Subsidiary Annual Report

2019-20

VOLUME - I-II & III

Collaborate
Connect
Change

Tech Mahindra

INDEX

VOLUME - I

VOLUME - II

VOLUME - III

TECH MAHINDRA (AMERICAS), INC.

Board of Directors
Mr. Manish Vyas
Mr. Lakshmanan Chidambaram
Mr. T N Manoharan (Effective 22nd May, 2019)
Mr. Arvind Malhotra
Mr. Guru Prasad R Iyengar

Business Office
4965, Preston Park Boulevard,
Suite 500, Plano (Texas) 75093
United States of America

Bankers
HSBC Bank
JPMorgan Chase Bank
Citi Bank

Auditors
Catrakilis Kraitzick Hrabova, LLC CPAs and Advisors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2020.

Financial Results:

For the year ended March 31	2020 USD	2020 INR	2019 USD	2019 INR
Income	1,100,243,365	83,200,403,261	959,597,739	66,360,981,641
Profit/(Loss) before tax	67,229,708	5,083,910,519	47,304,949	3,271,373,748
Profit/(Loss)after tax	54,278,222	4,104,519,148	35,137,053	2,429,902,900

Review of operations:

During the fiscal year under review, the Company achieved an income of US$ 1,100 Million (equivalent to INR 8,320 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:

During year, the company acquired 65% stake in Mad*Pow Media Solution LLC for an upfront consideration of US$ 16.7 million and entered into a binding agreement to purchase balance 35% stake over a period of three-years, fair value of which is determined to be US$ 11.6 million. The company also acquired 100% stake in Objectwise Consulting Group for an upfront consideration of CAD 2.25 million.

Mergers:

Mahindra Technologies Services Inc. was merged into operation effective July 1st 2019.

Changes in Director:

During the year under review, Mr. T N Manoharan was appointed as director of the Company. Mr. Manish Vyas, Mr. Lakshmanan Chidambaram, Mr. Arvind Malhotra, Mr. Guru Prasad R Iyengar are the other 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 existing & prospective customers will result in further increase in business.

Impact of Covid-19:

During the year the incidence of Covid-19 developed into a global pandemic. The directors have assessed the impact of Covid-19 on the business at the balance sheet date and there are no significant changes as of the balance sheet date. The company continues to provide the services to its customers, although some portions of the business have been disrupted due to the current lockdown conditions. Due to the worldwide uncertainty caused by Covid-19, and its potential to impact the company, the company has put in place mitigation plans to minimize the impact on both revenue and profitability.

There are no material changes or commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

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: 26th May, 2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tech Mahindra (Americas), Inc. a New Jersey 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, 2020 and 2019, and the related statements of operations, comprehensive income, stockholder's 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 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

Accounting principles generally accepted in the United States of America require the company to consolidate its subsidiaries in its financial statements. For the purposes of these financial statements, the financial position and the results of operations of its wholly owned and majority owned subsidiaries have not been consolidated. The non-consolidation of the 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.

For purposes of these parent only financial statements the Company's wholly owned and majority owned subsidiaries were not recorded based upon its proportionate share of the subsidiaries' net assets and therefore the effects on the investment balances of these subsidiaries and any related equity or liability impact were not determined.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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, 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, 2020 and 2019, 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.

Other Matter

As discussed in various notes 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 30 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.

CKH CPA's and Advisors, LLC
303 Perimeter Center North, Suite 200, Atlanta, Georgia, United States of America, 30346
May 19, 2020

TECH MAHINDRA (AMERICAS), INC.

BALANCE SHEET AT MARCH 31,

(All amounts are in USD)	Notes	2020	2019
Current assets			
Cash and cash equivalents	3	67,586,269	3,705,147
Accounts receivable, net	4	8,085,250	40,166,538
Employee advances		941,297	1,510,872
Due from parent company	23	80,948,922	197,314,270
Due from affiliated companies	5	6,494,626	7,405,383
Prepaid expenses and other current assets		10,011,451	9,225,147
Income tax receivable		7,026,736	8,540,655
Notes receivable from affiliated companies	5	3,000,000	12,500,000
Total current assets		**184,094,551**	**280,368,012**
Non - current assets			
Goodwill, net		65,596	65,596
Property and equipment, net	7	14,107,219	16,436,681
Intangible assets acquired through business combinations, net	8	11,149,217	13,661,334
Operating lease right-of-use assets	19	11,104,937	-
Investment in subsidiaries	9	286,580,906	252,492,208
Equity method investments	10	-	5,700,306
Equity securities	11	25,000,000	-
Notes receivable from affiliated companies	5	-	9,500,000
Deferred tax asset	6	27,607,664	25,775,027
Security deposits		495,161	510,810
Other assets	12	153,492,627	287,394
Total non - current assets		**529,603,327**	**324,429,356**
Total assets		**713,697,878**	**604,797,368**
Current liabilities			
Accounts payable		29,367,922	10,320,190
Accrued expenses and other current financial liabilities	16	135,040,971	87,923,592
Deferred revenue		-	103,716
Due to parent company	23	30,538,169	91,909,637
Due to affiliated companies	15	35,905,656	36,415,894
Note payable to affiliated company	14	37,500,000	-
Short-term debt	13	106,750,000	75,000,000
Operating lease liabilities - short-term	19	4,218,394	-
Total current liabilities		**379,321,112**	**301,673,029**
Non - current liabilities			
Operating lease liabilities - long-term	19	7,488,766	-
Other non – current financial liabilities	16	111,472,980	3,958,176
Total non - current liabilities		**118,961,746**	**3,958,176**
Total liabilities		**498,282,858**	**305,631,205**
Stockholder’s equity			
Equity attributable to stockholder's of the Company		215,415,020	299,166,163
Total liabilities and stockholder's equity		**713,697,878**	**604,797,368**
Commitments and contingencies (Note 20)			

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020 AND FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in USD)	Notes/ Schedules	2020	2019
Revenues	**I**	**1,100,243,365**	**959,597,739**
Operating expenses:			
- Personnel expenses	II	(601,554,167)	(569,980,642)
- Subcontracting expenses	III	(304,904,563)	(218,836,615)
- Software, hardware and project specific expenses		(34,036,624)	(23,003,258)
- General administrative and other expenses	IV	(71,251,731)	(68,099,234)
- Recovery of /(allowance for) doubtful accounts		922,844	(1,193,711)
- Allowance for accounts receivables due from affiliated companies		(4,456,395)	-
- Amortization	8	(2,512,117)	(1,819,052)
- Depreciation	7	(13,223,340)	(13,052,215)
Total operating expenses		**(1,031,016,093)**	**(895,984,727)**
Operating income		**69,227,272**	**63,613,012**
Non-operating income/(expenses):			
Other income		272,893	193,203
Fair value adjustment of financial instruments		-	(3,200,000)
Impairment of notes issued to affiliated companies	5	(15,684,699)	-
Impairment loss on investment in equity method investee		-	(3,033,676)
Interest income		1,047,002	1,680,287
Interest expenses		(3,025,736)	(2,648,184)
Change in fair value of contingent consideration		6,093,282	-
Dilution gain from equity method investment	1(a)	10,441,958	-
Equity in losses of equity method investee	1(a)	(1,142,264)	(9,299,693)
Income before income tax expense		**67,229,708**	**47,304,949**
Income tax expense	6	(12,951,486)	(12,167,896)
Net income		**54,278,222**	**35,137,053**
Other comprehensive loss:			
- Loss on hedge activity		**(1,611,969)**	**(165,429)**
Comprehensive income		**52,666,253**	**34,971,624**

All revenue and profit for the year are generated from continuing operations

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEAR ENDED MARCH, 31 2020 AND 2019

(All amounts are in USD)	**2020**	**2019**
Cash flows from operating activities		
Net income	54,278,222	35,137,053
Adjustments to reconcile net income to net cash provided by operating activities:		
- Amortization	2,512,117	1,819,052
- Depreciation	13,223,340	13,052,215
- Impairment loss on investment in equity method investee	-	3,033,676
- Deferred income tax income	(1,832,637)	(2,048,338)
- Recovery of /(provision for) losses on accounts receivables	(922,844)	(1,193,711)
- Provision for losses on accounts receivables due from affiliated company	4,456,395	-
- Impairment of notes issued to affiliated companies	15,684,699	-
- Unrealized loss on year end fair valuation of financial instrument	-	3,200,000
- Equity in losses of equity method investee	1,142,264	9,299,693
- Change in fair value of contingent consideration	(6,093,282)	-
- Dilution gain from equity method investment	(10,441,958)	-
- Finance cost	595,221	-
- Deferred contract costs - amortization of other asset	12,533,594	-
- Gain in non-cash settlement with customer on revenue contract	(8,756,787)	-
- Amortization of deferred employee costs	2,083,333	2,839,506
- Lease expense	4,599,340	-
(Increase) decrease in operating assets:		
- Accounts receivable, net	31,760,919	(5,624,225)
- Employee advances	569,575	(423,289)
- Due from parent company	75,847,971	(84,001,827)
- Due from affiliated companies	(3,545,638)	7,088,342
- Prepaid expenses and other current assets	(3,910,429)	686,800
- Income tax receivable	1,513,919	6,465,786
- Security deposits	15,649	(150,168)
Increase (decrease) in operating liabilities:		
- Accounts payable	19,047,732	5,186,056
- Accrued expenses and other current liabilities	(21,960,203)	29,078,542
- Unearned revenue	(103,716)	(1,848,403)
- Due to parent company	(61,371,468)	6,674,522
- Due to affiliated companies	(510,238)	(20,630,523)
- Operating lease payments made	(3,997,117)	-
- Other non – current financial liabilities	3,867,180	-
Net cash provided by operating activities	**120,285,153**	**7,640,759**

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEAR ENDED MARCH, 31 2020 AND 2019

(All amounts are in USD)	**2020**	**2019**
Cash flows from investing activities		
Capital expenditures	(10,906,601)	(8,424,266)
Investment in subsidiaries	(23,203,504)	(7,442,108)
Purchase of identified assets and liabilities of Nuovo Solutions LLC	-	(5,000,000)
Payments received on notes receivable from affiliated companies	4,356,093	13,000,000
Net cash used in investing activities	(29,754,012)	(7,866,374)
Cash flows from financing activities		
Net borrowings under line-of-credit agreements	31,750,000	-
Proceeds from note payable to affiliated company	37,500,000	-
Dividends paid	(95,900,019)	-
Net cash used in financing activities	**(26,650,019)**	**-**
Increase (decrease) in cash and cash equivalents	63,881,122	(225,615)
Cash and cash equivalents at the beginning of the year	3,705,147	3,930,762
Cash and cash equivalents at the end of the year	**67,586,269**	**3,705,147**
Supplemental disclosure of cash flow information:		
Cash paid for interest	(1,773,234)	(2,843,477)
Cash paid for income taxes	(17,594,307)	(15,014,787)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEAR ENDED MARCH, 31 2020 AND 2019

(All amounts are in USD)	Notes	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income / (Loss)	Accumulated Retained Earnings	Total Stockholder's Equity
Balance at April 1, 2018 (as initially reported)		**170,521,745**	**(4,359,878)**	**146,063**	**101,937,102**	**268,245,032**
Reclassification		-	4,359,878	-	(4,359,878)	-
Balance at April 1, 2018 (as reclassified)		**170,521,745**	**-**	**146,063**	**97,577,224**	**268,245,032**
Net income		-	-	-	35,137,053	35,137,053
Merger transaction with entity related by common control		-	(4,050,493)	-	-	(4,050,493)
Other comprehensive loss		-	-	(165,429)	-	(165,429)
Balance at March 31, 2019		**170,521,745**	**(4,050,493)**	**(19,366)**	**132,714,277**	**299,166,163**
Net income		-	-	-	54,278,222	54,278,222
Other comprehensive loss		-	-	(1,611,969)	-	(1,611,969)
Dividends on common stock	17	-	-	-	(136,417,396)	(136,417,396)
Balance at March 31, 2020		**170,521,745**	**(4,050,493)**	**(1,631,335)**	**50,575,103**	**215,415,020**

Certain reclassifications have been made to the prior period financial statements. This resulted in reclassification of $4,359,878 from additional paid in capital as at March 31, 2018 to retained earnings as at March 31, 2018. The change in reclassification in the statement of changes in stockholder's equity had no effect on the statement of financial position, the statement of operations and comprehensive income or the cash flow statement as at March 31, 2018.

