	23,926	338,538	-	-	104,726	716,364	-	-
Tech Mahindra (Shanghai) Co Ltd	84,600	-	-	-	1,497,772	31,459	-	-
Tech Mahindra GmbH	48,902	-	-	-	55,888	45,405	-	-
Ssangyong Motor Company	-	-	-	-	737,950	-	-	-
Total	**621,459**	**491,180**	**100,470**	**-**	**9,392,600**	**1,100,950**	**3,624**	**19,889**

Intragroup transactions include:

- Pininfarina Holdings BV: interest accrued on the loan agreement signed on 29 June 2017 due by Pininfarina S.p.A.
- Goodmind S.r.l.: lease for equipped office premises with the parent and a loan agreement with Pininfarina Extra S.r.l.
- Mahindra & Mahindra Ltd: brand licence agreement and engineering services agreements with Pininfarina S.p.A. and sales of goods by Pininfarina Extra S.r.l.;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements with Pininfarina S.p.A.;
- Tech Mahindra Ltd: services agreements with Pininfarina Deutschland GmbH, Pininfarina S.p.A. and Pininfarina of America Corp.; sales of goods by Pininfarina Extra S.r.l. and recharge of costs incurred by Pininfarina S.p.A. on the company's behalf;
- Tech Mahindra (Shanghai) Co. Ltd: engineering services agreement with Pininfarina S.p.A. and Pininfarina Deutschland GmbH and services agreement with Pininfarina Automotive Engineering (Shanghai) Co Ltd.;
- Tech Mahindra GmbH: lease agreement for equipped office premises with Pininfarina Deutschland GmbH;
- Saangyoung Motor Company: design services agreement with Pininfarina S.p.A.

In addition to the above figures, Studio Starclex - Studio Legale Associato Guglielmetti, related to Romina Guglielmetti (director of Pininfarina S.p.A.), provided legal assistance to the parent for €9,000, while Greta Pininfarina provided employee services to Pininfarina Extra S.r.l. for a cost of approximately €10,000.

Directors' and statutory auditors' fees

(€'000)	2017	2016
Directors	**625**	789
Statutory auditors	**111**	110
Total	**736**	899

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 tables below:

	31.12.2017	31.12.2017, net of significant non- recurring transactions
Property, plant and equipment	**41,805,000**	42,206,395
Investment property	**7,751,920**	7,751,920
Intangible assets	**1,672,245**	1,672,245
Equity investments	**348,711**	348,711
Deferred tax assets	**880,553**	880,553
Non-current financial assets	**100,470**	100,470
NON-CURRENT ASSETS	**52,558,899**	52,960,294
Inventories	**392,749**	392,749
Contract work in progress	**1,483,347**	1,483,347
Current financial assets	**-**	-
Derivatives	**-**	-
Trade receivables and other assets	**31,438,853**	31,438,853
Cash and cash equivalents	**39,784,614**	29,389,366
CURRENT ASSETS	**73,099,563**	62,704,315
Assets held for sale	**252,426**	-
TOTAL ASSETS	**125,910,888**	115,664,609
Share capital and reserves	**57,490,833**	31,316,697
Loss from continuing operations	**1,311,709**	1,195,678
EQUITY	**58,802,542**	32,512,375
Non-current loans and borrowings	**24,374,769**	24,374,769
Deferred tax liabilities	**2,915**	2,915
Post-employment benefits and other provisions	**4,789,063**	4,789,063
NON-CURRENT LIABILITIES	**29,166,747**	29,166,747
Current loans and borrowings	**3,553,899**	19,597,787
Other financial liabilities	**5,029,358**	5,029,358
Trade payables	**26,784,331**	26,784,331
Current tax liabilities	**1,029,416**	1,029,416
Provisions for risks and charges	**595,981**	595,981
Other liabilities	**948,614**	948,614
CURRENT LIABILITIES	**37,941,599**	53,985,487
Liabilities associated with non-current assets held for sale	**-**	-
TOTAL LIABILITIES	**67,108,346**	83,152,234
TOTAL LIABILITIES AND EQUITY	**125,910,888**	115,664,609

	2017	Net of significant non-recurring transactions
Revenue from sales and services	**79,641,561**	79,641,561
Internal work capitalised	**-**	-
Change in finished goods and contract work in progress	**49,671**	49,671
Other revenue and income	**7,410,720**	7,410,720
REVENUE	**87,101,952**	87,101,952
Net gains on sale of non-current assets and equity investments	**136,782**	20,751
Raw materials and consumables	**(8,337,613)**	(8,337,613)
Other variable production costs	**(2,583,582)**	(2,583,582)
External variable engineering services	**(11,887,301)**	(11,887,301)
Wages, salaries and employee benefits	**(44,594,600)**	(44,594,600)
Amortisation and depreciation, impairment losses and provisions	**(3,254,917)**	(3,254,917)
Net exchange rate losses	**(144,170)**	(144,170)
Other expenses	**(12,208,125)**	(12,208,125)
OPERATING PROFIT	**4,228,426**	4,112,395
Net financial expense	**(2,120,153)**	(2,120,153)
Gain on the extinguishment of financial liabilities	**-**	-
Dividends	**13,309**	13,309
Share of profit of equity-accounted investees	**11,772**	11,772
PROFIT BEFORE TAXES	**2,133,354**	2,017,323
Income taxes	**(821,645)**	(821,645)
PROFIT FOR THE YEAR	**1,311,709**	1,195,678

The transactions identified as significant and non-recurring are as follows:

a) Pininfarina S.p.A.'s capital increase, net of the transaction costs.

This transaction also affected the issuer's net financial position and cash flows and, had it not been carried out:

- the issuer's net financial position would have included less cash and cash equivalents (-€10.4 million) and a larger shareholder loan (+€16 million);
- the cash flows for the year would have been smaller by €10.4 million due to the transaction costs shown in the caption "Proceeds from the issue of shares" presented in the statement of cash flows for the reporting period.

b) disposal of six property units in Turin, two of which were sold in 2017, with the remaining four classified as assets held for sale.

The impact of this transaction on the net financial position and cash flows amounts to €265,000.

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 accuracy/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 2017 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 provider	Service recipient	Fee
KPMG S.p.A.	Pininfarina S.p.A. (1)	196,000
KPMG Advisory S.p.A.	Pininfarina S.p.A. (2)	28,500
KPMG S.p.A.	Pininfarina Extra S.r.l. (3)	15,300
KPMG network	Subsidiaries (4)	61,324
Total		301,124

(1) They include the following services for total fees of €125,000:

- translation of financial documents prepared by Pininfarina S.p.A.
- audit of the consolidated reporting package at 31 March 2017 for the consolidation purposes of the Tech Mahindra Group
- activities in relation to the capital increase prospectus
- agreed-upon procedures on the non-financial statement

(2) non-financial statement assessment and benchmarking

(3) They include €3,800 for the translation of financial documents prepared by Pininfarina Extra S.r.l..

4) They include €18,583 for the audit of the reporting package at 31 March 2017 for the consolidation purposes of the Tech Mahindra Group.

LIST OF CONSOLIDATED COMPANIES

Name	Registered office	Country	Share/quota capital	Currency	Cons. %	Investor	Investment %
Parent							
Parent							
Pininfarina S.p.A.	Turin						
	Via Bruno Buozzi 6	Italy	30,166,652	€	100		
Consolidated subsidiaries							
Italian subsidiaries							
Pininfarina Extra S.r.l.	Turin						
	Via Bruno Buozzi 6	Italy	388,000	€	100	Pininfarina S.p.A.	100
Foreign subsidiaries	Miami FL 1101 Brickell Ave - South Tower - 8th Floor	USA	10,000	USD	100	Pininfarina Extra S.r.l.	100
Pininfarina of America Corp.	Leonberg Riedw iesenstr 1	Germany	3,100,000	€	100	Pininfarina S.p.A.	100
Pininfarina Deutschland Holding GmbH	Munich Frankfuter Ring 81	Germany	25,000	€	100	Pininfarina Deutschland GmbH	100
Pininfarina Automotive Engineering (ShanghaVi) Co Ltd	Shanghai Jiading district, Unit 1, Building 3, Lane 56, Antuo Road, Anting, 201805	China	3,702,824	CNY	100	Pininfarina S.p.A.	100
Equity-accounted investees							
Goodmind S.r.l.	Cambiano (Turin) Via Nazionale 30	Italy	20,000	€	20	Pininfarina 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%

	31.12.2017	31.12.2016
	(€'million)	
Revenue	**8.4**	7.8
Profit for the year	**1.5**	0.9
Equity	**7.2**	6.4
Net financial position	**3.8**	3.4

Pininfarina Deutschland Group

Registered office: Leonberg - D
Share capital €3,100,000
Investment percentage 100%

	31.12.2017	31.12.2016
	(€'million)	
Revenue	**21.8**	22.5
Loss for the year	**(0.5)**	(2.0)
Equity	**18.1**	18.6
Net financial position (debt)	**(0.1)**	0.7

Pininfarina Automotive Engineering Co Ltd

Registered office: Shanghai - PRC
Share capital CNY3,702,824
Direct investment percentage 100%

	31.12.2017	31.12.2016
	(€'million)	
Revenue	**4.3**	2.9
Profit for the year	**0.4**	0.3
Equity	**1.0**	0.7
Net financial position	**0.8**	1.0

Chief Executive Officer
(Silvio Pietro Angori)

Chairman of the Board of Directors
(Paolo Pininfarina)

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 2017.
- Moreover, they state that the consolidated financial statements as at and for the year ended 31 December 2017:
  - 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.

22 March 2018

Chairman	Manager in charge of financial reporting
Paolo Pininfarina	Gianfranco Albertini

TECH MAHINDRA FINTECH HOLDINGS LIMITED

Board of Directors
Mr. Vivek Satish Agarwal
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
3 Assembly Square
Britannia Quay
Cardiff, CF 10 4AX
United Kingdom

DIRECTORS' REPORT

The directors have pleasure in presenting their Directors' report and the financial statements for the year ended 31 March 2018

The prior period comparative is for the 10 month period ended 31 March 2017 hence not comparable.

Principal activities

The principal activity of the company is to hold an investment in Target Topco Limited which controls the Target group of companies.

Results and Dividends

The results of the operations for the year under review are set out in the Profit and Loss Account.

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

Mr. Vivek Satish Agarwal

Mr. Patrick Michael Byrne

Mr. Ian David Larkin

Mr. Vikram Narayanan Nair

Mr. William Michael Alley – Resigned on 20th December 2017

Political contributions

There were no political contributions made during the period.

Other information

The company was formed as a special purpose vehicle with the majority shareholder being Tech Mahindra Limited. The main purpose of forming the company was to acquire the company Target Topco Limited ("Target Group''). During the previous year the company acquired 100% of Target Group.

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 adirector 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.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

401, Graffton Gate,
Milton Keynes
MK9 1AT

Director
Registered Number: 10203355

Date: 05 July 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 fmancial 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECH MAHINDRA FINTECH HOLDINGS LTD

Opinion

We have audited the financial statements of Tech Mahindra Fintech Holdings Ltd ("the company") for the year ended 31 March 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	**Year Ended 31 March 2018**	Period Ended 31 March 2017
		£000	£000
Administrative expenses		**(155)**	(1,062)
Operating loss		**(155)**	(1,062)
Interest receivable and similar income	5	**111**	98
Interest payable and similar expenses	6	**(154)**	(92)
Loss before tax		**(198)**	(1,056)
Tax on loss	7	**15**	-
Loss after tax for the period, being total comprehensive loss		**(183)**	(1,056)

The notes on pages herein form part of these financial statements.

There was no other comprehensive income for the period, other than the loss for the period.

BALANCE SHEET AT 31 MARCH 2018

	Note	2018	2017
		£000	£000
Fixed assets			
Investments	8	**108,113**	117,943
Current assets			
Debtors due within one year	9	**447**	4,752
Cash at bank and in hand		**3,572**	16,549
		4,019	21,301
Creditors: amounts falling due within one year	10	**(6,229)**	(17,331)
Net current (liabilities)/assets		**(2,210)**	3,970
Total assets less current liabilities		**105,903**	121,913
Creditors: amounts falling due after more than one year	11	**(4,500)**	(20,327)
Net assets		**101,403**	101,586
Capital and reserves			
Called up share capital	13	**10**	10
Share premium account		**102,632**	102,632
Profit and loss account		**(1,239)**	(1,056)
Shareholders' funds		**101,403**	101,586

These financial statements were approved by the board of directors on 05 July 2018 and were signed on its behalf by:

Vivek Satish Agarwal
Director
Date 05 July 2018

Company registration number: 10203355

STATEMENT OF CHANGES IN EQUITY

	Called up Share capital	Share Premium account	Profit and loss account	Total Equity
	£000	£000	£000	£000
Balance on incorporation	-	-	-	-
Total comprehensive income for the period				
Loss for the period	-	-	(1,056)	(1,056)
Total comprehensive loss for the period	-	-	(1,056)	(1,056)
Issue of shares	10	102,632	-	102,642
Balance as at 31 March 2017	10	102,632	(1,056)	101,586
Balance at 1 April 2017	10	102,632	(1,056)	101,586
Total comprehensive income for the period				
Loss for the period	-	-	(183)	(183)
Total comprehensive loss for the year	-	-	(183)	(183)
Balance as at 31 March 2018	10	102,632	(1,239)	101,403

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 United Kingdom.

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 16.

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: contingent consideration.

1.2 Going concern

The company was formed to acquire the share capital of Target Topco Limited ("Target Group") and this transaction completed during the previous period. The company does not carry on any activities other than holding an investment in Target Group.

The directors have prepared these financial statements on the going concern basis despite having net current liabilites, as it is their opinion that the parent company will provide necessary funding to support the business to meets its obligations as they fall due.

The parent company has confirmed that it will continue to support the company.

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.

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 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 are included within liabilities.

1.6 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.

1.7 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.

1.8 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.

1.9 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.

2 Auditor's remuneration

Auditor's remuneration:

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Audit of these financial statements	**16**	16
Amounts receivable by the company's auditor and its associates in respect of:		
Audit -related services	**-**	3
	16	19

3 Staff numbers and costs

During the reporting period, the company had no employees.

4 Directors' remuneration

No remuneration or benefits were paid to any of the directors during the period. The directors are remunerated by other group companies, however none of their remuneration was in respect of this company, due to its nature as a non-trading holding company.

5 Interest receivable and similar income

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Interest on intercompany loans	**26**	65
Other interest	**85**	33
Total interest receivable and similar income	**111**	98

6 Interest payable and similar expenses

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Interest on loans	**149**	92
Other interest	**4**	-
Total interest payable and similar expenses	**154**	92

7 Taxation

Total tax expense recognised in the profit and loss account

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Current tax		
Current tax on income for the period	**-**	-
Group tax relief claimed	**15**	-
Total Tax	**15**	-

Reconciliation of effective tax rate

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Loss for the year/period	**(183)**	(1,056)
Total tax credit	**15**	-
Loss before tax	**(198)**	(1,056)
Tax using the UK corporation tax rate of 19% (2017: 20%)	**(38)**	(211)
Movement in deferred tax not recognised	**38**	211
Group tax relief claimed	**15**	-
Total tax credit included in profit or loss	**15**	-

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.

No deferred tax has been recognised on the carried forward losses, as due to the nature of the company it cannot be estimated when these will be utilised.

8 Fixed asset investments

	£000
Cost	
At 1 April 2017	117,943
Adjustment to acquisition cost	(9,830)
At 31 March 2018	**108,113**
Net Book Value	
At 1 April 2017	117,943
At 31 March 2018	**108,113**

The fixed asset investment relates to 100% of the share capital of Target Topco Limited. As the consideration included both cash and contingent consideration, there has been an adjustment to the cost of investment, reflecting the fair value of the future contingent consideration. See note 16 for further details.

The company's wholly owned subsidiaries as at 31 March 2018 were:

Subsidiary undertakings	Registered Office	Class of share held	Ownership %
Target Topco Limited*	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100
Target TG Investments Limited	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100
Target Group Limited	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100
Elderbridge Limited	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100
Target Servicing Limited	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100
Target Financial Systems Limited	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100
Harlosh Limited	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100
Harlosh New Zealand Limited	C/o Urlich Lander Limited, 21 Broderick Road, Johnsonville, Wellington, 6037, New Zealand (closed post year end)	Ordinary	100

**Directly owned by the company*

The directors assessed the carrying value of its investment in subsidiary undertakings and are of the opinion that they are not worth less than the carrying value in the financial statements.

9 Debtors

	2018	2017
	£000	£000
Amounts owed by group undertakings	**15**	4,243
Prepayments and accrued income	**432**	509
	447	4,752

Debtors are all due within one year.

The amounts owed by group undertakings in 2017 related to a loan to a subsidiary company which was repaid in full during the year.

10 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Other creditors	**16**	12
Obligations under share purchase agreement	**-**	11,255
Amounts owed to group undertakings (See note 12)	**6,213**	6,064
	6,229	17,331

The obligation under the share purchase agreement relates to the acquisition of Target Topco Limited in the prior period and is the first contingent consideration payable in respect of the acquisition, which was paid in April 2017.

11 Creditors: amounts falling due after more than one year

	2018	2017
	£000	£000
Obligations under share purchase agreement	**4,500**	20,327
	4,500	20,327

Obligations under share purchase agreement relates to the future contingent consideration payable in respect of the Target Group acquisition. The amount payable is contingent on future results of the Target Group, and has been estimated based on company forecasts which have been benchmarked against revenue and profit growth of comparable companies, discounted using the Tech Mahindra's cost of debt of 3.52%. This amount is expected to be paid in March 2020.

12 Interest bearing loans and borrowings

Unsecured loans falling due within one year

	2018	2017
	£000	£000
Loan payable to immediate parent company :		
Principal	**5,972**	5,972
Interest	**241**	92
Unsecured loans falling due within one year	**6,213**	6,064

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	Amount (principal) £000
Parent company loan	**GBP**	**2.5%**	**2018**	**Bullet**	**5,972**

13 Share capital

	Number of Shares
On issue at 1 April 2017 and 31 March 2018	**963,126**

Types of Shares	Number of Shares	Face Value £
Ordinary shares of £0.010 each	**875,001**	**8,750**
A1 shares of £0.0001 each	**25,625**	**2**
A2 shares of £0.0200 each	**62,500**	**1,250**
	963,126	**10,002**

A2 Shares have no voting rights attached, are non-redeemable and are not entitled to dividends.

A2 Shares are entitled to the greater of: two votes per share held, and such number of votes that would give the holder 5% of voting rights in the company (reducing other classes accordingly). The shares are non-redeemable and are not entitled to dividends.

Ordinary shares are entitled to one vote, and are entitled to dividends.

Reserves

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 2018, £6,213k (Principal £5,972k & Interest £241k) (2017: £6,064k (Principal £5,972k & Interest £92k)) was due in relation to an intercompany loan and £15k (2017: £Nil) is receivable in relation to group tax relief from the immediate parent company, Tech Mahindra Limited.

Interest expenses of £149k (2017: £92k) accrued on the intercompany loan with Tech Mahindra Limited.

Interest income of £26k (2017: £65k) 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.

Contingent consideration

As part of the acquisition of Target Topco Limited in the prior period, there was an element of contingent consideration payable based on future results of the Target Business. The first contingent consideration was paid during the year, with a final contingent consideration payable to remaining shareholders in 2020.

In order to calculate the fair value of this liability, the directors engaged valuation specialists to calculate the estimated fair value using a Monte Carlo simulation. The key input into this valuation was the forecast revenues and EBITDA for the coming years, which was benchmarked against revenue and profit growth of comparable companies to derive a realistic forecast.

The discount rate used was based on Tech Mahindra's actual cost of debt of 5.45% (2017:3.52%), which the directors believe to be appropriate.

This valuation will be revised annually as updated information becomes available, however the directors believe that the inputs and factors used in the calculation are the current best estimates, and therefore the contingent consideration liability is correctly stated.

TARGET GROUP LIMITED

Board of Directors
Mr. Ian David Larkin
Mr. Vivek Satish Agarwal
Mr. Patrick Michael Byrne
Mr. Terence Alexander Baxter
Mr. Andrew Spencer Doman
Mr. Iestyn David Evans

Registered Office
Target House, 5-19
Cowbridge Road East,
Castlebridge, Cardiff,
CF11 9AU

Bankers
HSBC Bank

Auditors
KPMG LLP
Britannia Quay
Cardiff
CF 10 4AX
United Kingdom

STRATEGIC REPORT

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis on those matters which are significant to Target Group Limited and its subsidiary undertakings ("Target") when viewed as a whole.

Review of the business

Principal activities

The principal activity of the Group is the provision of transformational outsourcing, business process management, managed services and software to the financial services sector and are primarily delivered through Target Servicing Limited. Our solutions are provided as a software licence and related services sales or as services under IT hosting and business process outsourcing contracts.

Target Group has over 39 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 £27bn of business on behalf of our clients, comprising some £18bn 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 on a number of client portfolios, providing management services for debt portfolios in the UK regulatory environment.

Financial review

Turnover increased by 36% (2016: 26%) from £64,106k in the year ended 31 December 2016 to £87,412k in the 15-month period ended 31 March 2018. This is primarily driven by the 15-month period. On an annualised basis, revenue increased by 9% driven primarily by software sales and additional sales to our existing clients. Gross margin remained consistent at 36% for the period ending 31 March 2018 compared to 35% for the year ending 31 December 2016.

Operating profit has decreased from £8,345k in the year ended 31 December 2016 to £7,964k in the 15-month period ended 31 March 2018, which on an annualised basis represents a decrease of 24%. This decrease is primarily owing to the recognition in the period of costs deferred in 2016 relating to the implementation work completed for new contracts won during 2016; these costs are now being recognised over the contract period. In addition there has been an increase in depreciation and amortisation following capital expenditure investment that happened during the year. Excluding the impact of the deferred costs on the year ended 31 December 2016, operating profit has increased in the current period, primarily driven by the increase in revenue.

During the year the group also repaid all its external debt, including the revolving credit facility with HSBC and the inter-company loan provided by Tech Mahindra.

Business performance

In August 2016 the entire share capital of Target TopCo Limited, the then ultimate UK parent of Target Group Limited, was acquired by Tech Mahindra Limited. Our relationship with Tech Mahindra has presented us with opportunities to build on our capabilities and to bring wider propositions and services to market.

During the year we secured several new clients which contributed to our success, including being selected to deliver the BBC's trial TV licensing service, the simple payment plan ("SPP"), and several significant agreements with UK financial services and asset management clients.

On 31 March 2017, Target Financial Systems Limited sold its entire owned loan portfolio. The sale of the portfolio was a result of a strategic decision to exit this area of our business to enable us to focus on our servicing and outsourcing business.

During Q4 2018, we also exited the New Zealand market to focus on our capabilities within the UK.

People

During the period we continued to strengthen our executive leadership team.

At the board of directors level, Iestyn Evans joined as Chief Financial Officer, bringing a wealth of experience within the financial services, banking and lending industry. Andrew Doman and Vivek Agrawal joined as Non-Executive Directors, bringing extensive UK financial services and tech outsourcing experience respectively. On 31 December 2017 Paddy Byrne stepped down as Group Chairman but has remained as a Non-Executive Director. Vivek Agrawal has been appointed as Group Chairman.

In addition to the Board appointments we continue to strengthen our executive leadership team, with Richard Glanville joining as Director of Client Operations and Steve Wright as Business Change Director. These new appointments will keep Target at the forefront of innovation and change and we will continue to invest in high calibre people.

During the year we saw Bill Alley, Co-CEO leave the business after 5 years with the Group, and the CEO role is now performed in its entirety by Ian Larkin. In addition, Ian Ferguson, Servicing Director left the business and Roger Smith, Director of Shared Services retired.

The average number of colleagues increased in the period from 849 to 989 largely due to the growth in our business resulting from our client wins. The Management Graduate Scheme has added a further 5 graduates to the team, continuing our focus on developing next generation leaders for the business.

Our culture programme continues to thrive in our day to day business. Built around a clear set of values and behaviours, initiatives have been introduced including our Value and Behaviour Awards which encourage ongoing engagement amongst our team; in 2017-18 over 300 nominations were received.

During 2017 we were awarded accreditation against the Investors in People Standard, demonstrating our commitment to high performance through good people management.

Our markets

Our clients are predominantly providers of lending and payments, investments and insurance products. We service these markets through four key offerings; transformational outsourcing, business process outsourcing, managed 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 2017 we continued to support charitable causes, with each office selecting a charity. In total we raised over £25,000 for Make A Wish, Ellie's Journey, Claire's House, Alzheimer's Society and Yorkshire Air Ambulance, whilst also raising over £15,000 for a number of smaller charities. Our employees contributed to the local community through foodbank collections, clothing donations 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.

Key performance indicators

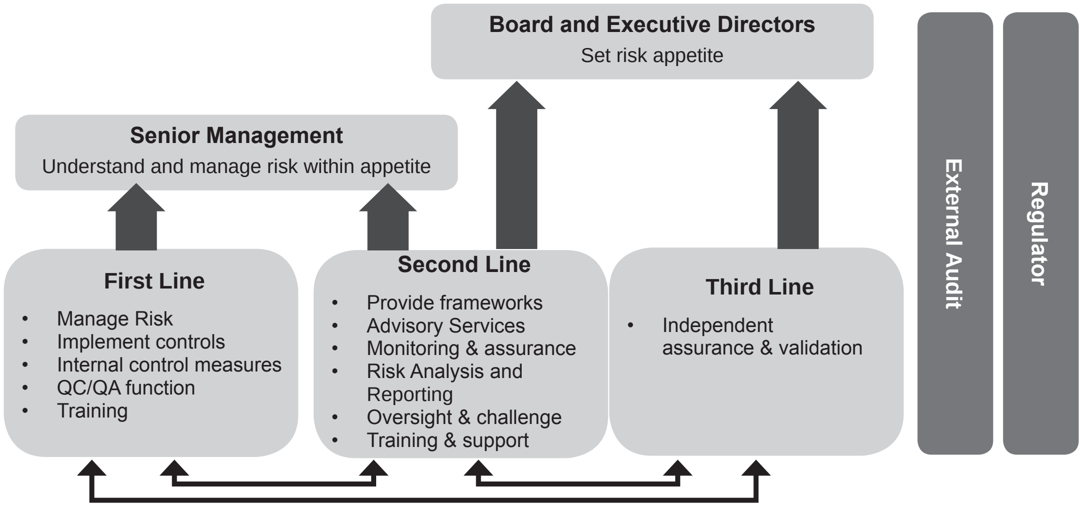
We consider that the following key performance indicators (KPIs) are important in measuring the delivery of our strategic goals:

	2017/18 **£000**	2016 £000
Revenue	**87,412**	64,106
EBITDA	**12,037**	11,019

Principal risks and uncertainties

Risk management in Target Group

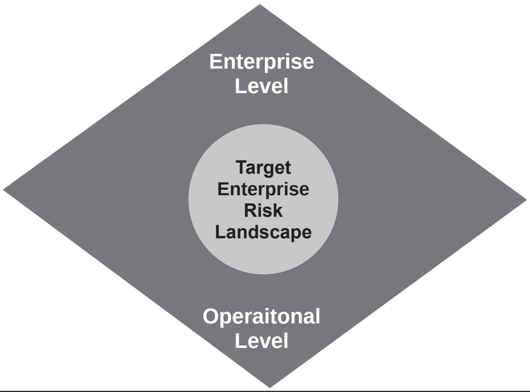
Target seeks to embed effective risk management through the application of a 'Three Lines of Defence' model to manage and mitigate risks and provide assurance over preventative controls. The Framework is maintained by the Group Risk & Compliance function. Operation are the first line of defence and are responsible for day to day operational risk management. This is overseen by the Risk and Compliance Functions operating as the second line of defence. The third line is Internal Audit which operates as a co-sourced arrangement with EY.



Target's Enterprise Risk Landscape is built around the 23 risk categories as set out below.

Strategic Risk	
External & Reg Environment	Governance
Reputational	Target Strategy
Culture	

Financial Risk	
Revenue	Operating Expense
Liquidity/Capital Risk	



Operational & Conduct			
Information Security and Data Protection	Servicing & Arrears	Workflow & Resource Planning	Client Money and Assets
Business resilience & Physical Assets	Cusomer Outcomes	Client Management	People
Technology Capability and Availability	Financial Control	Supplier / Third Parties	Business process and event reporting
Change	Financial Crime	Health/Safety	

Outputs from risk management activities are reviewed through the Risk Governance Framework, culminating in escalation to the Board's Group Risk Committee or group Audit Committee which are sub committees of the Target Group Board. The Risk Governance Framework is set out in the diagram below.

Business level** - Not the full and exhaustive list of functions at this level

Principal risk outlook

Target is not risk adverse but aims to increase its enterprise value by offering innovative technology based servicing, software and product propositions, within the constraints of its financial resources and without compromising customer outcomes, its reputation or its brand. It only pursues opportunities that are well understood, that support the vision and strategy of the group and where risks can be effectively managed.

The principal risks faced by the Group are summarised below:

Risk	Definition	Key mitigating actions
Conduct risk	The risk of a failure in our control and governance frameworks leading to unfair outcomes, detriment to our clients/customers and/or regulatory censure.	Target's governance and control frameworks are designed to minimise the risk of unfair outcomes. These frameworks are subject to regular review by Target, its clients and their auditors.
Information security risk	The risk of failure in our controls for protecting corporate, client and customer data, leading to loss of client and customer trust, material cost and reputational damage.	Target maintains extensive controls to safeguard data, including increasing employee awareness, physical and logical access controls and data encryption. We have also invested in additional controls and technology because of GDPR which will further mitigate this risk.
Operational risk	The risk of failing to effectively deliver the volume of simultaneous, complex change facing the business and thereby impacting on service delivery.	Target has a combined and comprehensive resource management approach that enables effective management of change across all business activities, while maintaining agreed standards of conduct and service level performance.

Future developments

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 and the development of our relationship with Tech Mahindra during the period 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

Target House
Cowbridge Road East

I D Larkin
Chief Executive Officer

Cardiff CF11 9AU
Registered number 01208137

DIRECTORS' REPORT

The directors present their annual report together with the financial statements and auditor's report, for the period ended 31 March 2018.