For transactions under common control the difference between proceeds transferred and the carrying amounts of the net assets received is recognized in additional paid-in capital in the receiving entity's separate financial statements. The reclassification reflects the application of the standard on the mergers of Sofgen and TM IPR as discussed in Note 1.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS

as of and for the year ended March 31, 2020 and March 31, 2019

(All amounts are in USD)

1 Summary of significant accounting policies

(a) Nature of operations

Tech Mahindra (Americas) Inc. (“TMA” or “the Company”), is a wholly owned subsidiary of Tech Mahindra Limited (“TML” or “TML”), 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 (500 shares of $1.00 par value) by TMA and is accounted for on the cost method. The cost of investment was reported at $500,000 at March 31, 2020 and 2019. The subsidiary's stockholder's equity at March 31, 2020 and 2019 was $4,775,038 and $3,972,380, respectively. 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 and on February 9, 2016 a branch office was registered in the United Kingdom. The Canadian branch had no activity and United Kingdom branches had insignificant activity since inception. The Canadian branch was dissolved, effective March 20, 2018. Subsequently on December 9, 2019 the board of directors resolved to close the branch office in the United Kingdom.

On June 24, 2013, TML 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 TML as a going concern. On August 1 and August 2, 2016, the shareholders of the TML and its Board of Directors approved a merger of the Company and Satyam Computer Services Limited (MSATUS) a United Stated branch of MSAT. The effective date of the merger was March 31, 2017.

The Company acquired 100% investment in Lightbridge Communications Corporation, a Delaware corporation on February 6, 2015, which is accounted for on the cost method. The purchase price was $170 million. During the period ended March 31, 2017 and 2016, the Company received a refund of $3,241,872 and $6,235,322, respectively, from the investment escrow account. During the period ended March 31, 2019, the Company received a refund of $1,500,860, from the investment escrow account. The balance of the investment was reported at $159,021,946 and $159,021,946 at March 31,2020 and 2019, respectively. 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 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 the telecommunication industry. TMA owns 30% of Avion and accounts for this investment under the equity method. The carrying value of investment was $ nil for both March 31, 2020 and 2019 after management carried out an impairment test which resulted in the impairment of the carrying value in Avion amounting to $3,033,676. Consequently, the Company recognized $ nil and $ nil of after-tax income from Avion during both years ended March 31, 2020 and 2019.

On May 4, 2017 the Company indirectly acquired CJS by investing in Tech Mahindra Healthcare Systems Holding LLC., a Delaware Limited Liability Company. The fair value of CJS was $100 million at the date of acquisition; with $84.7 million paid upfront in cash, for the acquisition of 84.74% membership units in CJS. An additional amount of $4.7 million was paid to the minority shareholder as goodwill. Total amount paid including the goodwill is $89.5 million out of which $7.5 million is considered as a prepaid compensation to the minority shareholder. TMA also had a put option at fair value of $6.9 million resulting in a net investment of $88.9 million at acquisition date. On October 13, 2017 the Board of Directors of Tech Mahindra (Americas) Inc. approved to extend a corporate guarantee, for the working capital facility of CJS. On March 1, 2019, TMA signed an amended agreement with an effective date of December 31, 2018, resulting in a change in vesting and exercise date starting from April 30, 2019. The amended agreement stated that the call option to purchase the remaining 15.26% of shares from the minority shareholder over a period of 3 years – December 2019, 2020 and 2021 at values which will be derived based on EBITDA and revenue achievement. The minority shareholder has a put option on the remaining 15.26% of shares over a period of 3 years – December 2019, 2020 and 2021 at values which will be derived based on EBITDA and revenue achievement. As at March 31, 2019 the first option was exercised, resulting in a change in holding of 4.07%, TMA's shareholding subsequent to exercising its first option was 88.81%. As at March 31, 2020 the second option with a fair value of $7.4 million was exercised, resulting in a change in holding of 4.07%.TMA's shareholding as a result of exercising option two is 92.88%. As at March 31, 2020, $4.7 million was paid as part payment for the second option.

On January 18, 2018, TMA invested $15 million in Altiostar Networks Inc’s ("Altiostar") series C1 Preferred shares entitling 23,5% of the fully diluted stake in the Altiostar. As per the share purchase agreement, TMA is entitled, subject to certain terms and conditions, to purchase from Altiostar, 7,932,455 shares of Common stock, at a purchase price of $0.05 per share.

Prior to June 2019, the Company owned 23,5% of fully diluted stake amounting to $15 million in Altiostar Networks Inc.’s ("Altiostar"). TMA accounted for the investment on the equity basis due to its significant influence and recognized $9,299,694 losses from Altiostar during the year ended March 31, 2019.

During June 2019, Altiostar issued additional shares to another investor, resulting into dilution of the investment hold of TMA from 23.5% to 9.5% and accordingly it was determined that significant influence over this investee was lost. During the year ended March 31, 2020, prior to this dilution, TMA recorded additional loss from equity in losses of Altiostar of $1,142,264. TMA elected to measure the retained equity interest at fair value under Topic 321 and adjusted carrying amount of investment Altiostar to fair value. Accordingly, the investment in Altiostar was transferred from equity method investments to equity securities. TMA recognized the difference between the carrying value of investment in Altiostar and fair value when it was determined that significant influence was lost and recognized the difference between fair value and carrying amount and accordingly a dilution gain of $10,441,958 was recognized in the statement of operations.

On August 1, 2018, the Company and TM IPR, were merged with and into a single corporation. The separate existence of TM IPR ceased on September 1, 2018, the effective date of the merger.

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. On March 27, 2018, the Company and Sofgen America Inc ("Sofgen"), were merged with and into a single corporation. The separate existence of Sofgen ceased on May 31, 2018 the effective date of the merger.

On October 31, 2018, TMA acquired identifiable assets and liabilities in terms of the purchase agreement of Nuovo Solutions LLC, a New York limited liability company, in exchange for $5,000,000. This acquisition has helped the Company expand its business in the United States of America.

On May 19, 2019 the Board of Directors approved the transfer of the entire issued and outstanding capital of Mahindra Technologies Services Inc. The separate existence of MTSI ceased on July 1, 2019, which management considered as the effective date of the merger.

On June 30, 2019, TMA acquired 65% membership interests of Mad*Pow Media Solutions, LLC. ("Mad*Pow"), at a cost of $16,721,543. TMA is bound to obtain the remaining interest over the next three years at subsequent closings. The fair value of the embedded forward contract at the date of purchase was determined to be $11,602,887 which represents the mandatorily obligation of TMA to acquire the remaining shareholding.

In October 7, 2019 TMA’s newly formed Canadian subsidiary, Tech Mahindra Canada, Inc. acquired 100% interest in Objectwise Consulting Group Inc.(“Objectwise”). Subsequent to the acquisition Tech Mahindra Canada, Inc. amalgamated with Objectwise as the surviving entity.

(b) Reclassifications

The Company has reclassified certain amounts relating to its prior period results to conform to its current period presentation. These changes were mainly made from general and administrative expenses and is presented separately on the statement of operations. Interest income and expense is being disclosed separately in the statement of operations. These changes have not impacted the results of operations of prior periods.

(c) Basis of presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) with the exception as stated below.

TMA have investments in subsidiaries which are listed in Note 9. U.S. generally accepted accounting principles (GAAP) require that all subsidiaries should be consolidated, and consolidated financial statements should be presented. Consolidated financial statements are the general-purpose financial statements of a parent company that has one or more subsidiaries. In certain circumstances, parent company-only financial statements may be required in addition to consolidated financial statements. ASC 810-10-45-11 permits presentation of parent company financial statements as a supplement to the consolidated financial statements when such a presentation is the most effective means of presenting pertinent information. The parent company-only financial statements are being presented without accompanying consolidated financial statements which is not accordance with US GAAP. Accordingly, these financial statements are not the general-purpose financial statements of the reporting entity, TMA.

The Company did not present the parent company only financial statements according to the proportionate share of the subsidiaries' net assets as required in the rare instances in which parent company financials are presented without accompanying consolidated financial statements.

(d) Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with US 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. Significant estimates and assumptions made by management include the determination of recognition of revenue, valuations of privately held equity securities and amortization of assets recognized. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the result of which forms the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

(e) Cash and cash equivalents

Cash represents current accounts and demand deposits held at financial institutions. The Company considers all highly liquid investments with a maturity, when purchased, of three months or less to be cash equivalents. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) limitations.

(f) Accounts receivable

Accounts receivable consist of amounts due from customers on revenue contracts contracted directly by TMA and is recorded on the balance sheet as "Accounts receivables, net". As of March 31, 2020, and 2019 the allowance for doubtful accounts was $1,777,309 and $3,686,663, respectively. Accounts receivables for services rendered to the parent company under the service contract are recorded separately on balance sheet as "Due from parent company". TML assumes the business and entrepreneurial risks relating to all customer transactions.

(g) Equity method investments

The Company accounts for investments in which it has significant influence but not a controlling financial interest using the equity method of accounting. Equity method investments are classified as "Equity Method Investments" in the balance sheet.

(h) Equity securities

The Company holds strategic investments in privately held equity securities in which the Company does not have a controlling interest or significant influence. Privately held equity securities without a readily determinable fair value are recorded at fair value as described. If, based on the terms of these privately held securities, the Company determines that the Company exercises significant influence on the entity to which these securities relate, the Company will apply the equity method of accounting for such investments.

Privately held equity securities are valued using significant unobservable inputs or data in an inactive market and the valuation requires the Company's judgment due to the absence of market prices and inherent lack of liquidity. The carrying value is not adjusted for the Company's privately held equity securities if there are no observable price changes in a same or similar security from the same issuer or if there are no identified events or changes in circumstances that may indicate impairment, as discussed below. In determining the estimated fair value of its strategic investments in privately held companies, the Company utilizes the most recent data available to the Company. Valuations of privately held companies are inherently complex due to the lack of readily available market data. In addition, the determination of whether an orderly transaction is for a same or similar investment requires significant management judgment including the nature of rights and obligations of the investments, the extent to which differences in those rights and obligations would affect the fair values of those investments, and the impact of any differences based on the stage of operational development of the investee.

The Company regularly assesses its privately held equity securities strategic investment portfolio for impairment. The Company's impairment analysis encompasses an assessment of the severity and duration of the impairment and qualitative and quantitative analysis of other key factors including the investee's financial metrics, the investee's products and technologies meeting or exceeding predefined milestones, market acceptance of the product or technology, other competitive products or technology in the market, general market conditions, management and governance structure of the investee, the investee's liquidity, debt ratios and the rate at which the investee is using its cash.

(i) Property and equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of three to five years.

(j) Deferred contract cost

Deferred contract cost is amortized based on the revenue it is used to generate. The amortization period is in line with the contracts.

(k) Revenue and expenses

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which requires a company to recognize revenue when the company transfers control of promised goods and services to the customer. Revenue is recognized in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. A company also is required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted the provisions described in ASU 2014-09, Revenue from Contracts with Customers, also referred to as Topic 606. The Company adopted the standard using the full retrospective method. The impact of Topic 606 on reported revenue results was not material.

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfies the performance obligations.