During the period the company changed its accounting reference date to 31 March 2018 in order to align with its new parent undertaking. Therefore, the financial statements present the 15 month period ending 31 March 2018, whereas the comparative period represents the 12 month period 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 dividends

The Group's results are set out in the consolidated profit and loss account on page herein and the strategic report on page herein.

The directors do not recommend the payment of a dividend for the period (2016: £Nil).

Directors

The directors who held office during the year were as follows:

V. Agarwal (appointed 23 March 2017)
I. Evans (appointed 6 July 2017)
A. Doman (appointed 6 July 2017)
P. Byrne
W.M. Alley (resigned 31 July 2017)
I.D. Larkin
T.A. Baxter
C.A. Dickie (resigned 30 September 2017)
S.W. Haggerty (resigned 30 November 2017)

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risks.

Cash flow risk

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 matters are now coordinated via the relevant group functions of our multinational listed parent Tech Mahindra.

There is minimal interest rate risk to the Group arising from the revolving credit facility and an intra-group loan, both of which were repaid during the period, and the Group currently has no external debt.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of clients. Most of our clients are blue chip investment, retail banking, finance and insurance companies, and government bodies which represent a low credit risk.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance, when required.

Regulatory risk

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. Whilst the plan manager business was closed in November 2016, we have kept these permissions with the Financial Conduct Authority. Our risk function reviews our regulatory requirements on an ongoing basis to ensure compliance with all relevant permissions held.

Political contributions

No political donations were made (2016: £Nil).

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 to that of other employees.

Employee consultation

The Group places consideration value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings with the Executive Committee ("ExCo") in the form of Town Halls, "ExCo live" and group e-mail communications. The Town Halls are open forums and are a way of consulting regularly with employees on a wide range of matters affecting their current and future interests.

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 period 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

Target House
Cowbridge Road East
Cardiff CF11 9AU
Registered number 01208137

I D Larkin
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND CONSOLIDATED 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TARGET GROUP LIMITED

Opinion

We have audited the financial statements of Target Group Limited ("the company") for the period ended 31 March 2018 which comprise the consolidated profit and loss account and other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, and related notes, including the accounting policies in note.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; 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

Under the Companies Act 2006, we are required 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 .

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

for the period ended 31 March 2018

	Note	Period ended 31 March 2018	Year ended 31 December 2016
		£'000	£'000
Turnover	3	**87,412**	64,106
Cost of sales		**(55,795)**	(41,860)
Gross profit		**31,617**	22,246
Administrative expenses		**(23,653)**	(13,901)
Operating profit		**7,964**	8,345
Interest payable and similar expenses	4	**(318)**	(502)
Interest receivable and similar income	4	**29**	246
Profit before taxation	6	**7,675**	8,089
Tax on profit	9	**(1,619)**	(253)
Profit after taxation		**6,056**	7,836
Other comprehensive income		**-**	-
Total comprehensive income		**6,056**	7,836

All results relate to continued operations.

Notes on pages herein form part of these financial statements.

CONSOLIDATED BALANCE SHEET

at 31 March 2018

	Note	**31 March 2018**		31 December 2016	
		£000	**£000**	£000	£000
Fixed assets					
Goodwill	10		**529**		696
Other intangibles	10		**4,860**		1,082
Tangible assets	11		**5,749**		6,077
			11,138		7,855
Current assets					
Debtors – due within one year	13	**26,124**		19,075	
Debtors – due after one year	13	**2,378**		8,690	
		28,502		27,765	
Cash at bank and in hand		**3,778**		9,009	
		32,280		36,774	
Creditors: amounts falling due within one year	14	**(13,229)**		(17,705)	
Net current assets			**19,051**		19,069
Total assets less current liabilities			**30,189**		26,924
Creditors: amounts falling due after more than one year	15		**(4,825)**		(7,616)
Net assets			**25,364**		19,308
Capital and reserves					
Called up share capital	17		**810**		810
Share premium account			**501**		501
Capital redemption reserve			**68**		68
Profit and loss account			**23,985**		17,929
Shareholders' funds			**25,364**		19,308

These financial statements were approved by the board of directors and were signed on its behalf by:

I.D. Larkin
Chief Executive Officer

COMPANY BALANCE SHEET

at 31 March 2018

	Note	31 March 2018		31 December 2016	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	10		**4,544**		628
Tangible assets	11		**4,369**		4,082
Investment in subsidiary undertakings	12		**14,887**		14,888
			23,800		19,598
Current and non-current assets					
Debtors – due within one year	13	**11,273**		11,724	
Debtors – due after one year	13	**2,332**		3,411	
		13,605		15,135	
Cash at bank and in hand		**3,344**		7,902	
		16,949		23,037	
Creditors: amounts falling due within one year	14	**(24,122)**		(22,894)	
Net current (liabilities) / assets			**(7,173)**		143
Total assets less current liabilities			**16,627**		19,741
Creditors: amounts falling due after more than one year	15		**(1,649)**		(1,551)
Net assets			**14,978**		18,190
Capital and reserves					
Called up share capital	17		**810**		810
Share premium account			**501**		501
Capital redemption reserve fund			**68**		68
Profit and loss account			**13,599**		16,811
Shareholders' funds			**14,978**		18,190

The loss for the financial year dealt with in the financial statements of the parent company was £3,212k (2016: profit £2,845k).

These financial statements were approved by the board of directors and were signed on its behalf by:

I.D. Larkin
Chief Executive Officer

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 2016	810	501	68	7,381	8,760
Total comprehensive income for the period					
Profit for the year	-	-	-	7,836	7,836
Capital contribution from shareholders, recorded directly in equity	-	-	-	2,712	2,712
Balance at 31 December 2016 and 1 January 2017	810	501	68	17,929	19,308
Total comprehensive income for the period					
Profit for the period	-	-	-	6,056	6,056
Balance at 31 March 2018	**810**	**501**	**68**	**23,985**	**25,364**

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 2016	810	501	68	11,254	12,633
Total comprehensive income for the period					
Profit or loss	-	-	-	2,845	2,845
Capital contribution from shareholders, recorded directly in equity	-	-	-	2,712	2,712
Balance at 31 December 2016 and 1 January 2017	810	501	68	16,811	18,190
Total comprehensive income for the period					
Loss for the period	-	-	-	(3,212)	(3,212)
Balance at 31 March 2018	810	501	68	13,599	14,978

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 March 2018

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 in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page herein.

The nature of the group's operations and its principal activities are set out in the Directors' report and Strategic report on pages herein.

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 the amendments to Company law made by the Companies, Partnerships and Groups (Accounts and Reports) Regulations 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 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 financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The consolidated financial statements of Tech Mahindra Limited, within which this Company is included, can be obtained from the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company's website (www.techmahindra.com).

The Group proposes to continue to take advantage of the disclosure exemptions FRS 102 in its next financial statements.

Going concern

The directors have considered the basis of preparation of the financial statements and, based on the assessment of budgets and cash flow forecasts, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings made up to 31 March 2018, and previously to the 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 the balance sheet 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.

Foreign exchange differences arising on translation are recognised in the profit and loss account. 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

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.

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:

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 2 and 5 years. Provisions are made for any impairment. See note 2 for further details.

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.

Financial assets and 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.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 positive fixed rate of return over the life of the instrument; or (iii) a positive 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.

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.

Investments

In the Company balance sheet, investments in subsidiaries and associates are measured 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.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss as described below.

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.

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.

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 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).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

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.

Turnover for 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. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors.

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.

Leases

Assets held under finance leases and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future obligations are recorded as liabilities, while the interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals 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.

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.

The owned loan portfolio was sold during the period.

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

Due to the complexity of some of the Group’s contracts, there are judgements to be applied, including the measurement and timing of revenue recognition and the recognition of assets and liabilities that result from the performance of the contract.

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.

There are also judgements applied to the period over which the costs will be recovered. This determines the amortisation period appropriate for the asset.

3. Turnover

Turnover by destination was UK £85,300k (2016: £61,781k) and rest of the world £2,112k (2016: £2,325k).

The table below sets out information for each of the group's industry segments:

	Portfolio income		Software		Services		Total	
	2018 £000	2016 £000	**2018 £000**	2016 £000	**2018 £000**	2016 £000	**2018 £000**	2016 £000
Turnover	**88**	1,764	**29,512**	19,342	**57,812**	43,000	**87,412**	64,106

4. Finance costs (net)

Interest payable and similar expenses

	Period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Bank interest and charges	**23**	179
Hire purchase and finance interest	**210**	159
Loan interest	**-**	161
Other finance costs	**85**	3
	318	502

Interest receivable and similar income

	Period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Other interest receivable and similar income	**29**	246
	29	246

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	
	Period ended 31 March 2018	Year ended 31 December 2016
Technical and operational	**832**	754
Sales, marketing, management and administration	**157**	95
	989	849

The aggregate payroll costs of these persons were as follows:

	Period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Wages and salaries	**37,690**	27,107
Social security costs	**5,201**	4,250
Pension costs	**2,059**	1,420
	44,950	32,777

6. Profit before taxation

	Period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Profit before taxation is stated after charging/(crediting):		
Amortisation of goodwill (note 10)	**197**	530
Amortisation of other intangible assets (note 10)	**948**	261
Depreciation (note 11)		
Owned	**1,377**	949
Leased	**1,551**	934
Impairment of loan book	**-**	384
Rentals under operating leases - property	**1,386**	1,247
Foreign exchange loss (gain)	**61**	(209)
Profit on disposal of owned loan portfolio	**(529)**	-
Auditor's remuneration:		
Audit of these financial statements	**20**	18
Audit of financial statements of other group companies pursuant to legislation	**38**	37
Other assurance services	**19**	119

Auditor's remuneration in respect of the company was £20k (2016: £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:

	2018 £000	2016 £000
Cost of sales	**-**	237
Administrative expenses	**1,145**	938

7. Profit and loss account of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account or statement of other comprehensive income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

8. Directors' remuneration

Emoluments of the directors were as follows:

	Period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Directors' emoluments	**1,395**	2,301
Company contributions to money purchase pension scheme	**66**	237
	1,461	2,538

The number of directors who:

Are members of a money purchase pension scheme	**6**	6
Had awards receivable in the form of shares under a long-term incentive scheme	**2**	3
	8	9

The aggregate of emoluments of the highest paid director were £374k (2016: £590k) and company pension contributions of £20k (2016: £78k) were made to a money purchase pension plan on his behalf.

9. Taxation

The tax charge for the period comprises:

	Period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Current tax		
UK Corporation tax on profit for the period/year	**811**	215
Adjustments in respect of prior periods	**(23)**	29
Total current tax charge	**788**	244
Deferred tax:		
Origination and reversal of timing differences	**663**	-
Adjustments in respect of prior periods	**168**	9
Total deferred tax charge	**831**	9
Total tax charge on profit	**1,619**	253

The tax charge is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.2% (2016: 20%) as explained below:

	Period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Profit for the period	**6,056**	7,836
Total tax charge	**1,619**	253
Profit excluding taxation	**7,675**	8,089
Tax at 19.2% (2016:20.25%)	**1,474**	1,618
Effects of:		
Recognised deferred tax	**-**	(232)
Expenses not deductible for tax purposes	**80**	218
Group relief claimed	**(10)**	(802)
Tax losses utilised in the year	**(70)**	(578)
Adjustments in respect of prior periods	**145**	29
Total charge for the period as above	**1,619**	253

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) 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 2016, 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 asset at 31 March 2018 has been calculated based on these rates.

10. Intangible Fixed Assets

	Group					Company	
	Development costs £000	**Brand £000**	**Customer contracts £000**	**Goodwill £000**	**Total £000**	**Development costs £000**	**Total £000**
Cost							
At 1 January 2017	1,186	145	213	5,887	7,431	984	984
Additions	4,726	-	-	30	4,756	4,726	4,726
At 31 March 2018	**5,912**	**145**	**213**	**5,917**	**12,187**	**5,710**	**5,710**
Amortisation							
At 1 January 2017	438	10	14	5,191	5,653	356	356
Charge for the year	859	36	53	197	1,145	810	810
At 31 March 2018	**1,297**	**46**	**67**	**5,388**	**6,798**	**1,166**	**1,166**
Net book value							
At 31 March 2018	**4,615**	**99**	**146**	**529**	**5,389**	**4,544**	**4,544**
At 31 December 2016	748	135	199	696	1,778	628	628

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 was amortised fully in the prior year, it was 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. Tangible fixed assets

Group	**Short leasehold property £000**	**Computer equipment £000**	**Fixtures and fittings £000**	**Total £000**
Cost				
At 1 January 2017	315	17,161	2,073	19,549
Additions	-	2,460	140	2,600
At 31 March 2018	**315**	**19,621**	**2,213**	**22,149**
Depreciation				
At 1 January 2017	159	11,911	1,402	13,472
Charge for the period	35	2,670	223	2,928
At 31 March 2018	**194**	**14,581**	**1,625**	**16,400**
Net book value				
At 31 March 2018	**121**	**5,040**	**588**	**5,749**
At 31 December 2016	156	5,250	671	6,077

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 March 2018 of £7,324k and £2,513k respectively (2016: £5,799k and £2,365k). The associated depreciation for the period on those assets was £1,551k (2016: £934k).

Company	**Short leasehold property £000**	**Computer equipment £000**	**Fixtures and fittings £000**	**Total £000**
Cost				
At 1 January 2017	255	11,003	943	12,201
Additions	-	2,247	107	2,354
At 31 March 2018	**255**	**13,250**	**1,050**	**14,555**
Depreciation				
At 1 January 2017	152	7,340	627	8,119
Charge for the period	27	1,940	100	2,067
At 31 March 2018	**179**	**9,280**	**727**	**10,186**
Net book value				
At 31 March 2018	**76**	**3,970**	**323**	**4,369**
At 31 December 2016	103	3,663	316	4,082

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 March 2018 of £5,412 k and £2,382k respectively (2016: £3,886k and £2,081k). The associated depreciation for the period on those assets was £1,225k (2016: £777k).

12 Investment in subsidiary undertakings

Company	**£000**
Cost	
At 1 January 2017 and 31 March 2018	17,976
Provisions	
At 1 January 2017 and 31 March 2018	3,089
Net book value	
At 31 December 2016 and 31 March 2018	14,887

The directors assessed the carrying value of the company's investment in subsidiaries at period end and are of the opinion that they are not worth less than the carrying value in the financial statements.

The company's wholly owned subsidiaries at 31 March 2018 were:

	Country of incorporation	**Principal activity**	**Class of shares**	**Percentage ownership**
Subsidiary undertakings				
Target Servicing Limited	UK	Provision of business process outsourced services	Ordinary	100%
Harlosh Limited	UK	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	UK	Management of owned loan portfolios	Ordinary	100%
Elderbridge Limited	UK	Lender of record for loan portfolios	Ordinary	100%

The registered office of all UK subsidiary companies is Target House, Cowbridge Road East, Cardiff, CF11 9AU.

Harlosh New Zealand Limited has a registered office c/o Ulrich Lander Limited, 21 Broderick Road, Johnsonville, Wellington, 6037, New Zealand. The closure of this subsidiary during the period resulted from a strategic decision to focus on other areas of business.