TMA have entered in agreement with TML according to which TML have appointed TMA as a contract service provider for providing onsite software development services (“contract service provider agreement” or “agreement”). According to the terms of the agreement:

- TML will be securing contracts from customers for software development/modification of software and other related services to customers based in the USA.
- TMA in certain cases may enter into contracts with customers based in the USA in its own name and will render the agreed onsite services to TML.
- In respect of all contracts entered with customers, the entire underlying risk and rewards of such contracts shall be with TML alone.
- TMA shall at the end of each month specify the costs incurred by TMA for the services in the previous month to be agreed by TML. TML shall reimburse the agreed costs.
- Costs which are not in relation to provision of service but emanate out of or due to the contracts, will also be reimbursed by TML.

TML pays remuneration to TMA for its services as contract service provider, on a cost-plus basis. This remuneration represents revenue for TMA. In those cases when TMA may enter into contracts with customers in its own name, TMA recognize respective revenue and accounts receivables from contract with customers in its books, however since according to the contract service provider agreement the entire underlying risk and rewards of such contracts is with TML alone and this revenue is fully repaid to TML, this revenue is fully netted and presented on net basis in these financial statements.

Amounts of remuneration for provision of services in accordance with the contract service provider agreement are recorded as revenue in the statement of operations. Accounts receivables due from TML in accordance with this agreement are recorded as “Due from parent company”.

TMA fully repays revenue contracted directly by TMA to TML. Accounts payable due to TML for revenue contracted directly by TMA are recorded in “Due to parent company” on the balance sheet. Expenses are recorded when incurred.

(l) Unbilled revenue

Unbilled revenue include revenue recognized in relation to cost incurred on contracts not billed as of the end of the reporting period and where services have been performed in accordance with the terms of respective contracts with customers.

(m) 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 SB 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 taxpayers. 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..

(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).

(o) 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 assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(p) 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 in active markets for identical assets or liabilities that the Fund has the ability to access
- 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 Company 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.

(q) Leases (policy applicable beginning April 1, 2019)

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to record most leases on their balance sheets but recognize the expenses on their statements of operations in a manner similar to current accounting rules. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The new standard is effective for interim and annual periods beginning after December 15, 2020 (i.e. calendar periods beginning on January 1, 2021) on a modified retrospective basis. The Company performed early adoption of the ASU 2016-02 on a modified retrospective basis as of April 1, 2019.

The Company is a lessee in several non-cancellable operating leases, primarily for office space. The Company accounts for leases in accordance with ASC Topic 842, Leases. The Company determines if an arrangement is or contains a lease at contract inception. The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective-interest method. Key estimates and judgments include how the Company determines the discount rate it uses to discount the unpaid lease payments to present value, lease term and lease payments.

ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally uses its incremental borrowing rate as the discount rate for the lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Company does not generally borrow on a collateralized basis, it uses the interest rate it pays on its non-collateralized borrowings as an input to deriving an appropriate incremental borrowing rate, adjusted for the amount of the lease payments, the lease term and the effect on that rate of designating specific collateral with a value equal to the unpaid lease payments for that lease. The lease term for all of the Company's leases includes the non - cancellable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

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

- Fixed payments, including in-substance fixed payments, owed over the lease term (which includes termination penalties the Company would owe if the lease term assumes Company exercise of a termination option);
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease commencement date;
- Amounts expected to be payable under a Company-provided residual value guarantee; and
- The exercise price of a Company option to purchase the underlying asset if the Company is reasonably certain to exercise the option.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received.

Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ROU assets for operating and finance leases are periodically reduced by impairment losses. The Company uses the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether a ROU asset is impaired, and if so, the amount of the impairment loss to recognize.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

Operating lease ROU assets are presented as operating lease right of use assets on the balance sheet. The current and the long-term portion of operating lease liabilities are presented separately as operating lease liabilities on the balance sheet.

(r) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

2 Significant Risks and Uncertainties Including Business and Credit Concentrations

The Company is subject to credit risk to the extent any financial institution or customer with which it conducts business is unable to fulfil contracted obligations on its behalf. Management monitors the financial condition of those financial institutions and counterparties.

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, amounts due from the parent company and equity securities.

As described in Note 1 (j), TMA entered in agreement with TML according to which TML have appointed TMA as a contract service provider for providing onsite software development services. Accordingly, all revenue of TMA comes from TML, the parent company of TMA. For the summary of all transactions of TMA with TML, refer to Note 23.

Total amount of revenue recorded for the year ended March 31, 2020 and 2019 was $1,100,243,365 and $959,597,739, respectively. Total amount due from the parent company as of March 31, 2020 and 2019 was $80,948,922 and $197,314,270, respectively. Total amount of revenue, which was directly contracted by TMA and remitted to the Parent company for the year ended March 31, 2020 and 2019 amounted to $72,227,427and $164,044,486, respectively.

For information about revenue and accounts receivables concentration, on revenue contracted directly by TMA, refer to Note 4.

3 Cash and Cash Equivalents

As of March 31, cash and cash equivalents consisted of the following:	2020	2019
Current accounts with banks	1,586,269	3,705,147
Money market mutual funds	66,000,000	-
Total	$ **67,586,269**	$ **3,705,147**

The Company places its cash on deposit with financial institution in the United States of America. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation limitations. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts.

4 Accounts Receivable, net

TMA in certain cases may enter into contracts with customers based in the USA in its own name and will render the agreed onsite services to TML. Revenue contracted directly by TMA and subsequently transferred back to TML has been treated as agency transactions for the purpose of these financial statements and accordingly presented on net basis.

As of March 31, accounts receivable consisted of the following:	2020	2019
Amounts due for services rendered and billed	7,723,362	34,355,484
Allowance for doubtful accounts	(1,777,309)	(3,686,663)
Amounts due for services rendered and billed, net	5,946,053	30,668,821
Amounts due for services rendered, not billed	2,139,197	9,497,717
Total	$ **8,085,250**	$ **40,166,538**

Bad debt write-off was $986,510 and $149,471 for the year ended March 31, 2020 and March 31, 2019, respectively.

(a) Trade receivables: credit risk

The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the entity's markets. The contractual terms on invoices issued to customers vary and are payable upon receipt or immediate to within 120 days.

Aging analysis of trade receivables, is as follows:

	Less than 30 days	Between 30 to 60 days	More than 60 days	Total
Accounts receivable, gross as of March 31, 2020	4,568,610	590,680	2,564,072	$ **7,723,362**
Accounts receivable, gross as of March 31, 2019	24,208,750	568,903	9,577,831	$ **34,355,484**

(b) Revenue contracted directly by TMA and accounts receivables concentration

The Company provides services to customers in diversified customer base and geographic regions and, therefore, has low concentration of credit risk. The Company continuously evaluates the credit worthiness of its customers and generally does not require collateral.

Billed accounts receivable concentrations:

Three customers had accounts receivables balances that each individually accounted for more than 10% of gross accounts receivables balance as of March 31, 2020. Total amount of accounts receivables balances of these customers amounted to $2,632,019, or 34% of gross accounts receivables balance as of March 31, 2020.

Accounts receivable concentration as of March 31, 2020

	Amount	Concentration, %
Customer 1	$894,654	12%
Customer 2	$881,756	11%
Customer 3	$855,609	11%

Three customers had accounts receivables balances that each individually accounted for more than 10% of gross accounts receivables balance as of March 31, 2019. Total amount of accounts receivables balances of these customers amounted to $13,929,501, or 40% of gross accounts receivables balance as of March 31, 2019.

Accounts receivable concentration as of March 31, 2019

	Amount	Concentration, %
Customer 1	$6,342,490	18%
Customer 2	$3,934,984	11%
Customer 3	$3,652,027	11%

Revenue from 3 customers, which individually accounted for 10% or more of total revenue contracted directly by TMA amounted to $24,723,372 for the year ended March 31, 2020, or 39% from total revenue contracted directly by TMA.

Concentration of revenue contracted directly by TMA for the year ended March 31, 2020

	Amount	Concentration, %
Customer 1	$9,218,080	15%
Customer 2	$7,768,066	12%
Customer 3	$7,737,226	12%

Revenue from 3 customers, which individually accounted for 10% or more of total revenue contracted directly by TMA amounted to $81,472,796 for the year ended March 31, 2019, or 50% from total revenue contracted directly by TMA.

Concentration of revenue contracted directly by TMA for the year ended March 31, 2019

	Amount	Concentration, %
Customer 1	$42,090,337	29%
Customer 2	$23,702,104	16%
Customer 3	$15,680,355	11%

5 Notes Receivable/ Due from Affiliated Companies

(a) Notes Receivable from Affiliated Companies

Notes receivable from affiliated companies consist of the following as of March 31, 2020:

Note amount	Accrued interest	% rate	Maturity	Carrying amount	% payments
Note receivable from Tech Mahindra Servicos de Informatica LTDA, Brazil, current					
3,000,000	218,709	USD Libor+1%	September, 2020	3,218,709	Quarterly

Notes receivable from affiliated companies consist of the following as of March 31, 2019:

Note amount	Accrued interest	% rate	Maturity	Carrying amount	% payments
Note receivable from Tech Mahindra Servicos de Informatica LTDA, Brazil, current					
3,000,000	108,308	USD Libor+1%	September, 2019	3,108,308	Quarterly

Note amount	Accrued interest	% rate	Maturity	Carrying amount	% payments
Note receivable from Fixstream Networks, Inc					
19,000,000	1,151,302	USD Libor+1% to 3%	2019 - 2024	20,151,302	Quarterly

All notes receivable from affiliated companies are unsecured. Accrued interest income from notes receivable from affiliated companies is included in prepaid expenses and other current assets.

During August 2019, TML approved the proposal to divest its stake in Fixstream to a US based corporation (Buyer of Fixstream). As part of this agreement, TMA received a promissory note of $14 million and a cash payment of $5.8 million to settle amount of loans which were initially issued to Fixstream. Due to uncertainties regarding the recoverability of this promissory note a full allowance was raised. A write-off in the amount of $1,684,699 for accrued interest was recorded.

(b) Due from affiliated companies

The balance due from affiliates includes a balance of $10.6 million with an offsetting provision.

6 Income Taxes

TMA accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as described in Note 1 above. The components of the provisions for the income taxes for the years in the year ended March 31, 2020 and 2019 are as follows:

Current income tax expense consists of the following:	**2020**	**2019**
Federal	12,408,735	10,760,218
State	4,472,086	3,456,016
Total	$ **16,880,821**	$ **14,216,234**

Deferred income tax expense / (benefit) and other movements on tax consists of the following:

	2020	**2019**
Other	(2,096,698)	-
Federal	(1,052,024)	(1,104,712)
State	(780,613)	(943,626)
Total	**(3,929,335)**	**(2,048,338)**
Total current and deferred income tax expense	$ **12,951,486**	$ **12,167,896**

Deferred tax asset consists of the following:	**2020**	**2019**
Federal	23,485,687	22,433,663
State	4,121,977	3,341,364
Total	$ **27,607,664**	$ **25,775,027**

As of March 31, 2020, and 2019, TMA had utilized all federal net operating losses (NOLs) available to be utilized for the respective years which were carried forward from prior years. TMA had utilized all state net operating losses (NOLs) available to be utilized for the respective years which were 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.

As a result of mergers, TMA had approximately $5,443,887 of estimated federal and $1,065,685 of state net operating losses (NOLs) available to be carried forward. These losses have been fully utilized by March 31, 2020.

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, 2020 and 2019, of $32,409,683 and $32,409,683 for LCC's NOL that the Company is able to utilize as part of filing a consolidated Federal income tax return. Amount payable to LCC is included in due to affiliated companies balances as disclosed on balance sheet and Note 15. Closing amount of deferred tax asset consist primarily from LCC's NOL.

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. As of March 31, 2020, the Company's tax years from 2016 to 2020 are open for examination by Federal and state tax authorities.