13. Debtors

	Group		**Company**	
	2018	2016	**2018**	2016
	£000	£000	**£000**	£000
Trade debtors	**5,371**	4,492	**902**	624
Owned loan portfolio **	**-**	6,562	**-**	-
Gross amount due from customers for contract work**	**7,372**	5,889	**3,014**	4,216
Other debtors	**398**	289	**325**	260
Corporation tax	**-**	148	**-**	6
Prepayments and accrued income	**8,809**	7,347	**1,282**	1,248
Deferred tax asset (note 16) **	**818**	1,658	**772**	1,004
Amounts due from group undertakings	**5,734**	1,380	**7,310**	7,777
	28,502	27,765	**13,605**	15,135

** Included in the above figures are the following amounts due after more than one year:

	Group		**Company**	
	2018 £000	2016 £000	**2018 £000**	2016 £000
Owned loan portfolio	**-**	4,354	**-**	-
Gross amount due from customers for contract work	**1,560**	3,577	**1,560**	3,096
Deferred tax asset (note 16)	**818**	759	**772**	315
	2,378	8,690	**2,332**	3,411

On 31 March 2017, we sold our owned loan portfolio. A profit on disposal of £529k has been recognised in the period.

14. Creditors: amounts falling due within one year

	Group		Company	
	2018	2016	**2018**	2016
	£000	£000	**£000**	£000
Obligations under finance leases	**1,147**	1,027	**1,147**	1,027
Revolving credit facility - HSBC	**-**	3,000	**-**	3,000
Trade creditors	**2,723**	2,002	**1,229**	1,601
Corporation tax	**107**	-	**-**	-
Other taxes and social security costs	**1,449**	3,030	**-**	513
Other creditors	**306**	1,023	**296**	258
Accruals and deferred income	**7,497**	7,623	**2,733**	2,995
Amounts due to group undertakings	**-**	-	**18,717**	13,500
	13,229	17,705	**24,122**	22,894

Following the repayment of the revolving credit facility with HSBC of £3m in 2017, the facility was not renewed

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2016	**2018**	2016
	£000	£000	**£000**	£000
Obligations under finance leases (amounts payable in the second to fifth years inclusive)	**1,649**	1,551	**1,649**	1,551
Accruals and deferred income	**3,176**	4,328	**-**	-
Bank loan (payable in 1-2 years inclusive)	**-**	1,737	**-**	-
	4,825	7,616	**1,649**	1,551

16. Deferred taxation

	Group		Company	
	2018	2018	**2018**	2016
	£000	£000	**£000**	£000
At beginning of period / year - asset	**1,658**	1,667	**1,004**	780
(Charge) / credit for the year in the P&L account	**(840)**	(9)	**(232)**	224
At end of period / year – asset (note 13)	**818**	1,658	**772**	1,004

	Group		Company	
	2018	2016	**2018**	2016
	£000	£000	**£000**	£000
The deferred tax asset comprises				
Tax losses carried forward	**544**	1,338	**498**	692
Other timing differences	**274**	320	**274**	312
	818	1,658	**772**	1,004

A further deferred tax asset of £41k (2016: £41k) for the group and £41k (2016: £41k) for the company has not been recognised due to uncertainty over its future utilisation. It is made up as follows:

	2018	2016	**2018**	2016
	£000	£000	**£000**	£000
The unprovided deferred tax asset comprises				
Tax losses carried forward	**41**	41	**41**	41
	41	41	**41**	41

17. Share capital

	Ordinary shares of 5p each Number	'A' shares of 5p each Number	'B' shares of 5p each Number	Total Number
Allotted, called up and fully paid				
At 31 December 2016 and 31 March 2018	11,557,417	1,476,287	3,161,200	16,194,904

	Ordinary Shares of 5p each £000	'A' Shares of 5p each £000	'B' Shares of 5p each £000	Total £000
Allotted, called up and fully paid				
At 31 December 2016 and 31 March 2018	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.

18. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

Financial assets	Group		Company	
	2018 Total £000	2016 Total £000	**2018 Total £000**	2016 Total £000
Debt instruments measured at amortised cost	**-**	6,562	**-**	-
Long term loans receivable (see note 13)				
Measured at undiscounted amount receivable				
Amounts due from customers (see note 13)	**12,743**	14,873	**3,916**	5,041
Amounts due from related undertakings (see note 13)	**5,734**	1,380	**7,310**	7,777
Other amounts	**10,025**	4,950	**2,379**	2,317
	28,502	27,765	**13,605**	15,135

Financial liabilities	Group		Company	
	2018 Total £000	2016 Total £000	**2018 Total £000**	2016 Total £000
Measured at amortised cost				
Loans payable (see note 15)	**-**	1,737	**-**	-
Finance lease liabilities (see notes 14 & 15)	**2,796**	2,578	**2,796**	2,578
Measured at undiscounted amount payable				
Bank overdraft	**-**	3,000	**-**	3,000
Trade and other creditors	**15,258**	18,006	**4,258**	5,367
Amounts owed to related undertakings	**-**	-	**18,717**	13,500
	18,054	25,321	**25,771**	24,445

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2018	2016
Financial assets	**Total**	Total
Interest income and expense	**£000**	£000
Total interest income for financial assets at amortised cost	**-**	1,764
Total interest expense for financial liabilities at amortised cost	**(238)**	(554)
Impairment losses		
On financial assets measured at amortised cost	**-**	(386)

The interest expense includes £28k (2016: £234k) 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. These loans were sold in the period and therefore the Group no longer have an owned loan portfolio.

18 (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;

	2018	2016
	£000	£000
Loans and advances to customers	**-**	7,983

Based on indexed valuations the total collateral held against lending secured against residential property is estimated to be £nil (2016: £52,259k). 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:

	2018 £000	2016 £000
United Kingdom	**-**	100%

The concentration of credit risk for loans and advances to customers at the balance sheet date by type of counterparty was:

	2018 £000	2016 £000
In respect of loans and advances to customers		
Fully secured by a first charge on residential property	**-**	4,012
Partially secured by a second charge on residential property	**-**	3,971

Credit quality of financial assets and impairment losses

The ageing of receivables at the balance sheet date was:

	Gross 2018 £000	**Impairment 2018 £000**	Gross 2016 £000	Impairment 2016 £000
Not past due	**-**	**-**	5,005	4
Past due 0-30 days	**-**	**-**	627	-
Past due 31-90 days	**-**	**-**	377	-
More than 90 days	**-**	**-**	1,974	448

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 £ nil (2016: 37.5%). Index-linked LTV banding is shown below:

	2018 £000	2016 £000
Less than 80%	**-**	95%
More than 80% but less than 100%	**-**	2%
More than 100%	**-**	3%

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 £000	2016 £000
Balance at 1 January	**452**	66
Impairment loss recognised	**101**	386
Impairment loss reversed	**(431)**	-
Balance at 31 March 2018	**122**	452

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.

18 (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:

	2018					
	Carrying amount £000	**Contractual cash flows £000**	**1 year or less £000**	**1 to < 2 years £000**	**2 to < 5 years £000**	**5 years and over £000**
Non-derivative financial liabilities						
Secured bank loans	-	-	-	-	-	-

	2016					
	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to < 5 years	5 years and over
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank loans	4,274	-	-	-	4,274	-

19. Commitments

Group capital commitments authorised and contracted at 31 March 2018 were £Nil (2016: £Nil).

Group total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 Total £000	2016 Total £000
Group:		
In the first year	**1,086**	1,247
Between one and five years	**4,218**	4,327
After five years	**2,960**	4,221
	8,264	9,795

Total future minimum lease payments under non-cancellable finance leases are as follows:

	2018 £000	2016 £000
Group:		
In the first year	**1,147**	1,027
Between one and five years	**1,649**	1,551
	2,796	2,578

Annual commitments at 31 March 2018 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 (2016: £Nil).

20. 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 period amounted to £2,059k (2016: £1,420k).

21. 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	
	2018 £000	2016 £000	**2018 £000**	2016 £000
Creditors falling due after more than one year				
Secured bank loans (see note 15)	**-**	1,737	**-**	-
Finance lease liabilities (see note 15)	**1,649**	1,551	**1,649**	1,551
Creditors falling due within less than one year				
Finance lease liabilities (see note 14)	**1,147**	1,027	**1,147**	1,027

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2018 £000	2016 £000
Secured bank loan	GBP	7.5%	2018	Bullet	-	1,737
Finance lease liabilities	GBP	6%	2018-2023	Quarterly	2,796	2,578

Company	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2018 £000	2016 £000
Finance lease liabilities	GBP	6%	2019-2023	Quarterly	2,796	2,578

22. Ultimate controlling party

The immediate parent company is Target TG Investments Limited, a company incorporated in Great Britain and registered in England and Wales, with a registered office at Target House, Cowbridge Road East, Cardiff, CF11 9AU.

The ultimate parent company and 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.

THE BIO AGENCY LIMITED

Board of Directors
Mr. Peter Veash
Mr. Manoj Bhat
Mr. Vikram Nair

Company No. - 05787984

Registered Office
70 Wilson Street
London
EC2A 2DB

Auditors
Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

INDEPENDENT AUDITOR'S REPORT

To the members of The BIO Agency Limited

Opinion

We have audited the attached financial statements of The BIO Agency Limited, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company for the year ended 31 March 2018 are prepared, in all material respects, in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) but excluding the requirements of the Companies Act 2006 including those referred to in FRS102.

This report is made solely to the company's Board of Directors. Our audit work has been undertaken so that we might state to the company's Board of Directors those matters we are required to state to them in an auditors' 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 Board of Directors, for our audit work, for this report, or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (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 ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, 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 and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with FRS102 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 relating 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.

Saffery Champness LLP
Chartered Accountants
71 Queen Victoria Street
London EC4V 4BE

Date: 16 May 2018

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**Year ended 31 March 2018**	Period ended 31 March 2017
		£	£
Turnover	2	**14,663,834**	10,521,024
Cost of sales		**(58,307)**	(98,566)
Gross profit		**14,605,527**	10,422,458
Administrative expenses		**(13,006,655)**	(7,170,817)
Operating profit	3	**1,598,872**	3,251,641
Interest receivable and similar income	4	**532**	2,650
Interest payable and similar expenses	6	**-**	(993)
Profit before taxation		**1,599,404**	3,253,298
Taxation	7	**(83,997)**	(644,485)
Profit for the financial Year		**1,515,407**	2,608,813
Other comprehensive income		**-**	-
Total comprehensive income for the Year		**1,515,407**	2,608,813

The Income Statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018		31 March 2017	
		£	£	£	£
Fixed assets					
Tangible assets	8		**739,336**		194,925
Current assets					
Debtors	10	**7,778,338**		6,432,119	
Cash at bank and in hand		**3,008,339**		2,403,931	
		10,786,677		8,836,050	
Creditors: amounts falling due within one year	11	**(2,503,910)**		(1,540,001)	
Net current assets			**8,282,767**		7,296,049
Total assets less current liabilities			**9,022,103**		7,490,974
Provisions for liabilities	12		**(43,179)**		(27,457)
Net assets			**8,978,924**		7,463,517
Capital and reserves					
Called up share capital	15		**600**		600
Other reserves			**45,423**		45,423
Profit and loss reserves			**8,932,901**		7,417,494
Total equity			**8,978,924**		7,463,517

The financial statements were approved by the board of directors and authorised for issued and are signed on its behalf by:

Peter Veash
Director

Company Registration No. 05787984

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 2 July 2016	600	45,423	4,808,681	4,854,704
Period ended 31 March 2017:				
Profit and total comprehensive income for the period	-	-	2,608,813	2,608,813
Balance at 31 March 2017	600	45,423	7,417,494	7,463,517
Period ended 31 March 2018:				
Profit and total comprehensive income for the period	-	-	1,515,407	1,515,407
Balance at 31 March 2018	600	45,423	8,932,901	8,978,924

STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	31 March 2018 £	31 March 2018 £	31 March 2017 £	31 March 2017 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	19		**1,492,792**		(311,824)
Interest paid			**-**		(993)
Income taxes paid			**(161,536)**		(298,837)
Net cash inflow/(outflow) from operating activities			**1,331,256**		(611,654)
Investing activities					
Purchase of tangible fixed assets		(727,380)		(39,794)	
Interest received		532		2,650	
Net cash used in investing activities			**(726,848)**		(37,144)
Net cash used in financing activities			**-**		-
Net increase/(decrease) in cash and cash equivalents			**604,408**		(648,798)
Cash and cash equivalents at beginning of Year			**2,403,931**		3,052,729
Cash and cash equivalents at end of Year			**3,008,339**		2,403,931

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 Accounting policies

Company information

The BIO Agency Limited is a private company limited by shares incorporated in England and Wales. The registered office is 70 Wilson Street, London, EC2A 2DB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts. Revenue is recognised on an accrual basis when services are provided to a customer in relation to a contract.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	10 years straight line basis
Fixtures, fittings & equipment	4 years straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end 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 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 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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, 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in 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.