7 Property and Equipment

Property and equipment, net, consisted of the following as of March 31,

	2020	2019
Equipment	26,805,903	30,685,967
Computer and software	46,848,077	38,913,411
Furniture and equipment	2,134,439	3,849,952
Leasehold improvements	1,606,419	3,268,726
Office equipment	1,687,449	1,932,068
Accumulated depreciation	(64,975,068)	(62,213,443)
Total	$ **14,107,219**	$ **16,436,681**

Reconciliation of carrying value of property and equipment for the year ended March 31, was as follows:

	2020	2019
Carrying value at the beginning of the year	16,436,681	21,064,630
Additions	10,906,601	8,424,266
Removal of fully depreciated assets	(10,474,438)	-
Accumulated depreciation on disposals	10,461,716	-
Depreciation	(13,223,341)	(13,052,215)
Carrying value at the end of the year	$ **14,107,219**	$ **16,436,681**

8 Intangible Assets Acquired through Business Combinations

At March 31, intangible assets are summarized as follows:

	2020	2019
Customer lists	23,424,422	23,424,422
Accumulated amortization	(12,275,205)	(9,763,088)
Carrying value at the end of the year	$ **11,149,217**	$ **13,661,334**

9 Investments in Subsidiaries

At March 31, investments in non-consolidated subsidiaries are summarized as follows:

	2020	2019
Tech Talenta, Inc.	500,000	500,000
Lightbridge Communication Corporation	159,021,946	159,021,946
Tech Mahindra Healthcare Systems Holdings LLC	97,040,520	92,970,262
Mad*Pow Media Solutions, LLC	28,324,430	-
Objectwise Consulting Group	1,694,010	-
Total	$ **286,580,906**	$ **252,492,208**

Refer to footnote 1(a) for a description of the listed investments.

10 Equity Method Investments

	2020	2019
Avion Systems, Inc.	-	-
Altiostar Networks, Inc.	-	5,700,306
	$ **-**	$ **5,700,306**

Refer to footnote 1(a) for a description of the listed investments.

11 Equity Securities

As of March 31, equity securities consisted of the following:

	2020	2019
Altiostar Networks, Inc.*	15,000,000	-
Sierra Private Investments LP (T units) - at original fair value**	10,000,000	-
Total	$ **25,000,000**	$ **-**

* Refer to footnote 1(a) for a description of the listed investments.

** The Company has the right to the sell its T units at the original value plus compounded interest subject to terms and conditions tied to certain rights of the counterparty.

12 Other Assets

As of March 31, other assets consisted of the following:

	2020	2019
Deferred contract cost, net	153,125,298	-
Accrued interest receivable on notes receivable from affiliated companies	367,329	287,394
Total	$ **153,492,627**	$ **287,394**

Deferred contract cost comprises of technology license agreements and capitalized as other assets.

13 Short-Term Debt

Short-term debt comprises of unsecured lines of credit of $31,750,000 and unsecured revolving credit facility of $75,000,000. The maturity of the borrowings under the revolving credit facility was extended until May 2021 and the total credit limit was increased from $75,000,000 to $100,000,000. Accrued interest payable on borrowing facilities as of March 31, 2020 and March 31, 2019 was included within accrued expenses and other current financial liabilities.

14 Note Payable to Affiliated Company

On March 31, 2020, the Company signed short-term borrowing agreement with affiliated company, the CJS Solutions Group LLC, with total credit limit of $40,000,000 at an % rate of USD LIBOR + 1%. On March 31, 2020 TMA obtained $37,500,000 from the CJS Solutions Group LLC under this borrowing facility. The loan was received for a period of 30 days, and matures on April 30, 2020. Subsequently the payment date was extended to May 19, 2020.

15 Due to Affiliated Companies

Due to affiliated companies consisted of the following at March 31:

	2020	2019
Payable to Lightbridge Communication Corporation under tax sharing arrangement (*)	32,800,262	32,409,683
Other accrued expenses due to other affiliated companies	3,105,394	4,006,211
Total	$ **35,905,656**	$ **36,415,894**

(*) 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, 2020 and 2019, of $32,800,262 and $32,409,683 for LCC's NOL that the Company is able to utilize as part of filing a consolidated Federal income tax return.

16 Accrued Expenses and Other Current Financial Liabilities and Other Non-Current Financial Liabilities

Accrued expenses and other current financial liabilities consisted of the following at March 31:

	2020	2019
Accrued expenses, interest and other	38,803,204	27,348,433
Contractual obligation – customer arrangement - current portion	34,578,750	-
Accrued expenses - subcontracted associates	23,113,192	28,183,459
Contingent consideration - current portion	8,532,723	5,351,104
Payroll related expenses	30,013,102	27,040,596
Total	$ **135,040,971**	$ **87,923,592**

Other non-current financial liabilities consisted of the following at March 31:

	2020	2019
Contractual obligation – customer arrangement	100,425,362	-
Contingent consideration	5,568,469	3,958,176
Other payroll related liabilities	3,823,001	-
Derivative financial liabilities	1,656,148	-
Total	$ **111,472,980**	$ **3,958,176**

	2020
Future obligation commitment	
Year one	34,578,750
Years two to four	103,736,250
Total undiscounted liability	**138,315,000**
Imputed interest	3,310,888
Total amortized cost under contractual obligation	$ **135,004,112**

17 Common Stock

	2020	2019
Ordinary shares of $1 each	Number of shares	Number of shares
Issued and fully paid	170,521,745	170,521,745

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, 2020 and 2019.

The sole shareholder, Tech Mahindra Limited Holders, being the sole owner of common stock is entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, is entitled to receive all assets available for distribution to stockholders. There are no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

On February 18, 2020, the Board of Directors proposed and approved the declaration and payment of interim dividend to the sole shareholder, TML. The dividend was paid at the rate of $0.8 per share subject to withholding tax of 15%. Total amount of interim dividend declared amounted to $ 136,417,396. An amount of $40,517,377 was deducted towards outstanding receivables from TML. Accrued interest payable on borrowing facilities as of March 31, 2020 and March 31, 2019 was included within accrued expenses and other current financial liabilities

	Total
Dividend payable	136,417,396
Less: Withholding tax at 15%	(20,462,609)
Dividend net of withholding tax	115,954,787
Less: amount receivable from TML	(40,517,377)
Amount paid to TML	75,437,410
Amount of withholding tax paid	20,462,609
Total payment made	$ **95,900,019**

18 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 TML 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 TML. 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 as these options relate to shares of TML.

19 Leases

Information as of and for the year ended March 31, 2020:

The Company has several non-cancellable operating leases, primarily for office space that expire over the next five years. These leases generally contain renewal options for periods ranging from two to five years. Because the Company is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from lease payments. The Company’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include mainly fixed payments.

Total lease cost for the year ended March 31, 2020 amounted to $4,599,340.

Amounts reported in the balance sheet as of March 31, 2020 were as follows:

Operating leases:	**2020**
Operating lease ROU assets	11,104,937
Operating lease liabilities – short-term	4,218,394
Operating lease liabilities – long-term	7,488,766
Total operating lease liabilities	$ **11,707,160**

Maturities of operating lease liabilities under non-cancellable leases as of March 31, 2020 are as follows:

	Operating leases
In 1 year	4,260,409
In 2 to 5 years	7,346,554
Thereafter	632,017
Total undiscounted lease payments	12,238,980
Less: imputed interest	(531,820)
Total lease liabilities	$ **11,707,160**

Other information related to leases as of March 31, 2020 was as follows:

	Operating leases
Supplemental cash flow information	
Cash paid for amounts included in the measurement of lease liabilities:	(3,997,117)
ROU assets obtained in exchange for lease obligations	15,415,856
Reductions to ROU assets resulting from reductions to lease obligations	(4,310,919)
Weighted average remaining lease term	2 years
Weighted-average discount rate	2%

Information as of and for the year ended March 31, 2019:

Information on lease costs for the year ended March 31, 2019 was as follows:

Minimum rental payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. TMA leased office space under operating leases. Rent expenses under these operating leases amounted to $3,837,850 for the year ended March 31, 2019.

Future minimum lease payments for leases for each of the next five years and thereafter at March 31, 2019 were as follows:

	Operating leases
In 1 year	3,731,306
In 2 to 5 years	6,464,877
Thereafter	896,786
Total lease liabilities, undiscounted	$ **11,092,969**

20 Commitments and Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

21 Mergers with Companies under Common Control

Tech Mahindra IPR Inc.

On August 1, 2018, the Board of Directors of Tech Mahindra IPR Inc. (IPR) approved the merger with TMA. Effective date of the merger is September 1st, 2018.

The merger of IPR with and into TMA has been duly authorized in compliance with the provisions of the laws of the Delaware General Corporation Law. TMA continues to exist as a corporation under its present name pursuant to the provisions of the Delaware General Corporation laws.

The following table summarizes the fair market values of the assets acquired on September 1, 2018, 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 stepped up basis for the assets acquired.

	Net value acquired
Assets	
Cash	100,712
Other assets	1,478,934
	1,579,646
Liabilities	
Accounts payable	(6,083,300)
Net value acquired	$ (4,503,654)

Mahindra Technologies Services Inc.

On May 19, 2019 the Board of Directors approved the transfer of the entire issued and outstanding capital of Mahindra Technologies Services Inc. (“MTSI”) to TMA, for consideration to be paid in the amount of $1,169,651. The separate existence of MTSI ceased on July 1, 2019, which management considered as the effective date of the merger. The results of operations for April 1, 2019 to June 30, 2019 in the amount of $103 was included in TMA’s results as though the transfer of net assets had occurred at the beginning of the period. From that date to the end of the period and all future periods the results of MTSI will be those of the combined operations. The substance of the MTSI transaction did not result in a change of reporting entity for TMA and was prospectively accounted for as described above.

	Net value acquired
Assets	
Cash	1,088,403
Accounts receivable, net	7,174
Tax receivable	20,057
Deferred taxes	68,040
Total assets	**1,183,674**
Liabilities	
Accrued expenses	(9,954)
Total liabilities	(9,954)
Net value acquired	$ **1,173,720**
Prior periods retained earnings included on April 1, 2019	(123,616)
Consideration paid over net asset value acquired	119,547
Consideration paid	1,169,651

22 Financial Instruments

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 other comprehensive income 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, 2020, and 2019, 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, on a floating leg for a specified notional principal amount.

The Company's interest rate swap derivative financial instruments at March 31, 2020 are as follows:

	Average Contracted Fixed Interest Rate		Notional Principal Value		Fair Value assets (liabilities)	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	%	%				
Cash Flow Hedges						
Outstanding receive floating pay fixed contracts						
Less than 1 year	1.851%	2.64%	75,000,000	20,000,000	1,504,191	60,570
1 to 2 years	-	2.12%	-	12,000,000	-	(74,329)
2 to 5 years	0.79%-0.94%	-	22,000,000	-	151,957	-

The fair values of derivative instruments as of March 31, 2020 and 2019 are as follows.

	2020	**2019**
	Fair value	Fair value
Derivative Assets	-	60,570
Derivative Liabilities	(1,656,148)	(74,329)
	$ **(1,656,148)**	$ **(13,759)**

23 Transaction with Parent Company

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

	Year ended March 31,	
	2020	**2019**
Beginning balance, due from parent company	105,404,633	28,062,859
External contract revenue recharge to parent company	(72,227,428)	(164,044,487)
Cost of services	-	-
Income from parent company	1,100,243,365	959,597,739
Payments to parent company	144,228,948	167,138,619
Collections from parent company	(1,221,593,739)	(880,397,746)
Expense reimbursement - debit/credit notes	(5,645,026)	(4,952,351)
Ending balance, due from parent company	$ **50,410,753**	$ **105,404,633**

Due (to) from parent consists of:	**2020**	**2019**
Amounts due to parent company	(30,538,169)	(91,909,637)
Amounts due from parent company	80,948,922	197,314,270
	$ **50,410,753**	$ **105,404,633**

24 Subsequent Events

The Company has evaluated subsequent events through May 19, 2020, the date the financial statements were available to be issued.