1.6 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company’s statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company’s contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred 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. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	31 March 2018	31 March 2017
	£	£
Turnover analysed by class of business		
Rendering of services	**14,663,834**	10,521,024

	31 March 2018	31 March 2017
	£	£
Other revenue		
Interest income	**532**	2,650

	31 March 2018	31 March 2017
	£	£
Turnover analysed by geographical market		
United Kingdom	**8,833,273**	6,381,207
Overseas	**5,830,561**	4,139,817
	14,663,834	10,521,024

3 Operating profit

	31 March 2018	31 March 2017
Operating profit for the period is stated after charging/(crediting):	£	£
Exchange (losses)/gains	**364,321**	(12,271)
Fees payable to the company's auditor for the audit of the company's financial statements	**58,850**	82,000
Depreciation of owned tangible fixed assets	**133,540**	89,628
Loss on disposal of tangible fixed assets	**49,429**	-
Operating lease charges	**780,177**	249,470

4 Interest receivable and similar income

	31 March 2018	31 March 2017
	£	£
Interest income		
Interest on bank deposits	**532**	2,650
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	**532**	2,650

5 Employees

The average monthly number of persons (including directors) employed by the company during the Year was:

	31 March 2018 Number	31 March 2017 Number
Average monthly number of employees	**71**	72
Their aggregate remuneration comprised:		
Wages and salaries	**4,513,035**	3,221,971
Social security costs	**547,282**	426,358
Pension costs	**91,273**	43,953
	5,151,590	3,692,282

6 Interest payable and similar expenses

	31 March 2018 £	31 March 2017 £
Other finance costs:		
Other interest	**-**	993

7 Taxation

	31 March 2018 £	31 March 2017 £
Current tax		
UK corporation tax on profits for the current period	**331,596**	658,284
Research and development tax credit in respect of prior periods	**(263,321)**	-
Total current tax	**68,275**	658,284
Deferred tax		
Origination and reversal of timing differences	**15,722**	(13,799)
Total tax charge	**83,997**	644,485

The actual charge for the Year can be reconciled to the expected charge for the Year based on the profit or loss and the standard rate of tax as follows:

	31 March 2018 £	31 March 2017 £
Profit before taxation	**1,599,404**	3,253,298
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (31 March 2017: 19.92%)	**303,887**	648,057
Tax effect of expenses that are not deductible in determining taxable profit	**43,555**	1,065
Capital allowances in excess of depreciation	**12,157**	9,162
Deferred tax movement	**(1,850)**	(13,799)
Research and development tax credit	**(263,321)**	-
Other	**(10,431)**	-
Tax expense/(credit) for the period	**83,997**	644,485

8 Tangible fixed assets

	Land and buildings leasehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2017	97,301	500,583	597,884
Additions	548,155	179,225	727,380
Disposals	(97,301)	-	(97,301)
At 31 March 2018	548,155	679,808	1,227,963
Depreciation and impairment			
At 1 April 2017	47,872	355,087	402,959
Depreciation charged in the Year	35,444	98,096	133,540
Eliminated in respect of disposals	(47,872)	-	(47,872)
At 31 March 2018	35,444	453,183	488,627
Carrying amount			
At 31 March 2018	512,711	226,625	739,336
At 31 March 2017	**49,429**	**145,496**	**194,925**

9 Financial instruments

	31 March 2018	31 March 2017
	£	**£**
Carrying amount of financial assets		
Debt instruments measured at amortised cost	**2,272,966**	3,839,558
Carrying amount of financial liabilities		
Measured at amortised cost	**2,221,009**	1,155,459

10 Debtors

	31 March 2018	31 March 2017
Amounts falling due within one year:	**£**	**£**
Trade debtors	**804,834**	2,528,085
Amount due from parent undertaking	**853,718**	955,563
Other debtors	**99,816**	355,910
Prepayments and accrued income	**5,505,372**	2,592,561
	7,263,740	6,432,119
Amounts falling due after one year:		
Other debtors	**514,598**	-
Total debtors	**7,778,338**	6,432,119

11 Creditors: amounts falling due within one year

	31 March 2018	31 March 2017
	£	£
Trade creditors	**1,047,159**	776,041
Corporation tax	**85,339**	178,600
Other taxation and social security	**197,562**	205,942
Other creditors	**27,555**	26,339
Accruals and deferred income	**1,146,295**	353,079
	2,503,910	1,540,001

12 Provisions for liabilities

	Notes	**31 March 2018**	31 March 2017
		£	£
Deferred tax liabilities	13	**43,179**	27,457

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	31 March 2018	31 March 2017
Balances:	**£**	£
Accelerated capital allowances	**43,179**	27,457

	31 March 2018
Movements in the Year:	**£**
Liability at 1 April 2017	**27,457**
Charge to profit or loss	**15,722**
Liability at 31 March 2018	**43,179**

14 Retirement benefit schemes

	31 March 2018	31 March 2017
Defined contribution schemes	**£**	£
Charge to profit or loss in respect of defined contribution schemes	**91,273**	43,953

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

	31 March 2018	31 March 2017
	£	£
Ordinary share capital		
Issued and fully paid		
102,000 A Ordinary Shares of 0.5p each	**510**	510
18,000 B Ordinary Shares of 0.5p each	**90**	90
	600	600

16 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for premises and equipment.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2018	31 March 2017
	£	£
Within one year	**693,140**	102,741
Between two and five years	**3,436,822**	197
In over five years	**3,599,839**	-
	7,729,801	102,938

17 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	31 March 2018	31 March 2017
	£	£
Aggregate compensation	**435,256**	300,000

The BIO Agency Limited have performed services during the period to the value of £8,891,243 (9 months ended 31 March 2017: £4,404,503) for Tech Mahindra Ltd, the controlling entity. At the year end the unbilled value of services is £4,028,125 (9 months ended 31 March 2017: £1,837,666) and is recorded as accrued income, the unbilled value of expenses incurred on behalf of Tech Mahindra Ltd is £460,893 (9 months ended 31 March 2017: £nil) and is recorded as other debtors, and the billed value of services is £853,718 (9 months ended 31 March 2017: £955,563) and is recorded as amounts owed by parent company.

No guarantees have been given or received.

18 Controlling party

The company is controlled by Tech Mahindra Limited, a listed company incorporated in India. Tech Mahindra Limited purchased the entire issued share capital of the Bio Agency Limited on 1 July 2016.

19 Cash generated from operations

	31 March 2018	31 March 2017
	£	£
Profit for the Year after tax	**1,515,407**	2,608,813
Adjustments for:		
Taxation charged	**83,997**	644,485
Finance costs	**-**	993
Investment income	**(532)**	(2,650)
Loss on disposal of tangible fixed assets	**49,429**	-
Depreciation and impairment of tangible fixed assets	**133,540**	89,628
Movements in working capital:		
(Increase) in debtors	**(1,346,220)**	(3,679,137)
Increase in creditors	**1,057,170**	26,044
Cash generated from/(absorbed by) operations	**1,492,791**	(311,824)

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

The annual accounts are prepared in SEK.

Business Concept & Overview

Tech Mahindra Sweden AB is wholly owned subsidiary of Tech Mahindra Limited, CIN Number: L64200MH1986PLC041370. The entire share capital of the company is held by Tech Mahindra Limited (www.techmahindra.com), having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001, India.

The company's business activities focus on providing consulting technology and outsourcing services to all the sectors. In general, the company renders services to its parent company under Service Provider agreement. This form of transactions implies that the contracts are concluded between the parent company and the end customer. Sweden AB thereby acts as a sub-contractor for the parent company and does not bear any risks. The compensation for such services rendered is based on the reimbursement of cost incurred plus a mark-up.

The company's registered office is in Stockholm, Sweden.

Multi-year comparison*

	2017/2018	2016/2017
Net sales	**52,483,482**	28,760,477
Profit/loss after financial items	**2,484,560**	1,368,547
Balance sheet total	**7,606,928**	8,734,794
Equity-assets ratio (%)	**39,47**	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 Zeeland, Germany, Malaysia, Thailand, United Arab Emirates, Indonesia, Belgium and Canada..

Business Highlights

- 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
- C P Gurnani was recognized as the Best CEO in IT/ITes Category by Business Today

Changes in equity

	Share capital	Statutory Fund	Non-restricted equity
Opening amount	**50,000**	0	1,048,707
Appropriation of profit as resolved by the Annual			
General Meeting:			
Profit for the year			1,904,391
Closing amount	**50,000**	0	2,953,098
Appropriation of profit/loss			
Proposed treatment of the company's profit			
At the disposal of the general meeting:			
profit brought forward			**1,048,707**
profit for the year			**1,904,391**
			2,953,098
The board of directors proposes the following:			
to be carried forward			**2,953,098**
			2,953,098

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	**2017-04-01 2018-03-31**	2016-05-19 2017-03-31
Operating income etc.			
Net turnover		**52,483,482**	28,760,477
Other operating income		**303**	0
		52,483,785	28,760,477
Operating expenses			
Other external expenses		**-1,987,796**	-733,576
Personnel costs	2	**-47,995,016**	-26,657,355
Depreciation and write-down of tangible and intangible assets		**-1,457**	0
		-49,984,269	-27,390,931
Operating profit/loss		**2,499,516**	1,369,546
Profit/loss from financial items			
Interest expense to group companies		**-14,956**	-999
		-14,956	-999
Profit after financial items		**2,484 560**	1,368,547
Profit before tax		**2,484 560**	1,368,547
Tax on profit for the year		**-580 169**	-319,840
Profit/loss for the year		**1,904,391**	1,048,707

TECH MAHINDRA SWEDEN AB

BALANCE SHEET

Assets	Note	2018-03-31	2017-03-31
Fixed assets			
Tangible assets			
Equipment, tools, fixtures and fittings	3	24,765	0
		24,765	0
Total fixed assets		24,765	0
Current assets			
Current receivables		5,161,052	5,226,499
Receivables from group companies			
Current tax asset		320,028	10,160
Other receivables		422,024	59,729
Prepaid expenses and accrued income		0	195,895
		5,903,104	5,492,283
Cash and bank		1,679,059	3,242,511
Total cash and bank		1,679,059	3,242,511
Total current assets		7,582,163	8,734,794
TOTAL ASSETS		**7,606,928**	**8,734,794**

BALANCE SHEET

EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	50 000	50 000
	50 000	50 000
Non-restricted equity		
Profit or loss carried forward	1 048 707	0
Profit for the year	1 904 391	1 048 707
	2 953 098	1 048 707
Total equity	3 003 098	1 098 707
Current liabilities		
Trade payables	9 624	18 750
Liabilities to group companies	14 700	4 000 999
Other liabilities	21 992	303
Accrued expenses and deferred income	4 557 514	3 616 035
Total current liabilities	4 603 830	7 636 087
TOTAL EQUITY AND LIABILITIES	**7 606 928**	**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.

The policies are unchanged compared with the previous year.

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.

Tangible fixed assets

Tangible fixed assets are recorded at cost of acquisition less accumulated depreciation and any write-downs. The assets are depreciated on a straight-line basis over the estimated useful life, apart from land, which is not depreciated. The useful life is reviewed as at every balance sheet date. The following useful lives are applied:

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

NOTES TO FINANCIAL STATEMENTS

		2017/2018	2016/2017
Note 2	**Average number of employees**	**2017/2018**	**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	74,00	66,00
Note 3	**Equipment, tools, fixtures and fittings**	**2018-03-31**	**2017-03-31**
	Purchases	26,222	0
	Closing accumulated cost of acquisition	26,222	0
	Depreciation for the year	-1,457	0
	Closing accumulated depreciation	-1,457	0
	Closing carrying amount	24,765	0

Note 4 **Definitions of business and financial ratios**

Equity-assets ratio

Adjusted equity as a percentage of the balance sheet total

Stockholm 2018-

Kishan Kumar Chuckun **Ola Hammarlund**

Managing Director

Meenakshi Sundaram Sankaralingam

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

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Tech Mahindra Norway AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tech Mahindra Norway AS showing a profit of NOK 1,326,020. The financial statements comprise the balance sheet as at 31 March 2018, the income statement 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 are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 March 2018, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 as required by laws and regulations, 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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of ttiese financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment 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. We 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 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

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration

and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 6 July 2018
Deloitte AS

Vidar Nilsen
State Authorised Public Accountant

BALANCE SHEET AS AT MARCH 31, 2018

	NOTE	Amount in NOK 3/31/2018
ASSETS		
Non-current assets		
Tangible fixed assets		
Fixtures and fittings	5	**9,328,235**
Total tangible fixed assets		**9,328,235**
Total non-current assets		**9,328,235**
Current assets		
Receivables		
Accounts receivable	6	**16,711,078**
Other receivables		**7,068,809**
Total receivables		**23,779,887**
Cash and cash equivalents		**28,441,021**
Total current assets		**52,220,907**
TOTAL ASSETS		**61,549,142**
SHAREHOLDERS EQUITY AND LIABILITIES		
Shareholders equity		
Paid-in equity		
Share capital (30 000 shares at NOK 1)	3, 8	**30,000**
Total paid-in capital		**30,000**
Retained earnings		
Other equity	8	**1,326,020**
Total retained earnings		**1,326,020**
Total shareholders equity		**1,356,020**
Liabilities		
Provisions for liabilities and charges		
Deferred tax	7	**377,525**
Total provisions for liabilities and charges		**377,525**
Current liabilities		
Accounts payable	6	**55,933,240**
Current income taxes payable	7	**26,638**
Other taxes and withholdings		**1,212,500**
Other current liabilities		**2,643,220**
Total current liabilities		**59,815,597**
Total liabilities		**60,193,122**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**61,549,142**

Oslo,

Board of Tech Mahindra AS

Gaurav Gupta
General Manager /
Chairman of the Board

Stig J. Greger Lundstrom
Member of the Board

TECH MAHINDRA NORWAY AS

PROFIT AND LOSS STATEMENT

		Amount in NOK
OPERATING REVENUE AND OPERATING EXPdENSES	NOTE	**2016/2018**
Revenue		**70,476,177**
Other operating revenue		**556,953**
Total operating revenue		**71,033,130**
Costs of goods sold		**15,827,196**
Depreciation and amortisation of fixed and intangible assets	5	**994,225**
Other operating expenses		**52,467,207**
Total operating expenses		**69,288,627**
Operating profit		**1,744,503**
FINANCIAL INCOME AND FINANCIAL EXPENSES		
Other financial expenses		**14,319**
Financial items, net		**14,319**
Profit/(loss) on ordinary activities before taxation		**1,730,183**
Tax on ordinary income	7	**404,163**
Profit/(loss) on ordinary activities		**1,326,020**
PROFIT FOR THE FINANCIAL YEAR		**1,326,020**
ALLOCATION OF NET PROFIT AND EQUITY TRANSFERS		
Transferred to other equity		**1,326,020**
Total allocations and equity transfers		**1,326,020**

NOTES TO THE ACCOUNTS, YEAR ENDED 31 MARCH 2018

NOTE 1 - Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles for small entities in Norway.

The company was founded 13.12.2016. The financial statements comprise the period 13.12.2016-31.03.2018.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated in accordance with a reasonable depreciation schedule.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Receivables

Trade receivables and other receivables are carried at face value less an allowance for expected losses. An estimate is made for doubtful debts based on a review of all amounts outstanding at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Pensions

The company has a defined contribution plan and pays fixed contributions to an insurance company. After the contribution has been made the company has no further commitment to pay contributions relating to employee service in the current and prior periods. When employee services are rendered, the company recognizes the contribution payable in exchange for that service as a liability after deducting any contribution already paid.

Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Revenues

Arising form delivery of services:

Revenue is recognised when the service is performed. Revenue is measured at the fair value of the consideration received or receivable.

Cost of sales and other expenses

In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. The tax expense is allocated to ordinary income and the effect of extraordinary items in accordance with the respective taxable income. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

NOTE 2 - Number of employees, benefits, loan to employees etc.

Average number of employees during the year: 12

Directors' remuneration

	Salaries, fees	Pensions	Other benefits
Managing Director/Chief Executive Officer	-	-	-
Board of Directors	-	-	-

CEO is paid by Tech Mahindra Limited Branch

Auditor's remuneration

Remuneration to Deloitte AS and their associates in 2016/2018 was kr 0,- exclusive of VAT.
Remuneration for other services was kr 0,- exclusive of VAT.

NOTE 3 - Share capital and shareholder information

The share capital in the company at 31 March 2018 consists of the following classes:

Ownership structure

All shares are owned by Tech Mahindra GMBH.

		Sum	Ownership share	Voting share
Tech Mahindra GMBH	30,000	30,000	100%	100%
Total number of shares	**30,000**	**30,000**	**100%**	**100%**

NOTE 4 - Payroll costs

Payroll costs	**2016/2018**
Wages and salaries	12,796,600
Social security tax	1,814,942
Pension costs	498,501
Other benefits	717,153
Total	**15,827,196**

The company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan meets the requirements of this legislation.

Defined contribution plan

The company has a defined contribution plan which covers a total of 12 employees. The contribution for employee services rendered in the period is recognised as pension costs.

NOTE 5 - Tangible fixed assets

	Fixtures and Fittings	Construction in Progress	Total
Additions	**8,785,463**	1,536,997	**10,322,460**
Disposals	**-**	-	**-**
Cost at 31 March 2018	**8,785,463**	**1,536,997**	**10,322,460**
Ordinary amortisation	**994,225**	-	**994,225**
Ordinary impairment	**-**	-	**-**
Accumulated and reversed amortisation and impairment at 31 Dec. 2018	**994,225**	-	**994,225**
Balance at 31 March 2018	**7,791,238**	**1,536,997**	**9,328,235**
Current year amortisation charge	994,225		994,225
Current year impairment charge	-		-
Current year reversal of impairment charges	-		-
Economic life	3 years		
Amortisation method	straight-line		

NOTE 6 - Inter-company balances

	Accounts receivable	Other receivables
	2018	**2018**
Group companies	5,950,093	-
Total	**5,950,093**	**-**

	Accounts payable	Other non-current liabilities
	2018	**2018**
Group companies	55,719,061	-
Total	**55,719,061**	**-**

NOTE 7 - Income tax expense

Specification of income tax expense:

	2018
Current income tax payable	26,638
Changes in deferred tax	377,525
Effect of changes in tax rules	-
Tax on ordinary profit	**404,163**

Specification of tax payable:

Current year income tax payable	26,638
Prior period adjustments	-
Current income tax payable in Balance Sheet	**26,638**

NOTE 8 - Equity

This year's change in equity:	**Share capital**	**Other paid-in equity**	**Other equity**	**Total equity**
Equity at 13 December 2016	30,000			30,000
Profit of the year		-	1,332,241	1,332,241
Equity at 31 March 2018	**30,000**	**-**	**1,332,241**	**1,362,241**

TECH MAHINDRA VIETNAM COMPANY LIMITED

Board of Directors
Mr. Srinivasa Venugopal

Registered Office
Himjam Business Center, 21st Floor,
Capital Tower, No.109 Tran Hung Dao,
Cua Nam Ward, Hoan Kiem District,
Hanoi City, Vietnam

Auditors
BDO Audit Services Co. Ltd.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Tech Mahindra Vietnam Company Limited ("the Company") is pleased to present its report and the financial statements of the Company for the year ended 31 March 2018, which are audited by independent auditors.

GENERAL INFORMATION

Tech Mahindra Vietnam Company Limited (hereafter referred as "the Company") is a limited liability company with one member incorporated under the Law on Enterprise of Vietnam pursuant to the Investment Certificate No 6557776707 dated 24 January 2017 and Business Registration dated 23 March 2017, which are issued by Hanoi Department of Planning and Investment.

The Company's head office is located at Himjam Business Center, 21st Floor, Capital Tower, 109 Tran Hung Dao, Cua Nam ward, Hoan Kiem district, Hanoi.

MEMBER OF COUNCIL

Member of Council during the fiscal year and as the date of the report were:

Name	Position
Mr. Manish Goenka	Chairman
Mr. Makarand Shrikrishna Shete	Member
Mr. Srinivasa Raghavan Venugopal	Member

BOARD OF DIRECTORS

Members of Board of Directors during the fiscal year and as the date of the report were:

Name	Position
Mr. Srinivasa Raghavan Venugopal	Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report was Mr. Srinivasa Raghavan Venugopal.

AUDITORS

BDO Audit Services Co., Ltd was selected to audit the Financial Statements for the year ended 31 March 2018 of Tech Mahindra Vietnam Co., Ltd.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the Company's financial position as at 31 March 2018 as well as its operations results and its cash flows for the fiscal year then end. The Board of Directors believes there are no contingent events that may affect the going concern of the Company. In preparing the Financial Statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State applicable accounting principles that have been followed, any material deviations (if any) discovered and explained in the Financial Statements;
- Prepare the Financial Statements on going concern basis unless it is inappropriate to presume that the Company will continue in business;
- Design and implement effectively the internal control system in order to ensure that the preparation and presentation of the financial statements are free from material misstatements due to frauds or errors.

The Board of Directors is responsible for ensuring that accounting books are kept adequately to give a fair and true view of the financial position of the Company and to ensure that the accompanying financial statements of the Company were prepared in accordance with Vietnamese Accounting Standards, current Corporate Accounting System of Vietnam and relevant legal regulations. The Board of Directors is also responsible for safeguarding the Company's assets and hence for taking reasonable for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that it has complied with the above requirements in preparing financial statements.

According to the Board of Directors, the accompanying audited Financial Statements give a true and fair view of financial position of the Company as at 31 March 2018, operation results and cash flows for the fiscal year then ended.

Hanoi, 18 April 2018

For and on behalf of the Board of Directors

Srinivasa Raghavan Venugopal
Director

INDEPENDENT AUDITORS' REPORT

To: MEMBER OF COUNCIL AND THE BOARD OF DIRECTORS TECH MAHINDRA VIETNAM CO., LTD

We have audited the accompanying financial statements of Tech Mahindra Vietnam Co., Ltd dated 18 April 2018 including: Balance sheet as at 31 March 2018, Income statement, Cash flow statement and Notes to the Financial Statements for the fiscal year then ended, which are set out on pages herein.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of the Company's financial statements in accordance with Vietnamese accounting standards, Vietnamese Corporate accounting system and other prevailing legal regulations, and for such internal control as the Board Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Responsibilities of auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Vietnamese Standards on Auditing. 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' judgments, including the assessment of the risks of material misstatements on the financial statements, whether due to fraud or errors. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 audit opinion.

Opinion of auditors

In our opinion, in all material respects, the accompanying financial statements give a true and fair view of the financial position of Tech Mahindra Vietnam Co., Ltd as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other prevailing legal regulations on preparation and presentation of the Financial Statements.

BDO AUDIT SERVICES CO., LTD

Pham Tien Hung
Deputy General Director

Certificate for Audit application registration:
0752-2018-038-1

Pham Hong Minh
Auditor

Certificate for Audit application registration:
3356-2015-038-1

TECH MAHINDRA VIETNAM COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 2018

UNIT : VND

	Code	Note	Closing balance	Opening balance
ASSETS				
A. CURRENT ASSETS	100		**789,600,962**	-
I. Cash and cash equivalents	110	V.1	**385,234,385**	-
1. Cash	111		**385,234,385**	-
II. Current receivables	130		**372,814,200**	-
1. Prepayments to suppliers	132	V.2	**372,814,200**	-
2. Other current receivables	136		**-**	-
III. Inventories	140		**-**	-
IV. Other current assets	150		**31,552,377**	-
1. Short-term prepaid expenses	151	V.3	**12,354,687**	-
2. VAT deductible	152		**19,197,690**	-
B. NON-CURRENT ASSETS	200		**-**	-
I. Non-current receivables	210		**-**	-
II. Fixed assets	220		**-**	-
III. Other non-current assets	260		**-**	-
TOTAL ASSETS	270		**789,600,962**	-
C. LIABILITIES	300		**541,436,600**	-
I. Current liabilities	310		**541,436,600**	-
1. Trade payables	311	V.4	**50,541,900**	-
2. Taxes and duties to the State	313	V.5	**-**	-
3. Accrued expenses	315	V.6	**482,109,000**	-
4. Other current payables	319	V.7	**8,785,700**	-
D. OWNERS' EQUITY	400		**248,164,362**	-
I. Owner's equity	410	V.8	**248,164,362**	-
1. Contributed capital	411		**1,135,000,000**	-
2. Undistributed post-tax profits	421		**(886,835,638)**	-
- Undistributed post-tax profits accumulated	*421a*		**-**	**-**
- Undistributed post-tax profits of current year	421b		**(886,835,638)**	-
TOTAL RESOURCES	440		**789,600,962**	**-**

Hanoi, 18 April, 2018

Do Hoang Anh Ngoc
Chief Accountant

Srinivasa Raghavan Venugopal
Director

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

UNIT: VND

	ITEMS	Code	Note	Current year
1.	Revenue from sales of goods and services	01	VI.1	**1,292,000,000**
2.	Revenue deductions	02		-
3.	**Net revenue from sales of goods and services**	10		**1,292,000,000**
4.	Cost of goods sold and services rendered	11	VI .2	**1,162,800,000**
5.	**Gross revenue from sales of goods and services**	20		**129,200,000**
6.	Financial income	21	VI.3	**1,054,130**
7.	Financial expenses	22	VI.4	**1,498,902**
	- In which: Interest expenses	23		-
8.	Selling expenses	25		-
9.	Administrative and general expenses	26	VI.5	**1,015,590,867**
10.	**Net profit from operating activities**	30		**(886,835,638)**
11.	Other income	31		-
12.	Other expenses	32		-
13.	**Other profit/(loss)**	40		-
14.	**Total pre-tax profit**	50		**(886,835,638)**
15.	Current corporate income tax expenses	51	VI.7	-
16.	**Profit after corporate income tax**	60		**(886,835,638)**

Hanoi, 18 April, 2018

Do Hoang Anh Ngoc
Chief Accountant

Srinivasa Raghavan Venugopal
Director

TECH MAHINDRA VIETNAM COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

UNIT: VND

		ITEMS	Code	Note	Current year
I.	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	1.	(Loss)/Profit before tax	01		**(886,835,638)**
	2.	Adjustments for:			
		- Gains from investment activities	05		**(1,054,130)**
	3.	Operating profit before adjustments to working capital	08		**(887,889,768)**
		- (Increase)/decrease in receivables	09		**(392,011,890)**
		- Decrease in payables, excluding interest payable, corporate income tax payable	11		**541,436,600**
		- Decrease/(increase) in prepaid expenses	12		**(12,354,687)**
	Net cash flows from operating activities		20		**(750,819,745)**
II.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**				
	1.	Proceeds from loans, dividends, profit	27		**1,054,130**
		Net cash flows from investment activities	30		**1,054,130**
III.	**CASH FLOWS FROM FINANCIAL ACTIVITIES**				
	1.	Proceeds from equity and owner's equity	31		**1,135,000,000**
	Net cash flows from financial activities		40		**1,135,000,000**
	NET CASH INFLOWS		50		**385,234,385**
	Cash and cash equivalents at the beginning of the year		60	V.1	**-**
	Impact of exchange rate difference		61		**-**
	Cash and cash equivalents at the end of the year		70	V.1	**385,234,385**

Hanoi, 18 April, 2018

Do Hoang Anh Ngoc
Chief Accountant

Srinivasa Raghavan Venugopal
Director

NOTES TO THE FINANCIAL STATEMENTS

I. CORPORATE INFORMATION

1. Owner's equity

Tech Mahindra Vietnam Co., Ltd (hereafter referred as "the Company") is an one member limited liability company incorporated under the Law on Enterprise of Vietnam with duration of 10 years pursuant to the Investment Certificate No 6557776707 dated 24 January 2017 and Business Registration dated 23 March 2017. Parent Company is Tech Mahindra Limited, with the operating license No. 041370 dated 24/10/1986 in India, the head office is located at Gateway Building, Apollo Bunder, Mumbai – 400001, Maharashtra, India.

The information about investors and equity structure is as follows:

Investors	Capital contributed		
	Under Investment License (USD)	Ownership Proportion	As at 31 March 2018
Tech Mahindra Limited	50,000	100%	50,000

2. Principal activities of the Company:

- Software manufacturing;
- IT services and other services related to computers;
- Implementing the retailing distribution right (without establishing retail outlets) of the goods with HS code 8471.

3. Normal business, manufacturing cycle:

Normal business, manufacturing cycle of the Company is 12 months.

II. ACCOUNTING PERIOD, ACCOUNTING CURRENCY

1. Accounting period: The Company's accounting period is from 01 April to 31 March of the next year. This is the first year the Company operates, therefore the first fiscal year starts from 23 March 2017 to 31 March 2018.

2. Accounting currency: The Company maintains its accounting records in Vietnamese Dong (VND).

III. APPLIED ACCOUNTING STANDARDS

1. Accounting framework:

The Company applies Vietnamese Corporate Accounting System issued accompanying with Circulars No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance, and Circular 53/2016 TT-BTC dated 21/03/2016 issued by the Ministry of Finance for modifying, supplementing some articles of Circular No.200/2014/TT-BTC.

Financial statements are prepared at cost in accordance with Vietnamese Accounting Standards. Financial statements do not represent financial position, operation results and cash flows in accordance with accounting principles and practices generally accepted in jurisdictions other than Vietnam.

2. Declaration on compliance with accounting standard and accounting system:

The Board of Directors ensures that the financial statements have been prepared and presented in accordance with the requirements of the Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant guidance documents to the preparation and presentation of financial statements.

IV. IV. ACCOUNTING POLICIES

1. Exchange rates applied in accounting system

- Commercial bank the Company selects to apply exchange rate in accounting is Citibank, N.A, Ho Chi Minh Branch (Citibank).
- Exchange rates applied in transaction recording comprise:

+ Actual exchange rates at the time of incurred transaction

Shall be used to convert into currency recorded in accounting book for transaction of recording revenue, other income, operating expenses, other expenses, assets, other receivables, equity in cash, prepayments to buyers, payables, advance received from customers.

In the case of sale of goods or provision of services related to revenue received in advance or receipts in advance from the buyer: Revenue, income corresponding to the amount received in advance will be applied at the actual transaction exchange rate at the time buyer's pre-emptive point.

In case of buying assets related to prepaid transactions to sellers: The value of assets corresponding to the prepaid amount shall be the actual transaction exchange rates applicable at the time of advances to the sellers.

+ Specific identification actual accounting book exchange rates:

Shall be used to convert transactions into the accounting currency for ones recorded for decrease in: Receivables, Advances from customers due to the transfer of products, goods, fixed asets, services, accepted volume, Collaterals, Prepaid expenses, Payables, Advances to suppliers for products, goods, fixed assets, services received, accepted volume.

+ Moving weighted average bookkeeping rate:

Shall be used to convert into the currency recorded in accounting books in the Credit side of the cash accounts when making a payment in foreign currency.

● Actual exchange rates upon revaluation at the date of the financial statements:

+ For monetary items derived from foreign currencies classified as assets: applied exchange rate is exchange rate of buying of Citibank as at 31 March 2018. For foreign currency deposited in bank, the actual exchange rate upon revaluation is exchange rate of the bank where the Company opens foreign currency accounts.

+ For monetary items derived from foreign currencies classified as liabilities: applied exchange rate in revaluation is selling exchange rate announced by Citibank as at 31 March 2018.

Exchange rate difference in the year and difference from revaluation of monetary items denominated in foreign currencies are recognized as financial income or expenses in the year.

2. Recognition of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposit and time deposit (less than three months), cash in transit and short-term investments with maturity of less than three months that can be easily transferred to cash without any risks in transferring at the date of the report. The identification of cash and cash equivalents is in accordance with Vietnam Accounting Standard No. 24 “Cash Flow Statement”.

3. Recognition of receivables

The amounts of receivables shall be classified into trade receivables, other receivables following principles below:

- Trade receivables: include commercial receivables generating from purchase - sale related transactions.

- Other receivables: include non - commercial or non - trading receivables such as receivables for loans, deposits, dividends and profit distributed, payments entiled by third party, amounts that the entrusted party must collect for the entrusting party, receivables from lending the property, receivables for fines, compensations, assets awaiting resolution, and etc.

Monitoring receivables

Receivables shall be recorded specifically to original terms and remaining recovery terms as at the reporting date, original currencies and each object. At the financial statements' preparation date, receivables which have remaining recovery terms of less than 12 months or a business cycle are classified as current receivables, receivables which have remaining recovery terms of over 12 months or a business cycle are classified as non - current receivables.