In April 2020 Tech Mahindra Americas acquired Zen3 Infosolutions (America) Inc. for an initial payment of $35 million. Based on certain criteria the total purchase consideration is determined to be up to $64 million in cash.

Zen3, which was founded in 2013, has capabilities in AI enablement services, AI speech solutions, cloud engineering, software product engineering, and DevOps.

Except as discussed above, no significant events occurred subsequent to the balance sheet date but prior to May 19, 2020, that would have a material impact on the financial statements.

(All amounts are in USD)	**2020**	**2019**
Schedule I		
Revenue		
- External contracted revenue	72,227,428	164,044,487
- Transfers to the parent company	(72,227,428)	(164,044,487)
Total	**-**	**-**
- Revenue from the parent company	1,100,243,365	959,597,739
Total	$ **1,100,243,365**	$ **959,597,739**

	2020	**2019**
Schedule II		
Personnel expenses		
- Payroll expenses	(505,298,592)	(481,885,548)
- Payroll taxes	(40,874,711)	(37,853,763)
- Employee benefits - health insurance	(28,336,828)	(27,650,953)
- Other employee compensation	(27,044,036)	(22,590,378)
Total	$ **(601,554,167)**	$ **(569,980,642)**

	2020	**2019**
Schedule III		
Subcontracting expenses		
- Subcontracting expenses - associates	(182,951,184)	(145,267,053)
- Project specific expenses	(111,908,533)	(49,776,881)
- Subcontracting expenses - intercompany	(10,044,846)	(23,792,681)
Total	$ **(304,904,563)**	$ **(218,836,615)**

	2020	**2019**
Schedule IV		
General administrative and other expenses		
- Travel	(15,416,750)	(18,534,366)
- Visa fees	(14,793,990)	(16,271,885)
- Legal expenses	(10,288,706)	(7,843,544)
- Communications	(8,035,488)	(6,910,152)
- Office expenses	(5,873,626)	(3,699,642)
- Lease expense	(4,599,340)	-
- Professional fees	(3,443,298)	(5,415,221)
- Amortisation of prepaid employee costs related to business combinations	(2,083,333)	(2,839,506)
- Sales and marketing	(1,916,633)	(2,806,952)
- Miscellaneous	(1,059,295)	(994,866)
- Sales and other indirect taxes (refund) / expense	(1,468,578)	2,931,025
- Entertainment	(1,192,610)	(1,234,746)
- Rent	(635,765)	(3,824,650)
- Insurance	(444,319)	(654,729)
Total	$ **(71,251,731)**	$ **(68,099,234)**

TECH TALENTA INC

Board of Directors
Mr. Manish M Vyas
Mr. Guru Prasad R Iyengar

Registered Office
4965, Preston Park Boulevard
Suite 500, Plano (Texas) 75093
United States of America

Bankers
HSBC Bank

Auditors
Catrakilis Kraitzick Hrabova, LLC
CPAs and Advisors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2020.

Financial Results:

For the year ended March 31	2020 USD	2020 INR	2019 USD	2019 INR
Income	20,763,983	1,570,172,395	25,444,819	1,759,636,458
Profit/(Loss) before tax	1,082,312	81,844,434	1,711,115	118,332,157
Profit/(Loss)after tax	802,658	60,696,999	1,277,639	88,355,124

Review of operations:

During the fiscal year under review the Company achieved an income of US$ 20.76 Mn (equivalent to INR 157 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:

During the year under review, there is no change in the constitution of Board Mr. Manish M Vyas and Mr. Guru Prasad R Iyengar are the members of the Board of Directors.

Outlook for the current year:

The company will continue to focus on vendor development and fulfilling staff augmentation need for Tech Mahindra operation."

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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 M Vyas
Director

Place: Texas
Date: 30th April, 2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tech Talenta Inc.
a Texas 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 Texas Corporation, a wholly owned subsidiary of Tech Mahindra (Americas), Inc. which comprise the balance sheets as of March 31, 2020 and 2019 and the related statements of operations, and cash flows for periods then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 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 the Company, as of March 31, 2020 and 2019, the results of operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

As discussed in Notes 6 and 7 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 12 are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CKH CPAs and Advisors, LLC
Atlanta, Georgia
April 30, 2020

BALANCE SHEETS

	Notes	2020 $	2019 $
Current assets			
Cash		122,514	422,030
Accounts receivable, net	3	3,020,215	2,162,883
Employee advances		12,793	20,205
Prepaid expenses		30,597	-
Due from parent company	6	1,166,994	2,049,913
Due from affiliated companies	7	2,695,000	718,210
		7,048,113	**5,373,241**
Non-current assets			
Property and equipment, net	4	-	899
Deferred tax asset	5	65,591	51,734
Total Assets		**7,113,704**	**5,425,874**
Current liabilities			
Accrued expenses		2,139,663	1,092,548
Accounts payable		30,863	205,429
Due to parent company	6	6,819	29,603
Due to affiliate companies	7	-	35,918
Income tax payable		161,321	89,996
Total liabilities		**2,338,666**	**1,453,494**
Stockholder's Equity			
Common stock - $1 par value, 500,000 shares authorized, issued and outstanding	8	500,000	500,000
Retained earnings		4,275,038	3,472,380
Equity attributable to stockholder's of the Company		4,775,038	3,972,380
Total Liabilities and Stockholder's Equity		**7,113,704**	**5,425,874**

STATEMENTS OF OPERATIONS YEARS ENDED MARCH 31,

	Schedules	2020 $	2019 $
Revenue	I	20,763,983	25,444,819
Operating expenses			
Depreciation		899	1,349
Personnel cost	II	10,309,131	20,309,836
Subcontracting expenses	III	9,057,535	2,939,056
General and administrative	IV	316,191	502,535
		19,683,756	**23,752,776**
Operating income		1,080,227	1,692,043
Non-operating income / (expenses):			
Other income		2,027	19,342
Foreign currency exchange (loss) / gain		58	(270)
Income before income tax expense		**1,082,312**	**1,711,115**
Income tax expense	Note 5	279,654	433,476
Net Income		**802,658**	**1,277,639**
Retained earnings, beginning of period		3,472,380	2,194,741
Retained earnings, end of period		4,275,038	3,472,380

All revenue and profit for the year is generated from continuing operations

TECH TALENTA INC

STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31,

	2020 $	2019 $
Cash flows from operating activities		
Net income	802,658	1,277,639
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	899	1,349
Deferred income tax (benefit) expense	(13,857)	(22,561)
Changes in operating assets and liabilities:		
(Increase) / decrease in accounts receivable, net	(857,332)	230,175
Increase / (decrease) in employee advances	7,412	(16,724)
Increase / (decrease) in income tax payable	71,325	149,033
(Increase) / decrease in prepaid expenses	(30,597)	-
Increase / (decrease) in balance due from parent company	882,919	(181,698)
Decrease in balance due from affiliate companies	(1,976,790)	(695,256)
Increase / (decrease) in accounts payable	(174,566)	199,663
Increase / (decrease) in accrued expenses	1,047,114	59,902
(Decrease) in balance due to parent company	(22,784)	(683,020)
(Decrease) in balance due to affiliated companies	(35,918)	(530,139)
Net cash used in operating activities	**(299,516)**	**(211,637)**
(Decrease) in cash and cash equivalents	(299,516)	(211,637)
Cash and cash equivalents at beginning of year	422,030	633,667
Cash and cash equivalents at end of year	**122,514**	**422,030**
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	214,387	309,214

NOTES TO THE FINANCIAL STATEMENTS

AT MARCH 31, 2020 and 2019

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 February 9, 2016, and May 7, 2014 the Company registered a branch office in the United Kingdom and Canada respectively. The branches in Canada and the United Kingdom had insignificant activity since inception.

During the period ended December 31, 2017 the shareholders of the Company and its Board of Directors passed a resolution to dissolve the Canadian Branch, with effective date March 20, 2018. Subsequently on 9 December 2019 the board of directors resolved to close the branch office in the United Kingdom.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation of the financial statements

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.

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 may differ from those estimates.

Cash and cash equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalent.

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 March 31, 2020 and 2019, the Company had a balance with the financial institution that exceeded the Federal insured limit by $0 and $172,030, respectively.

Accounts receivable

Accounts receivable consist primarily of amounts due from parent and affiliated companies' customers for services provided by the Company. Company policy is that accounts overdue in excess of 365 days and not subject to offsetting is a strong indicator that the receivable has potentially impaired. Bad debts are written off against the allowance when identified.

Revenue Recognition

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

Effective October 1, 2013, the Company has entered into a contract with Tech Mahindra (Americas) Inc.("TMA"), the parent company. Under the contract TMA, 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 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 time and material contracts not billed as of the period end where services are performed in accordance with agreed terms.

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.

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.

Related parties

All companies within the Group are considered to be 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).

Fair Value of Financial Instruments

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. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

3. ACCOUNTS RECEIVABLE, NET

The following table summarizes, our accounts receivable and other, that approximate fair value due to the immediate to short-term maturity of these financial instruments.

	2020 $	2019 $
Amounts due for services rendered, billed	2,639,453	1,554,410
Less: allowance for doubtful accounts	(160,425)	(32,056)
	2,479,028	**1,522,354**
Amounts due for services rendered, not billed	541,187	640,529
	3,020,215	**2,162,883**

a) Trade receivables: credit risk

The entity's exposure to the credit risk inherent in its trade receivables; and the associated risk management techniques that the entity deploys in order to mitigate this risk, are discussed in (c) below. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the entity's markets. The contractual terms on invoices issued to customers vary and are payable immediately or within 10 to 60 days. The allowance for bad and doubtful receivables is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business.

On this basis, the billed aging analysis of trade receivables, is as follows:

	Less than 30 days $	**Between 30 to 60 days** $	**More than 60 days** $	**Total** $
The carrying amounts reported as at March 31, 2020	1,392,439	149,322	1,097,692	2,639,453
The carrying amounts reported as at March 31, 2019	1,226,504	216,913	110,993	1,554,410

b) Movement in the allowance account for bad and doubtful receivables

Bad debt movement was $128,369 from the year ended March 31, 2020.

c) Revenue and accounts receivable concentrations

The Company provides services to customers in diversified customer base and geographic regions within the United States of America and, therefore, has low concentrations of credit risk. The Company continuously evaluates the creditworthiness of its customers and generally does not require collateral.

Revenue and Accounts receivable concentration:

Billed accounts receivable	2020		2019	
	Amount	Concentration	Amount	Concentration
Customer 1	1,823,750	69%	338,578	22%
Customer 2	199,455	8%	334,152	21%
Customer 3	115,402	4%	137,188	9%
Revenue from third parties				
Customer 1	3,565,271	45%	1,158,670	11%
Customer 2	1,079,890	13%	1,587,202	16%
Customer 4	737,758	9%	931,375	9%

4. PROPERTY AND EQUIPMENT, NET

	2020 $	2019 $
Property and equipment are summarized as follows at March 31, 2020 and 2019:		
Furniture and fixtures	88,701	88,701
Office equipment	9,848	9,849
Computers	25,817	25,817
Software	6,693	6,693
Less: accumulated depreciation	(131,059)	(130,161)

Depreciation expense was $899 and $1,349 for the years ended March 31, 2020 and 2019, respectively.

Reconciliation of carrying value

	2020 $	2019 $
Carrying value at the beginning of the year	899	2,248
Additions	-	-
Depreciation	(899)	(1,349)
Carrying value at the end of the year	**-**	**899**

5. INCOME TAXES

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

The components of the provisions for the income taxes for the years ended March 31, 2020 and 2019 are as follows:

	2020 $	2019 $
Current		
Federal	221,882	361,684
State	71,629	92,649
United Kingdom	-	1,704
	293,511	**456,037**
Deferred		
Federal & State	(13,857)	(22,561)
	(13,857)	(22,561)
Total current and deferred income tax expense	**279,654**	**433,476**
Deferred tax asset consists of the following:		
Federal	49,041	40,653
State	16,550	11,081
Total deferred tax asset	**65,591**	**51,734**

As of March 31, 2020 and 2019, 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 years ended March 31, 2020 and 2019, TechT had inter-company transactions with Tech Mahindra (Americas), Inc. the parent company. Transactions with parent company are summarized below:

	2020 $	2019 $
Beginning balance, due from / (to) parent company	2,020,310	1,155,592
Revenue from parent company	4,575,650	13,239,849
Expense reimbursement - debit / credit notes	(424,200)	(551,835)
Payments to parent company	450,505	2,848,422
Collections from parent company	(5,462,090)	(14,671,718)
Ending balance, due from / (to) parent company	1,160,175	2,020,310
Due (to) / from parent consists of:		
Amounts due to parent company	(6,819)	(29,603)
Amounts due from parent company	1,166,994	2,049,913
	1,160,175	**2,020,310**

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

7. TRANSACTIONS WITH AFFILIATED COMPANIES

In the years ended March 31, 2020 and 2019, TechT had inter-company transactions with Tech Mahindra Limited ("TechM"), an affiliated company. Transactions with TechM are summarized below:

	2020 $	2019 $
Beginning balance, due (to) / from TechM	685,944	22,954
Revenue from TechM	8,184,011	2,541,974
Expense reimbursement - debit / credit notes	1,443,212	(37,387)
Payments to affiliated company	32,266	8,477
Collections from affiliated company	(7,650,433)	(1,850,074)
Ending balance, due (to) / from TechM	2,695,000	685,944

In the year ended March 31, 2019, TechT had inter-company transactions with Mahindra Technologies Services, Inc. ("MTSI"), an affiliated company. Transactions with MTSI are summarized below:

	2020 $	2019 $
Beginning balance, due (to) / from MTSI	-	(566,057)
Cost of services from MTSI	-	-
Expense reimbursement - debit/ credit notes	-	(18,464)
Payments to affiliated company	-	580,868
Collections from affiliated company	-	-
Ending balance, due (to) / from MTSI	-	(3,653)
Due (to) / from affiliated companies consists of:		
Amounts due to affiliated companies	-	(35,918)
Amounts due from affiliated companies	2,695,000	718,210
	2,695,000	**682,292**

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

8. COMMON STOCK

Ordinary shares of $1 each	Number	2020 $	2019 $
Issued and fully paid	500,000	500,000	500,000

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, 2020 and 2019. No dividends were issued during the years ended March 31, 2020 and 2019.

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 30, 2020, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 30, 2020, that would have a material impact on the financial statements.

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, Malkajgiri 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 TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2020.

For the year ended March 31,	2020 US$	2019 US$
Income	**30,742,228**	35,009,217
Profit/(Loss) before tax	**5,582,735**	4,933,389
Profit/(Loss) after tax	**3,511,130**	3,767,715

Review of Operations:

During the year under review, your company recorded an income of US$ 30,742,228, decrease by 12% over the previous year income of US$ 35,009,217. Profit after tax for the current year was decreased to US$ 3,511,130 compared with previous year US$ 3,767,715.

On January11, 2017 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.

Dividend

During the year under review, Board has approved and paid a dividend of USD 2.5 million to its parent company Tech Mahindra Limited.

Outlook for the current year and Impact of Covid-19

During the year the incidence of Covid-19 developed into a global pandemic. The directors have assessed the impact of Covid-19 on the business at the balance sheet date and consider that the company's assets are expected to realise their carrying value in the ordinary course of business and that all known liabilities have been included. The company has not experienced any adverse impact on the demand for its services which continue to be provided to its customers with minimal disruption. Despite the worldwide uncertainty caused by Covid-19, and its potential to impact the company, the directors are confident that due to the nature of the company's customer base and its current financial strength, any potential detrimental effect on its business is not expected to be significant.

Acknowledgements:

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

Arvind Malhotra
Director, President and CEO

Date: April 29, 2020

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, 2020 and 2019 and the related consolidated statements of income, stockholder's 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of India branch of Tech Mahindra Technologies, Inc, which statements reflect total assets of approximately $3,904,000 and $2,189,000 as of March 31, 2020 and 2019, respectively, and revenues of approximately $4,153,000 and $2,823,000, respectively, for the years then ended. 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 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 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, 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, 2020 and 2019, 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.

Chugh CPAs, LLP
Cerritos, California

April 30, 2020

March 31,	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$3,599,042	$4,074,739
Accounts receivable	3,869,938	2,301,810
Unbilled revenue	1,202,592	1,014,604
Prepaid expenses and other assets	116,430	62,491
Advances taxes	-	148,608
TOTAL CURRENT ASSETS	**8,788,002**	**7,602,251**
NON-CURRENT ASSETS		
Property and equipment, net	200,106	26,076
Work in progress	449,987	434,651
Other noncurrent assets	5,873	5,873
Deferred tax assets	163,916	100,969
TOTAL NON-CURRENT ASSETS	**819,881**	**567,569**
TOTAL ASSETS	**$9,607,883**	**$8,169,820**
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$607,823	$697,037
Accrued expenses and other liabilities	1,485,143	878,754
Provision for income tax	3,532	-
TOTAL CURRENT LIABILITIES	**2,096,498**	**1,575,791**
LONG-TERM LIABILITIES		
Grants repayable	161,820	161,820
Other non-current liabilities	75,112	-
TOTAL LONG-TERM LIABILITIES	**236,932**	**161,820**
TOTAL LIABILITIES	**2,333,430**	**1,737,611**
Commitment and contingencies		
STOCKHOLDER'S EQUITY		
Common stock, $0.01 par value (1,000,000 shares authorized; 100,000 shares issued and outstanding)	1,000	1,000
Additional paid- in-capital	999,000	999,000
Accumulated earnings	6,452,487	5,441,357
Accumulated other comprehensive loss	(178,035)	(9,148)
TOTAL STOCKHOLDER'S EQUITY	**7,274,453**	**6,432,209**
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$ 9,607,883**	**$ 8,169,820**

See accompanying notes to financial statements.

For the years ended March 31,	**2020**	**2019**
REVENUE	$30,742,228	$35,009,217
LESS: COST OF REVENUE	(22,613,308)	(28,100,842)
GROSS PROFIT	8,128,920	6,908,375
LESS: OPERATING EXPENSES		
Selling, general and administrative expenses	(2,646,463)	(1,988,943)
INCOME FROM OPERATIONS	5,482,457	4,919,432
OTHER INCOME		
Other income	15	-
Interest income	100,263	13,957
	100,278	13,957
INCOME BEFORE INCOME TAXES	5,582,735	4,933,389
LESS: PROVISION FOR INCOME TAXES		
Income tax - current	1,487,417	1,163,357
Income tax - deferred	(56,115)	(3,915)
Foreign tax	640,302	6,232
	2,071,605	1,165,674
NET INCOME	**$3,511,130**	**$3,767,715**

	Common Stock		Additional Paid In Capital	Accumulated Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
	Shares	Amount				
Balance at April 1, 2018	100,000	$1,000	$999,000	$1,673,642	$-	$2,673,642
Net income	-	-	-	3,767,715	-	3,767,715
Foreign currency translation adjustments		-	-	-	(190)	(190)
Remeasurement of defined benefit plan	-	-	-	-	(8,958)	(8,958)
Balance at March 31, 2019	**100,000**	**$1,000**	**$999,000**	**$5,441,357**	**$(9,148)**	**$6,432,209**
Dividend	-	-	-	(2,500,000)	-	(2,500,000)
Net income	-	-	-	3,511,130	-	3,511,130
Remeasurement of defined benefit plan, net of tax		-	-	-	(10,352)	(10,352)
Foreign currency translation adjustments	-	-	-	-	(158,534)	(158,534)
Balance at March 31, 2020	**100,000**	**$1,000**	**$999,000**	**$6,452,487**	**$(178,035)**	**$7,274,453**

For the years ended March 31,	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$3,511,130	$3,767,715
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation expenses	65,886	8,692
Remeasurement of defined benefit plan	(10,352)	(8,958)
Foreign currency translation adjustments	(158,534)	(190)
Deferred tax	(62,947)	(3,915)
(Increase) decrease in assets:		
Account receivable	(1,568,128)	645,844
Unbilled revenue	(187,988)	830,443
Prepaid expenses and other current assets	(53,939)	26,952
Prepaid income taxes	148,608	(148,608)
Increase (decrease) in liabilities:		
Accounts payable	(89,214)	(528,394)
Accrued expenses and other current liabilities	606,388	(836,338)
Provision for income taxes	3,532	(238,634)
Grants repayable	-	107,898
Other non-current liabilities	75,112	(24,276)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,279,554	3,598,231
CASH FLOWS FROM INVESTING ACTIVIES		
Acquisition of property & equipment	(239,916)	(32,068)
Work in progress	(15,336)	(317,426)
NET CASH USED IN INVESTING ACTIVITIES	(255,251)	(349,494)
CASH FLOWS FROM FINANCING ACTIVIES		
Dividend	(2,500,000)	-
Net increase (decrease) in cash and cash equivalents	(475,697)	3,248,737
Cash and cash equivalents, beginning of year	4,074,739	826,002
Cash and cash equivalents, end of year	**$3,599,042**	**$4,074,739**
Supplementary disclosures:		
Income taxes paid	$1,433,435	$1,556,832

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 presentation and consolidation

The consolidated financial statements are presented on the accrual method of accounting as prescribed by the generally accepted accounting principles (GAAP) in the United States of America. The consolidated financial statements include the foreign branch in India. All inter-company balances and transactions have been eliminated.

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.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents are defined as highly liquid investments with maturity dates of three months or less. Included in the cash equivalents is the certificate of deposits with original maturities greater than three months and remaining maturities less than one year.

Accounts receivable

The Company carries its 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, 2020, the Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Unbilled revenue

Unbilled revenue refers to the revenue that was earned but not billed as of the end of the year.

Property and equipment

Property and equipment are recorded at cost less depreciation. Depreciation and amortization are computed using the straight-line method over useful lives, which range from 3 to 5 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or remaining lease term.

Depreciation expenses were $65,886 and $8,692 during the years ended March 31, 2020 and 2019, respectively.

Expenditures for maintenance and repairs which are not for the permanent improvement, betterment or restoring property are charged directly to appropriate operating accounts at the time the expense is incurred.

Impairment of long-lived assets

The Company is required, under current accounting standards to review the carrying value of its long-lived assets, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. As of March 31, 2020, management has determined that no impairment exists. Accordingly, no adjustments have been made to the carrying values of long-lived assets.

Income taxes

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.

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.

Revenue recognition

The Company earns revenue from software development and consulting services.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services.

Arrangements with customers for services are either on a time bound fixed price or on a time-and-material basis.

Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Employee benefits

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 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 income. 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.

Foreign currency

Foreign translation adjustments

The Company's other comprehensive income consists of foreign currency translation adjustments from the branch not using the U.S. dollar as its functional currency.

All assets and liabilities are translated using the exchange rate on the date of the balance sheet. Revenues, expenses, and net income are translated using prevailing on the date of the transaction. The foreign exchange adjustment that results from these translations appears in other comprehensive income.

Foreign currency transactions are recorded at exchange rates

Foreign exchange gain and loss

Transaction gain and losses are included in net income which results from transactions denominated in a currency other than an its functional currency.

Reclassification

Certain prior year amounts have been reclassed to conform to the current year presentation.

Subsequent events

Subsequent events for matters requiring recognition or disclosure in the financial statements have been evaluated through April 30, 2020, which is the date the consolidated financial statements were available to be issued.