Accounts receivable that meet the definition of monetary items denominated in foreign currencies are revaluated as at 31 March, 2018 at the buying exchange rate at the end of the period of Citibank.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date, which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the Income statement.

4. Recognition of payables

The amount of payable shall be classified into trade payable and other payables following principles below:

- Trade payables: include commercial payables arisen from purchases of goods, services or assets.
- Other payables: include non-commercial payable amounts, or payable amounts that are not related to trading in goods or services (such as payables by a third party, payables arising from borrowing assets, fines and compensation payable, assets awaiting resolution, payables on social insurance, health insurance, unemployment insurance, union funds and etc.)

Payables shall be specially recorded to original terms and remaining terms as at the reporting date, original currencies and each object. At Financial Statement's preparation date, payables that have remaining repayment terms of less than 12 months or a business cycle are classified as current payables, payables that have remaining repayment terms of over 12 months or a business cycle are classified as non-current payables.

5. Recognition of prepaid expenses

Prepaid expenses are expenses which have actually incurred yet are related to operational outputs of many accounting periods and the transfer of these expenses to operating expenses of subsequent accounting periods.

Each prepaid expense incurred shall be recorded in details of maturity. As at the reporting date, prepaid expenses that have maturity of less than 12 months or a business cycle since the date of prepayment are classified as current prepaid expenses, expenses that have maturity of over 12 months or a business cycle since the date of prepayment are classified as non-current prepaid expenses.

Short-term prepaid expense as at 31/03/2018 is office rental fee for April – May 2018.

6. Recognition of accrued expenses

Accrued expenses include expenses has been recorded into the operating cost, but not actually paid at the end of the fiscal year on the basis of principles to ensure the consistency between revenues and expenses. By the time actually spent, any difference (if any) between record value and conduct value will be added or reduced. Accrued expenses at the balance sheet date included other expenses on goods, services payables.

7. Recognition of owner's equity

Owner's equity is recognized under actual contribution of investors. The actual amount of contribution capital as at 31/03/2018 is 50,000 USD, which equivalent to 1,135,000,000 VND.

8. Recognition of revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Net revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from sales of goods

Revenue from sales of goods when it satisfies following conditions: revenue is determined reliably; the Company has gained or will gain economic benefits from the good sale transaction; The Company has transferred the majority of risks and benefits associated with the right to own the products or goods to the buyer. Revenue is not recognized when it is uncertain to recover or goods may be returned.

If the transaction results cannot be reliably determined, revenue is only recognized at recoverable amount corresponding to recognized expenses.

9. Recognition of cost of goods sold

Cost of goods sold represent cost of service rendering in the year. Cost of goods sold is recognized on matching principle between revenue and expenses.

10. Financial expenses

Financial expenses of the Company is loss from exchange rate difference in the year.

11. Administrative expenses

Administrative expenses: comprises of outsourced services (tax, legal fees, and audit fees); and other expenses.

12. Tax

Current Corporate Income Tax

Current income tax is calculated based on taxable income and tax rate in the current year (20%).

Other taxes: follow prevailing regulations of Vietnam.

The Company's tax report will be subjected to inspection by the local tax authorities. Due to the application of laws and regulations on taxes on different types of transactions which can be interpreted in different ways, the tax amounts presented on the financial statements can change at the decision of the tax authorities.

V. ADDITIONAL INFORMATION FOR ITEMS ON THE BALANCE SHEET

Following items are presented in Vietnam dong (VND).

1. Cash and cash equivalent

Cash on hand	**Closing balance**	Opening balance
Cash in bank	**385,234,385**	-
Total	**385,234,385**	-

2. Prepayment to suppliers

Current prepayment to suppliers	**Closing balance**	Opening balance
Elite Technology JSC	**372,814,200**	-
Total	**372,814,200**	-

3. Prepaid expense

	Closing balance	Opening balance
Short-term prepaid expense		
- Rental expenses	**12,354,687**	-
Total	**12,354,687**	-

4. Trade payable

4.1 Current trade payable	**Closing balance**		**Opening balance**	
	Original Amount	Amount can be paid off	Original Amount	Amount can be paid off
Tech Mahindra Limited	50,541,900	50,541,900	-	-
Total	**50,541,900**	**50,541,900**	**-**	**-**

4.2 Trade payables are related parties

Refer to note VII.1

V. ADDITIONAL INFORMATION FOR ITEMS ON THE BALANCE SHEET (continued)

5. Tax and obligations to the State

	Opening balance	Payable in the year	Paid in the year	Closing balance
Value added tax	-	-	-	-
Other tax	-	4,000,000	4,000,000	-
Total	**-**	**4,000,000**	**4,000,000**	**-**

6. Accrued expenses

	Closing balance	Opening balance
Tax, Accounting and Licensing service	271,889,000	
Audit services	210,220,000	-
Total	**482,109,000**	**-**

7. Other payables

7.1 Current other payables

	Closing balance		Opening balance	
	Original Amount	Amount can be paid off	Original Amount	Amount can be paid off
Tech Mahindra Limited	8,785,700	8,785,700	-	-
Total	**8,785,700**	**8,785,700**	**-**	**-**

7.2 Other payables are related parties

Refer to note VII.1

8. Owner's equity

8.1 Changes in owner's equity

Items	Owner's equity	Retained earnings	Total
Opening balance	-	-	-
Increase in capital in this year	1,135,000,000	-	1,135,000,000
Other increases	-	-	-
Loss in the year		(886,835,638)	(886,835,638)
Other decreases	-	-	-
Closing balance	**1,135,000,000**	**(886,835,638)**	**248,164,362**

8.2 Details of owner's equity

	Charter capital		
	According to Investment licence (USD)	Ownership ratio	Charter capital paid in actual (USD)
Tech Mahindra Limited	50.000	100%	50.000
Total	50.000	100%	50.000

VI. ADDITIONAL INFORMATION FOR ITEMS ON INCOME STATEMENT

Following items are presented in Vietnam dong (VND).

1. Revenue from sales of goods and rending of services

	Current year
Revenue from sales of goods	**1,292,000,000**
Total	**1,292,000,000**

2. Cost of goods sold and services rendered

	Current year
Cost of goods sold	**1,162,800,000**
Total	**1,162,800,000**

3. Financial income

	Current year
Bank interest	**1,054,130**
Total	**1,054,130**

4. Financial expenses

	Current year
Realized exchange rate difference	**1,498,902**
Total	**1,498,902**

5. General and administrative expenses

	Current year
- Office supplies	**1,963,637**
- Taxes, fees, and charges	**4,794,500**
- External service expenses	**1,008,832,730**
Total	**1,015,590,867**

6. Operating expenses

	Current year
Office supplies	**1,963,637**
External services expenses	**2,171,632,730**
Other expenses	**4,794,500**
Total	**2,178,390,867**

7. Current corporate income tax expense

The current tax payable is based on taxable profit for the year. The taxable profit of the Company for the year differs from the profit as reported in the income statement 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 deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date

Corporate Income tax in the year of the Company:

	Current year
Net (loss)/profit before tax	**(886,835,638)**
Adjustment of (decrease)/increase in (loss)/profit	**-**
Adjustments of increase	**-**
Non-deductible expense	
Adjustments of decrease	**-**
Adjusted pre-tax (loss)/profit without deducting loss in previous years	**(886,835,638)**
Loss carried forward	**-**
Estimated taxable income in current period	**-**
Tax rate	**20%**
Current corporate income tax expense	**-**

VII. OTHER INFORMATION

1. Related parties

Related parties

Parties are considered to be related if one party has the ability to control the other parties or exercise significant influence over the other party in making financial and operating decisions. Related parties comprise enterprises including parent company, subsidiaries, individual directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise. Associates, individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that give them significant influence over the enterprise, key management personnel, officers, close members of the family of an individual and associate, or the individual's associate are also considered as related parties. During the fiscal year ended 31 March 2018, related parties of the Company are determined as following:

Related parties	Relationship
Tech Mahindra Limited	Parent Company

Transaction with related parties

Significant transaction with related parties during the year as following:

In the year	Transaction	Current year
Tech Mahindra Limited	Capital contribution	**1,135,000,000**
	Share rental fee Paid on behalf for Tech Mahindra Vietnam	**50,541,900** **8,785,700**

Balances with related parties

Amount due to and from related parties as balance sheet date as following:

Related parties	Content	Closing balance
I. Payables		
Tech Mahindra Limited	Trade payable	**50,541,900**
	Other payable	**8,785,700**

VII. OTHER INFORMATION (continued)

1. Related parties (continued)

Pricing policies for transactions between the Company and other related parties

Services provided by related parties are negotiated among parties involved.

2. Subsequent events after balance sheet date

There have been no significant events occuring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

3. Comparative figures

This is the first year the Company operates, therefore there is no comparative figures.

4. Going concern

At the time of preparing the Financial Statements, there is no activities or events could affect to the going concern of the Company. Therefore, the Financial Statements of the Company is prepared on the basis that the Company will be going concern.

Hanoi, 18 April, 2018

Do Hoang Anh Ngoc	**Srinivasa Raghavan Venugopal**
Chief Accountant	Director

THE CJS SOLUTIONS GROUP, LLC

Board of Directors
Mr. Anupam Puri
Mr. Vineet Nayyar
Mr. Richard Caplin

Registered Office
6440 Southpoint Parkway,
Suite 300,
Jacksonville,
Florida 32216

Bankers
BB&T
Westpack Banking Corporation

Auditors
Catrakilis Kraitzick Hrabova, LLC
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

Board of Directors

The CJS Solutions Group, LLC and Subsidiary a Florida Limited Liability Company Jacksonville, Florida

We have audited the accompanying consolidated financial statements of The CJS Solutions Group, LLC. and its

100% owned subsidiary, HCI Group UK, Ltd (collectively referred to as the "Company"), which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statement of income and comprehensive income, member's capital and cash flow for the eight months ended December 31, 2017 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2017, the results of its operations and its cash flow for the eight months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Note 9 to the financial statements, the Company has had numerous transactions with related parties.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidated Supplemental Schedule of Revenue and Expenses on page 16 are presented for purposes of additional analysis and are not a required part of the consolidated 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

March 23, 2018

CONSOLIDATED BALANCE SHEET DECEMBER 31, 2017

	Note		2017
ASSETS:			
Current assets:			
Cash	3	$	13,609,230
Accounts receivable, net	4		47,942,316
Due from related party	9		115,485
Prepaid income tax			405,000
Prepaid expenses and other current assets			6,448,557
Other receivables			255,328
Total current assets			68,775,916
Property and equipment, net	6		697,322
Other assets:			
Deferred income tax asset	5		1,317,893
Intangible assets, net	7		29,036,201
Goodwill, net	8		57,955,899
Total other assets			88,309,993
Total Assets		$	157,783,231
LIABILITIES AND MEMBERS' CAPITAL:			
Current liabilities:			
Accounts payable		$	5,094,294
Accrued expenses and other current liabilities			6,115,866
Income taxes payable			60,404
Note payable to related party	9		10,020,108
Due to related parties	9		892,833
Line of credit	10		41,139,070
Total current liabilities			63,322,575
Commitments and contingencies (Note 13)			
Members' capital	11		94,460,656
Total Liabilities and Members' Capital		$	157,783,231

THE CJS SOLUTIONS GROUP, LLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM MAY 5, 2017 TO DECEMBER 31, 2017

	Schedule		2017
REVENUES		$	97,355,548
COST OF REVENUES	I		84,946,765
GROSS PROFIT			12,408,783
OPERATING EXPENSES:			
Personnel			7,095,712
General and administrative	II		2,383,652
Amortization			7,265,487
Depreciation			266,173
Total operating expenses			17,011,024
Operating loss			(4,602,241)
OTHER INCOME / (EXPENSES)			
Other income			4,344
Interest expense			(424,092)
Loss on disposal of assets			(99,259)
Foreign currency loss			(95,651)
Total other expense			(614,658)
Loss before income tax benefit			(5,216,899)
INCOME TAX BENEFIT	Note 5		(1,317,893)
NET LOSS			(3,899,006)
Other comprehensive loss			
Loss on foreign currency translation			(1,567,788)
Comprehensive loss		$	(5,466,794)

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' CAPITAL FOR THE PERIOD FROM MAY 5, 2017 TO DECEMBER 31, 2017

	Members' Capital	Accumulated Other Comprehensive Loss	Accumulated deficit	Total Members' Capital
Beginning Balance at May 5, 2017	$ 10,524,206	$ -	$ -	$ 10,524,206
Issued members' capital	89,403,244	-	-	89,403,244
Net loss for the period	-	-	(3,899,006)	(3,899,006)
Other comprehensive loss	-	(1,567,788)	-	(1,567,788)
Balance at December 31, 2017	$ 99,927,450	$ (1,567,788)	$ (3,899,006)	$ 94,460,656

See Notes to Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM MAY 5, 2017 TO DECEMBER 31, 2017

		2017
CASH FLOW S FROM OPERATING ACTIVITIES:		
Net loss		
Adjustments to reconcile net loss to net cash provided by operating activities:	$	(3,899,006)
Amortization		7,265,487
Depreciation		266,173
Loss on disposal of asset		99,259
Deferred income tax benefit		(1,317,893)
Changes in operating assets and liabilities:		
Accounts receivable, net		(18,777,657)
Due from parent company		(115,485)
Prepaid income tax		(405,000)
Prepaid expenses and other current assets		(5,561,477)
Other receivables		(95,872)
Accrued expenses and other current liabilities		(574,998)
Accounts payable		3,411,851
Income taxes payable		60,404
Net Cash Used in Operating Activities		(19,644,214)
CASH FLOW S FROM INVESTING ACTIVITIES:		
Capital expenditures		(403,400)
Other investing activities		(89,169,580)
Net Cash Used in Investing Activities		(89,572,980)
CASH FLOW S FROM FINANCING ACTIVITIES:		
Net changes in line of credit		25,072,994
Issued members' capital		89,403,244
Repayment of note payable		(1,666,667)
Proceeds from note payable		10,912,941
Net Cash Provided by Financing Activities		123,722,512
Effect of exchange rate changes on cash		(1,567,788)
Net increase in cash		12,937,530
Cash, beginning of period		671,700
Cash, end of period	$	13,609,230
Supplemental disclosure: Cash paid for interest	$	317,143
Cash paid for income taxes	$	405,000

See Notes to Financial Statements

1. NATURE OF OPERATIONS

The CJS Solutions Group, LLC and Subsidiary (the "Company" or "CJS") is a consulting firm that specializes in providing resources to plan, manage, build, optimize and generally assist in the implementation of electronic medical records systems (EMR) in hospitals and health care systems.

The Company's workforce, includes two hundred thirty-three (233) full-time workers and eight hundred and seventy eight (878) subcontractors, consisting of consultants, recruiters, salespersons, management and general office staff. The Company provides these consultants throughout the United States and United Kingdom. The Company is fully concentrated within the healthcare technology industry.