New accounting pronouncements

In February 2016, the Financial Accounting Standards Board issued a new accounting pronouncement that requires lessees to record assets and liabilities on the balance sheet for lease-related rights and obligations and disclose key information about certain leasing arrangements. This new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU assets and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. ASU 2019-10 delayed this one year to years beginning after December 15, 2020, however, as a result of COVID 19 this is now move another year beginning after December 15, 2021 or the 2022 calendar year. The Company will then adopt the standard, including the related amendments, using the modified retrospective approach, applying the provisions of the new standard on its effective date. Management is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations, and related disclosures.

3. Risks

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 balance in excess of the FDIC limits at March 31, 2020 and 2019 was approximately $3,374,000 and $2,476,000, respectively.

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.

The Company may be exposed to currency risk which is the potential risk of loss from fluctuating foreign exchange rates related to its foreign transactions and foreign operations.

4. Major customers and subcontractors

Major customers

Accounts receivable balances are typically unsecured and are derived from revenues earned from customers. For the year ended March 31, 2020, the Company had one major customer (the Company's parent company) who accounted for 23% and 42% of revenue and accounts receivable, respectively. For the year ended March 31, 2019, similarly, the Company had one major customer who accounted for 63% and 46% of revenue and accounts receivable, respectively.

Major subcontractors

For the year ended March 31, 2020 and 2019, the Company had one major service provider which is a related party described in Note 7 Related party transactions. For the year ended March 31, 2020, this supplier represents approximately 28% of the total subcontracting expense of about $1.4 million and 78% of accounts payable. For the year ended March 31, 2019, this supplier accounted for 90% of subcontracting expense of approximately $4.2 million and 88% of accounts payable.

5. Property and equipment, net

Property and equipment consisted of the following:	2020	2019
	$	$
Furniture and Fixtures	49,521	-
Office Equipment	4,438	-
Computers and equipment	154,281	34,768
Leasehold improvements	68,236	-
	276,476	34,768
Less: Accumulated depreciation/amortization	(76,360)	(8,692)
Net	**200,116**	**26,076**

6. Work in progress

The Company has obtained a contract for the development of a commercial product effective February 1, 2017. All costs incurred till the completion of this project are capitalized and reported as work in progress on the balance sheet. As of March 31, 2020, the product is in the development stage.

7. Related party transactions

The Company is wholly owned subsidiary of Tech Mahindra Limited, an India based company (parent company).

The Company has entered into professional service agreements with its parent company, including with Tech Mahindra Network Services International, Inc., Tech Mahindra Americas, Inc. and Tech Mahindra Growth Factories Limited, which are subsidiaries of the parent company.

Transactions based upon terms agreed between the parties during the years ended March 31, 2020 and 2019 are as follows:

	2020	2019
	$	$
Services Received/Operating Expense from:		
Tech Mahindra Limited	1,484,980	3,270,982
(for subcontracting services)		
Tech Mahindra Limited	664,822	673,205
(for rent of the foreign branch)		
Tech Mahindra Americas, Inc.	1,233,099	1,378,786
(for other operating and reimbursable expenses)		
Tech Mahindra Network Services International, Inc.	-	600,876
(for subcontracting services)		
	3,382,901	**5,923,849**

	2020	2019
	$	$
Services Provided To:		
Tech Mahindra Limited	12,850,704.00	22,201,374.00
Tech Mahindra Americas, Inc.	94,956.00	112,102.00
	12,945,660.00	**22,313,476.00**

Related party accounts receivable and payable as at March 31, 2019 and March 31, 2018 as follows:

Accounts receivable		
Tech Mahindra Limited	859,122	1,105,776
Tech Mahindra Americas, Inc.	7,269	7,328
	866,391	**1,113,104**
Unbilled revenue		
Tech Mahindra Limited	291,430	433,927
Accounts payable		
Tech Mahindra Limited	347,155	612,157
Tech Mahindra Americas, Inc.	127,543	84,880
Tech Mahindra Growth Factories Limited	150	-
	474,848	**697,037**
Accrued Expenses and other current liabilities		
Tech Mahindra Limited	-	84,012

8. Income taxes

Deferred tax assets and liability consist of the following as of March 31, 2020 and 2019:

	2020	2019
	$	$
Deferred tax assets		
Accrued liabilities	54,790	12,519
State deferred tax	-	22,435
Vacation accrual	119,282	66,015
Total	**174,072**	**100,969**
Deferred tax liabilities		
Depreciation & amortization	3,782	-
State deferred tax	6,374	-
Total	**10,156**	**-**
Net	163,916	100,969
Less: valuation allowance	-	-
Deferred tax assets, net	**163,916**	**100,969**

Income tax (benefit)/expense consisted of the following as of March 31, 2020 and 2019:

	2020	2019
	$	$
Current income tax		
Federal	1,147,330	907,255
State	340,088	256,102
Foreign	640,302	6,232
	2,127,720	1,169,589

	2020	2019
Deferred income tax (benefit)		
Federal	(28,303)	4,071
State	(8,877)	1,434
Foreign	(18,935)	(9,420)
	(56,115)	**(3,915)**

9. Grants repayable

In connection with the development of commercial product described in Note 6 Work in progress, the Company has obtained a conditional funding contract. As per the contract, the Company will periodically receive funds up to a maximum of $270,000 and has to return the same with time value based on 5% of the gross sale value realized from marketing this product expected to be refunded over a period of 5 years after completion of development of product. As of March 31, 2020, the product is still in the development stage. The outstanding grant repayable as of March 31, 2020 was $161,820.

10. 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, 2020 and 2019, the Company did not make any contribution to the plan.

11. Employee benefit

A. Current and Non-current breakup:

Current liability	$ 8,596
Non-current liability	56,202
Total Liability	$ 64,798

B. Changes in defined benefit obligation:

Defined benefit obligation (DBO) at the end of prior period	$ 42,604
Service cost	7,269
Interest cost on the DBO	2,645
Past Service cost- plan amendment	264
Actuarial (gain)/loss	12,937
Benefits paid	(529)
DBO at end of current period	$ 64,798

C. Expected benefit payments for the year ending March 31:

2021	$ 8,860
2022	9,257
2023	9,257
2024	10,711
2025	12,298
2026 and thereafter	14,414
Total	$ 64,798

D. Amounts recognized in statement of Profit & Loss:

Service Cost	$ 7,269
Actuarial (gains)/losses	18,381
Net interest on net defined benefit liability / (asset)	2,645
Cost recognized in P&L	$ 28,295

E. Amounts recognized in Other Comprehensive income (OCI):

Net Gain/(Loss)	$ 18,381
Cumulative (Gain)/ Loss Recognized via OCI at Prior Period End	-
Cumulative (Gain)/ Loss Recognized via OCI at Current Period End	$18,381

F. The Principal Assumptions used for the purposes of the actuarial valuation as follows

Discount Rate(s)	6.40%
Expected Rate(s) of salary increase	
Top Management	4.00%
Middle Management	4.00%
Other Staff	8.00%

12. 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, 2020 and 2019, the Company accrued a total of $399,209 and $287,916, respectively, of unused vacation and sick leave. This accrued compensated absence account is included in the accrued expenses and other liabilities account.

13. Commitments

Leases

The Company entered into a three-year non-cancelable operating lease agreement for its branch office in Hyderabad, India with its parent company. The lease agreement expired on March 1, 2020 and renewed for another three years expiring 2023. In addition, the Company also entered into a lease agreement for its US office with an unrelated party effective April 1, 2019.

Future lease payments are as follows:

Year ended March 31,	Amount
2021	$903,193
2022	$870,707
2023 and thereafter	$645,675
	$2,419,575

The Company did not record the effect of deferred rent since the amount is not material.

For the year ended March 31, 2020 and 2019, the total rent expense associated with this lease is $837,603 and $673,205, respectively, which is included in selling, general and administrative expenses.

14. 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.

During the year, the Company's board of directors declared and paid dividend at the rate of $25 per share on the outstanding number of shares of 100,000 for the total of $2.5 million.

15. Subsequent events

The Company evaluated its consolidated financial statements for subsequent events through the date of the financial statements were issued.

COVID-19 has spread across most of the world including the United States of America where the Company has its operations. However, the Company's operations in terms of revenue had not affected significantly for the current year. In assessing the recoverability of its receivables and, the Company has considered internal and external information up to the date of approval of these financial statements. The Company expects some delays in the collection of the receivables, the Company expects to recover the carrying amount of these assets. The impact of COVID 19 may be different from that estimated by the Company and the Company will continue to closely monitor any material changes in future economic conditions. Considering the Company's present liquidity position and its customer relationships, the management of the Company is of the opinion that it would be able to discharge its obligations.

TECH MAHINDRA LLC

Board of Managers
Mr. Manish M Vyas
Mr. Arvind Malhotra
Mr. Lakshmanan Chidambaram

Registered Office
251 Little Falls Drive, Wilmington,
New Castle, Delaware, 19808

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, 2020.

Financial Results:

For the year ended March 31	**2020 USD**	**2020 INR**	2019 USD	2019 INR
Income	26,982	2,040,379	4,415	305,319
Profit/(Loss) before tax	0	0	0	0
Profit/(Loss)after tax	0	0	0	0

Review of operations:

During the fiscal year under review, the Company achieved an income of US$ 26.9 Thousand (equivalent to INR 20.4 Lakhs).

Board:

Mr. Manish Vyas, Mr. Arvind Malhotra, Mr. Lakshmanan Chidambaram are the members of the Board of Managers.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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: April 30, 2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tech Mahindra LLC
A Delaware Limited Liability Company
a wholly owned subsidiary of Tech Mahindra Limited an India Corporation
Plano, Texas

We have audited the accompanying financial statements of Tech Mahindra LLC, (the "Company") a Delaware Limited Liability Company, a wholly owned subsidiary of Tech Mahindra Limited, which comprise the balance sheets as of March 31, 2020 and 2019 and the related statements of operations, and cash flows for periods then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 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 the Company, as of March 31, 2020 and 2019, the results of operations and its cash flow for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

As discussed in Note 4 to the financial statements, the Company has had numerous transactions with the parent company.

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 11 are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CKH CPAs and Advisors, LLC
Atlanta, Georgia
April 30, 2020

TECH MAHINDRA LLC

BALANCE SHEETS

	Note	March 31, 2020	March 31, 2019
ASSETS:			
Current assets:			
Cash		$774,329	$457,842
Accounts receivable, net	3	6,647,532	3,577,123
Total current assets		7,421,861	4,034,965
Total Assets		**$7,421,861**	**$4,034,965**
LIABILITIES AND MEMBER'S EQUITY :			
Current liabilities:			
Accrued expenses and other current liabilities		110,365	4,025
Due to parent company	4	7,301,496	4,030,940
Total current liabilities		**7,411,861**	**4,034,965**
Member's equity		10,000	-
Total Liabilities and Member's Equity		**$7,421,861**	**$4,034,965**

STATEMENTS OF OPERATIONS

	Schedule	For the 12 months ended March 31, 2020	For the 10 months ended March 31, 2019
REVENUES	I	$26,982	$4,415
COST OF REVENUES		-	-
GROSS PROFIT		**26,982**	**4,415**
OPERATING EXPENSES:			
General and administrative	II	26,982	4,415
Total operating expenses		26,982	4,415
Operating profit		**-**	**-**
INCOME TAX EXPENSE		-	-
NET PROFIT		**-**	**-**

TECH MAHINDRA LLC

STATEMENTS OF CHANGES IN MEMBER'S EQUITY

	Member's Equity	Retained Earnings	Total Member's Equity
Balance at June 14, 2018	**$-**	**$-**	**$-**
Net income for the period	-	-	-
Balance at March 31, 2019	**$-**	**$-**	**$-**
Member's contribution	10,000		10,000
Net income for the period	-	-	-
Balance at March 31, 2020	**$10,000**	**$-**	**$10,000**

STATEMENTS OF CASH FLOWS

	For the 12 months ended March 31, 2020	For the 10 months ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$-	$-
Adjustments to reconcile net loss to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,070,409)	(3,577,123)
Due to parent company	3,270,556	4,030,940
Accrued expenses and other current liabilities	106,340	4,025
Net Cash Provided by Operating Activities	**306,487**	**457,842**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Changes in equity:		
Member's contribution	10,000	-
Net Cash Provided by Investing Activities	**10,000**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities	**-**	**-**
Net increase in cash	316,487	457,842
Cash, beginning of period	457,842	-
Cash, end of period	**$774,329**	**$457,842**
Supplemental disclosure:		
Cash paid for interest	$-	$-
Cash paid for income taxes	$-	$-

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

1. NATURE OF OPERATIONS

Tech Mahindra LLC (the "Company" or "TMLLC") is a wholly owned subsidiary of Tech Mahindra Ltd. ("TML"). The Company was incorporated in the State of Delaware on June 14, 2018. The Company is engaged in the business of providing sofware development services onsite for clients across the United States of America.