The consolidated balance sheet of the Company include The CJS Solutions Group, LLC d/b/a The HCI Group ("CJS" or the "Parent") and its wholly owned subsidiary, HCI Group UK Ltd. (the Subsidiary) and its wholly owned subsidiaries, Healthcare Clinical Informatics Ltd., CJS Solutions Group Canada ULC, HCI Group DMCC, High Resolution Consulting Ltd and its wholly owned subsidiary, High Resolution Resourcing Limited and HCI Group Australia Pty Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

The accompanying consolidated financial statements reflect the consolidated results of the Parent and its subsidiary for the period May 5, 2017 to December 31, 2017. All significant intercompany accounts and transactions have been eliminated in consolidation.

B. BASIS OF ACCOUNTING

These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

C. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

D. REVENUE RECOGNITION

Revenue from consulting services contracts is 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 provided, fees are fixed or determinable, and collectability is reasonably assured.

Revenues from these services and reimbursed costs for out of pocket expenses are presented on the statement of income and comprehensive income, net of allowances or adjustments for agreed changes to reimbursed costs.

E. COST OF REVENUE

Direct costs for employee or contractor placements consists of salaries, contract payments, payroll taxes, insurance costs as well as reimbursable costs such as travel, lodging or entertainment.

F. ADVERTISING

The Company expenses all advertising costs as incurred. Advertising costs for the period ended December 31, 2017, were $7,123.

G. INCOME TAXES

CJS, was formed as a Limited Liability Company, however on May 5, 2017 management has elected to have the entity file an income tax return as a corporation.

CJS 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. CJS 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 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 (“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.

H. CASH

The Company considers all highly-liquid investments with maturities of three months or less to be cash equivalents.

I. ACCOUNTS RECEIVABLES AND ALLOWANCE FOR BAD DEBTS

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract’s terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company’s evaluation of outstanding account balances. Bad debts are written off against the allowance when identified.

J. UNBILLED RECEIVABLES

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

K. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is provided by the straight-line method and is generally based on the following lives:

- Computers and technology peripherals – five years;
- Furniture and fixtures – seven years;
- Leasehold improvements – lesser of remaining life of lease or estimated useful life of equipment.

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized.

The Company annually reviews the status of property and equipment held by the Company for any impairment of those assets. Any such impairment would result in a permanent reduction in the recorded value of the asset. No such impairments existed at December 31, 2017.

L. FOREIGN EXCHANGE RATES

The Company reports the operations and balances of the Subsidiary in U.S. Dollars. Conversion to U.S. Dollars from multiple foreign currencies resulted in a loss on foreign currency translation of $1,567,788 for the eight months period ended December 31, 2017.

M. GOODWILL AND OTHER INTANGIBLES ASSETS

Goodwill resulting from business combinations represents the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. During 2015, the Company elected the private company accounting alternatives provided in Accounting Standards Update (ASU) 2014-02, Intangibles

– Goodwill and Other (Topic 350): Accounting for Goodwill and ASU 2014-18, Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination (see New Accounting Pronouncements). Pursuant to these elections, the Company prospectively amortized goodwill on a straight-line basis over a ten-year period. Impairment testing will be performed at the entity level upon the occurrence of a triggering event. The Company amortizes intangible asset customer relationships on a straight-line basis over a six-year period.

N. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

Transactions involving related parties are carried out on an arm's-length basis.

3. CASH

At December 31, 2017 cash is summarized as follows:	December 31, 2017
Cash at banks	$ 13,609,230

4. ACCOUNTS RECEIVABLE, NET

At December 31, 2017, accounts receivable are summarized as follows:	December 31, 2017
Amounts due for services rendered and billed	$ 47,596,630
Less: allowance for doubtful accounts	(534,389)
Amounts due for services rendered and billed, net	47,062,241
Amounts due for services rendered, not billed	880,075
Total accounts receivable, net	$ 47,942,316

5. INCOME TAXES

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

Deferred income tax benefit consists of the following:

	Eight Months Period Ended December 31, 2017
Federal	$ (1,025,028)
State	(292,865)
Total deferred income tax benefit:	$ (1,317,893)

Deferred tax asset consists of the following:	December 31, 2017
Federal	$ 1,025,028
State	292,865
	$ 1,317,893

As of December 31, 2017, the Company had approximately $6,234,531, of Federal net operating losses (NOLs) and $6,234,531, of state NOLs available to be carried forward. These NOLs expire through the year 2037.

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 December 31, 2017, property and equipment are summarized as follows:

	December 31, 2017
Plant and machinery - cost	$ 75,074
Computer and software - cost	1,023,369
Furniture and equipment - cost	264,774
Vehicles - cost	206,161
Leasehold improvements - cost	24,558
Office equipment - cost	33,276
Less: accumulated depreciation	(929,890)
Property and equipment, net	$ 697,322

Depreciation expense was $266,173 for the eight months period ended December 31, 2017. The depreciation policies followed by the Company are described in Note K.

7. INTANGIBLE ASSETS, NET

At December 31, 2017, intangible assets are summarized as follows:

	December 31, 2017
Customer contract and related relationships	$ 32,600,000
Less: accumulated amortization	(3,563,799)
Intangible assets, net	$ 29,036,201

Amortization expense for the eight months period ended December 31, 2017 was $3,563,799.The amortization policies followed by the Company are described in Note M. As of December 31, 2017, the estimated future amortization of the intangible for the next five years and thereafter is as follows:

Years ending December 31,	
2018	$ 5,433,333
2019	5,433,333
2020	5,433,333
2021	5,433,333
2022	7,302,869
Thereafter	$ 29,036,201

8. GOODWILL, NET

At December 31, 2017, goodwill is summarized as follows:

	December 31, 2017
Goodwill	$ 61,657,587
Less: accumulated amortization	(3,701,688)
Goodwill, net	$ 57,955,899

Amortization expense for the eight months period ended December 31, 2017 was $3,701,688.The amortization policies followed by the Company are described in Note M. As of December 31, 2017, the estimated future amortization of goodwill for the next five years and thereafter is as follows:

Years ending December 31,	
2018	$ 5,999,800
2019	5,999,800
2020	5,999,800
2021	5,999,800
2022	5,999,800
Thereafter	27,956,899
	$ 57,955,899

9. TRANSACTIONS WITH RELATED PARTIES

During the eight months period ending December 31, 2017, the Company had inter-company transactions with Tech Mahindra (Americas), Inc.("TMA"). Transactions with TMA are summarized below:

	December 31, 2017
Beginning balance, due from TMA	$ -
Expense reimbursement - debit/credit notes	(405,000)
Ending balance, due from TMA	$ (405,000)

Due (to) from parent consists of:	December 31, 2017
Amounts due to TMA	$ (405,000)
Amounts due from TMA	-
	$ (405,000)

During the eight months period ending December 31, 2017, the Company had inter-company transactions with Tech Mahindra Limited ("TechM"). Transactions with TechM are summarized below:

	December 31, 2017
Beginning balance, due from TechM	$ -
Expense reimbursement - debit/credit notes	(372,348)
Ending balance, due from TechM	$ (372,348)

Due (to) from TechM consists of:	December 31, 2017
Amounts due to TechM company	$ (487,833)
Amounts due from TechM company	115,485
	$ (372,348)

Total amounts due to related parties	December 31, 2017
	$ (892,833)
Total amounts due from related parties	115,485
	$ (777,348)

NOTE PAYABLE TO TECH MAHINDRA (AMERICAS) INC.	December 31, 2017
Note payable to Tech Mahindra (Americas) Inc.. The note is unsecured. The outstanding balance includes a principal loan balance of $10,000,000, the principal loan balance accrues interest of LIBOR plus 3% per annum and is payable upon repayment of loan. This note matures on February 27, 2018. Accumulated interest income on the loan was $20,108 for the eight months period ending December 31, 2017. This note payable was settled in full subsequent to the Balance Sheet date.	$ 10,020,108
Subtotal:	
Less: current maturities portion	10,020,108
Long-term maturities portion	$ -

10. LINES OF CREDIT

The Company maintains a line of credit with a maximum borrowing of $1,200,000. The line is collateralized by all the assets of the Company and has no expiration date and interest is payable upon late payment of account. The balance outstanding on this line of credit was $1,031,642 at December 31, 2017.

The Company maintains a line of credit (Tranche A facility) with a maximum borrowing of $30,000,000. This line is guaranteed by Tech Mahindra (Americas) Inc. and matures in November 2018. The fully indexed interest rate is payable at the interest rate applicable for each interest period at a three month LIBOR rate of 1.6098 plus a margin of 0.65%. The balances outstanding on this line of credit was $30,000,000 at December 31, 2017.

The Company maintains a line of credit (Tranche B facility) with a maximum borrowing of $10,000,000. This line is guaranteed by Tech Mahindra (Americas) Inc. and matured on February 2018. The fully indexed interest rate is payable at the interest rate applicable for each interest period at a three month LIBOR rate of 1.6098 plus a margin of 0.65%. The balances outstanding on this line of credit was $10,000,000 at December 31, 2017. This line of credit was settled in full subsequent to the Balance Sheet date.

Interest on Tranche A and B facilities was $107,428 for the period ending December 31, 2017.

11. MEMBERS' CAPITAL

The Company entered into an Agreement and Plan of Merger with Tech Mahindra HealthCare, LLC on March 6, 2017. Under the terms of the agreement, the Company was merged into a newly created merger subsidiary of Tech Mahindra Health Systems Holdings, LLC with the Company surviving the merger. The closing date of the merger was after the close of business on May 4, 2017. Tech Mahindra Healthcare Systems Holdings, LLC ("Holdco") entered into a Limited Liability Company Agreement of Tech Mahindra Healthcare LLC, dated April 7, 2017, as sole initial member. On May 4, 2017, Tech Mahindra (Americas) Inc., acquired 84.7% holding in Tech Mahindra Holdco, a Delaware Limited Liability Company. An individual, resident of the State of Florida ("minority shareholder"), holds the 15.3 % minority interest in Holdco.

12. EMPLOYEE BENEFITS

The Company has established a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation ranging from 0% to 92%. Such deferrals accumulate on a tax deferred basis until the employee withdraws the funds. The Company, at its option, may match a portion of the employee's contribution. The Company has elected not to match a portion of the employee's contribution at this time. The plan also provides a profit sharing component where the Company can make a discretionary contribution to the plan, which is allocated based on the compensation of eligible employees.

13. COMMITMENTS AND CONTINGENCIES

LEASES

The Company rents office space in Jacksonville, Florida, under a sublease arrangement with Ocenture, LLC, a related party, which ends in 2020. A subsidiary rents office space in Swansea, Wales (United Kingdom) on a month-to-month lease with a 3- month termination notice. The subsidiary in Dubai rents office space in Jumeirah Lake Towers in Dubai, on an annual lease agreement. These arrangements qualify as operating leases. Rent expense was $115,386 for the eight months period ended December 31, 2017. The future minimum lease commitments as of December 31, 2017, are as follows:

Years ending December 31,		
2018	$	350,247
2019		256,904
2020		87,281
	$	694,432

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 excluding below class action 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. The Company was named as a defendant in two class action matters related to employee classification claims and wage and overtime pay. These two class action matters were consolidated and the parties in this action attended a formal mediation, wherein confidential settlement terms were reached and accepted. The Company's new ultimate parent, Tech Mahindra (Americas) Inc., has an insurance policy that is expected to cover the settlement, wherein the ultimate financial exposure is estimated to be limited to a $1,000,000 deductible which will be split equally between the Company and Tech Mahindra (Americas) Inc. As of December 31, 2017 the Company has accrued the full financial exposure of $500,000. Confirmation was obtained from a legal representative dated March 14, 2018 that the insurance policy settled the remainder of the qualified settlement of $2,240,000.

14. CONCENTRATION OF CREDIT RISK

The majority of the Company's sales are credit sales, which are made primarily to customers whose ability to pay is dependent upon industry economies prevailing in the areas where they operate. The following are customer concentration for sales, for the period from May 5, 2017 to December 31, 2017:

Revenue concentration:

	Eight Months Period Ended December 31, 2017	
	Amount	Concentration
BJC Healthcare	$ 21,391,955	22%
Mayo Clinic MER	$ 11,305,380	12%
NYC Health & Hospital Corporation	$ 10,999,487	11%

Billed accounts receivable concentrations:

	December 31, 2017	
	Amount	Concentration
NYC Health & Hospital Corporation	$ 9,170,626	19%
Vanderbilt University	$ 8,390,881	18%
BJC Healthcare	$ 6,282,898	13%
Mayo Clinic MER	$ 5,759,295	12%

CASH

The Company places its cash on deposit with financial institution in the United States of America. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. As of December 31, 2017, the Company had $13,356,044 with the financial institution that exceed the Federally insured limit.

The Financial Services Compensation Scheme covers small businesses in the United Kingdom that hold deposits at member banks up to £85,000 ($114,774) . As of December 31, 2017, £ 43,533 ($58,781) of the Company's foreign deposits were insured.

15. MERGER WITH COMPANY RELATED BY COMMON CONTROL

The Company entered into an Agreement and Plan of Merger with Tech Mahindra HealthCare, LLC on March 6, 2017. Under the terms of the agreement, the Company was merged into a newly created merger subsidiary of Tech Mahindra Health Systems Holdings, LLC with the Company surviving the merger. The closing date of the merger was after the close of business on May 4, 2017. Tech Mahindra Healthcare Systems Holdings, LLC ("Holdco") entered into a Limited Liability Company Agreement of Tech Mahindra Healthcare LLC, dated April 7, 2017, as sole initial member. On May 4, 2017, Tech Mahindra (Americas) Inc., acquired 84.7% holding in Tech Mahindra Holdco, a Delaware Limited Liability Company. An individual, resident of the State of Florida ("minority shareholder"), holds the 15.3 % minority interest in Holdco.

The following table summarizes the estimated fair market values of the assets acquired and the liabilities assumed at the merger date:

Accounts receivable	$ 29,164,659
Cash	671,700
Property and Equipment	659,354
Goodwill	61,891,250
Other Assets	562,398
Intangible Asset	32,600,000
Prepaid Expenses	484,141
Total identifiable assets acquired	126,033,502
Accounts Payable	740,146
Accrued Expenses	6,693,019
Line of credit	17,006,220
Notes Payable	1,666,667
Total liabilities assumed	26,106,052
Net asset acquired	$ 99,927,450

16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 23, 2018, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to March 23, 2018, that would have a material impact on the financial statements.

THE CJS SOLUTIONS GROUP, LLC

SUPPLEMENTAL SCHEDULE FOR THE PERIOD FROM MAY 5, 2017 TO DECEMBER 31, 2017

		2017
Schedule I		
COST OF REVENUES		
Consultants compensation	$	65,782,389
Travel and other related expenses		19,164,376
	$	84,946,765
Schedule II		
GENERAL AND ADMINISTRATIVE		
Travel	$	1,293,013
Contract services		1,096,005
Insurance		529,102
Bad debt expenses		337,009
Sales and marketing		226,928
Management fees		226,447
Entertainment		210,789
Office expenses		209,230
Rent		115,386
Bank charges		111,613
Communications		111,495
Dues and subscriptions		108,188
Sales and other indirect taxes		104,728
Miscellaneous		44,551
Postage and delivery		38,473
Vehicle cost		13,016
Repairs and maintenance		3,015
Licenses and permits		135
Professional fees / (Legal contingency release)		(2,395,471)
	$	2,383,652

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