In terms of an signed agreement between the company and Tech Mahindra Limited ("TML"), the company will enter into contracts with customers based in the United States of America for the development or modification of software and other related services. The company will then outsource all of these services to TML, who will accept the responsibility of fulfilling the terms of these agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

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. BASIS OF ACCOUNTING

These 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 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. Accordingly, actual results could differ from those estimates.

D. REVENUE AND EXPENSES

Effective December 17, 2018, the Company has entered into a contract with Tech Mahindra Ltd.("TML") to outsource all services to TML. Under the contract with TML, the Company has agreed to outsource all of the services to TML at the price agreed between the Company and it's customers. Revenue derived from the outsource of these services is recognized on time and material basis, provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable.

E. INCOME TAXES

As a single member LLC, the Company's income and deductions are reported on the LLC member's corporate income tax return as a "disregarded entity" for income tax purposes. Accordingly, the member of the Company will be responsible for income taxes; therefore, no provision for income taxes is included in these financial statements. Due to various timing differences, income is recognised in different periods for tax reporting purposes than for financial statements purposes.

F. CASH

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

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 March 31, 2020, the Company had $524,329 (2019: $207,842) in excess of the Federally insured limit with the financial institution.

G. ACCOUNTS RECEIVABLE 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 specific review of outstanding account balances. Company policy is that accounts overdue in excess of 365 days is an indicator that the receivable has potentially impaired. Bad debts are written off against the allowance when identified.

H. UNBILLED RECEIVABLES

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

I. RELATED PARTIES

All companies within the Group are considered to be 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).

3. ACCOUNTS RECEIVABLE, NET

At March 31, 2020 and 2019, accounts receivable balances were as follows:

	March 31, 2020	March 31, 2019
Amounts due for services rendered and billed	$5,568,027	$1,665,659
Less: allowance for doubtful accounts	-	-
Amounts due for services rendered and billed, net	5,568,027	$1,665,659
Amounts due for services rendered, not billed	1,079,505	1,911,464
Total accounts receivable, net	**$6,647,532**	**$3,577,123**

4. TRANSACTIONS WITH PARENT COMPANY

During the period ended March 31, 2020 and 2019, the Company had transactions with Tech Mahindra Ltd.("TML"). At March 31, 2020 and 2019 the Company had payables due to TML as follows:

	March 31, 2020	March 31, 2019
Beginning balance, due to	$4,030,940	$-
Cost of services from TML	16,832,048	5,703,790
Payments to parent company	(13,534,510)	(1,668,435)
Revenue from TML	(26,982)	(4,415)
Ending balance, due to	**$7,301,496**	**$4,030,940**
Due (to) consists of:		
Amounts due to TML	$7,314,359	$4,035,355
Amounts due from TML	(12,863)	(4,415)
	$7,301,496	**$4,030,940**

5. LITIGATION AND CONTINGENCIES

The Company is not involved in any legal proceedings in the ordinary course of its business.

6. CONCENTRATION OF CREDIT RISK

REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company's sales are credit sales. The concentration for revenue and billed accounts receivable, for the period ended March 31, 2020, is predominately from the following customers:

Billed accounts receivable as at 31 March, 2020	**Amount**	**Concentration**
Customer 1	3,463,949	60%
Customer 2	2,026,456	35%
Customer 3	131,533	2%
Billed accounts receivable as at 31 March, 2019		
Customer 1	1,604,076	96%
Customer 2	-	0%
Customer 3	61,583	4%

Revenue concentration for the 12 months ended March 31, 2020	Amount	Concentration
Customer 1	4,735,389	28%
Customer 2	10,107,457	60%
Customer 3	381,506	2%
Revenue concentration for the 10 months ended March 31, 2019		
Customer 1	5,330,230	93%
Customer 2	-	0%
Customer 3	373,560	7%

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments. The carrying amounts of the Company's floatable interest rate debt are considered reasonable estimates of fair value.

8. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 30, 2020. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

TECH MAHINDRA (SINGAPORE) PTE. LIMITED

Board of Directors
Mr. Manish Goenka
Mr. Hrishikesh Mahesh Pandit
Mr. Ayush Keshan

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

Bankers
HSBC Bank

Auditors
KPMG LLP

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2020.

In our opinion:

(a) the financial statements set out on pages 67 to 90 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Hrishikesh Mahesh Pandit

Manish Goenka

Ayush Keshan (Appointed on 22 April 2019)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year or date of appointment	Holdings at end of the year
Ultimate holding company		
Tech Mahindra Limited		
(Ordinary shares of Indian Rupees 5 each)		
Hrishikesh Mahesh Pandit	23	23
Ayush Keshan	64	114
Share options to subscribe for ordinary shares		
Manish Goenka	30,000	30,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, 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.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued ordinary shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

Pursuant to a Director's resolution dated 23 December 2019, KPMG LLP were appointed as auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

____

Manish Goenka
Director

____

Hrishikesh Mahesh Pandit
Director

23 June 2020

INDEPENDENT AUDITORS' REPORT

Member of the Company

Tech Mahindra (Singapore) Pte. Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tech Mahindra (Singapore) Pte. Limited ('the Company'), which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and 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 67 to 90.

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 Singapore Financial Reporting Standards ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year 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 'Auditors' 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 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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

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 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Other matter

The financial statements for the year ended 31 March 2019 were audited by another auditor whose report dated 31 May 2019 expressed an unqualified opinion on those statements.

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
[Date of Signing : 23 June 2020]

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020	2019
		$	$
Assets			
Plant and equipment	4	17,932	22,939
Intangible assets	5	–	–
Investment in a subsidiary	6	112,633,477	–
Deferred tax assets	7	719,003	269,129
Non-current assets		**113,370,412**	**292,068**
Cash and cash equivalents	8	3,004,417	4,347,296
Trade receivables	9	3,710,152	4,052,241
Other receivables and prepayments	10	408,483	1,579,452
Contract assets	11	48,061	146,250
Current assets		**7,171,113**	**10,125,239**
Total assets		**120,541,525**	**10,417,307**
Equity			
Share capital	12	80,289,980	50,000
Accumulated profits		5,303,239	5,947,700
Total equity		**85,593,219**	**5,997,700**
Liabilities			
Provisions	14	110,700	98,100
Non-current liabilities		**110,700**	**98,100**
Trade payables	13	1,595,428	2,836,181
Other payables and provisions	14	32,951,903	1,256,709
Income tax payables		290,275	228,617
Current liabilities		**34,837,606**	**4,321,507**
Total liabilities		**34,948,306**	**4,419,607**
Total equity and liabilities		**120,541,525**	**10,417,307**

Mr. Manish Goenka	**Mr. Ayush Keshan**
Director	**Director**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		$	$
Revenue	15	8,662,366	7,145,744
Other operating income	16	149,398	313,757
Employee benefits expense		(4,517,677)	(4,507,213)
Depreciation expense	4	(25,527)	(25,003)
Finance cost	6	(515,290)	–
Other operating expenses	17	(4,555,015)	(2,169,619)
(Loss)/Profit before tax	18	(801,745)	757,666
Tax credit/(expense)	19	157,284	(109,763)
(Loss)/Profit for the year/Total comprehensive (loss)/income for the year		**(644,461)**	**647,903**

Mr. Manish Goenka	**Mr. Ayush Keshan**
Director	**Director**

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH 2020

	Share capital	Accumulated profits	Total
	$	**$**	**$**
At 1 April 2018	50,000	5,299,797	5,349,797
Total comprehensive income for the year			
Profit for the year	–	647,903	647,903
Total comprehensive income for the year	–	647,903	647,903
At 31 March 2019	50,000	5,947,700	5,997,700
At 1 April 2019	50,000	5,947,700	5,997,700
Total comprehensive income for the year			
Loss for the year	–	(644,461)	(644,461)
Total comprehensive loss for the year	–	(644,461)	(644,461)
Transactions with owners, recognised directly in equity			
Contributions by and distributions to owners			
Issuance of share capital (note 12)	80,239,980	–	80,239,980
Total transactions with owners	**80,239,980**	**–**	**80,239,980**
At 31 March 2020	80,289,980	5,303,239	85,593,219

Mr. Manish Goenka
Director

Mr. Ayush Keshan
Director

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		$	$
Cash flows from operating activities			
(Loss)/Profit before tax		(801,745)	757,666
Adjustments for:			
Impairment loss/(Reversal of) allowance on trade receivables	9	1,479,460	(46,692)
Bad debts written off		–	700
Impairment loss allowance on other receivables	10	–	15,730
Impairment loss on loan to a related company		1,506,830	–
Depreciation expense	4	25,527	25,003
Interest income		(41,664)	(39,065)
Finance cost	6	515,290	–
		2,683,698	**713,342**
Changes in:			
- trade receivables		(1,137,371)	1,039,276
- other receivables and prepayments		(332,559)	(26,428)
- contract assets		98,189	(146,250)
- trade payables		(1,240,753)	301,460
- other payables and provisions		(426,712)	588,468
Cash (used in)/generated from operations		(355,508)	2,469,868
Tax (paid)/refund		(230,933)	8,925
Net cash (used in)/from operating activities		**(586,441)**	**2,478,793**
Cash flows from investing activities			
Purchase of plant and equipment	4	(20,520)	(1,550)
Interest received		38,363	39,065
Investment in a subsidiary	6	(80,498,971)	–
Net cash (used in)/from investing activities		**(80,481,128)**	**37,515**
Cash flow from financing activities			
Proceeds from issuance of share capital	12	80,239,980	–
Proceeds of loan from a related company	6	84,072,000	–
Repayment of loan to a related company	6	(84,072,000)	–
Finance cost paid	6	(515,290)	–
Net cash from financing activities		**79,724,690**	**–**
Net (decrease)/increase in cash and cash equivalents		(1,342,879)	2,516,308
Cash and cash equivalents at beginning of year		4,347,296	1,830,988
Cash and cash equivalents at end of year	8	**3,004,417**	**4,347,296**

Mr. Manish Goenka — **Director**

Mr. Ayush Keshan — **Director**

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 June 2020.

1 Domicile and activities

Tech Mahindra (Singapore) Pte. Limited ('the Company') is incorporated in the Republic of Singapore. The address of the Company's registered office is 17, Changi Business Park Central 1, #06-01 Honeywell Building, Singapore 486073.

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

The Company is a wholly owned subsidiary of Tech Mahindra Limited, incorporated in India, which is also the ultimate holding company.

2 Basis of preparation

The Company incurred a net loss of $644,461 in the financial year ended 31 March 2020 and as at the date, the Company was in net current liabilities of $27,666,493. Subsequent to year end, the Company issued 3,317,412 of ordinary shares at $10 per share to the ultimate holding company, i.e. Tech Mahindra Limited, and thereby received gross proceeds of $33,174,120 from the issuance of share capital (note 22). The Company has utilised USD 21,500,000 (approximately $32,134,506) from the gross proceeds from issuance of ordinary shares for the repayment of contingent consideration in relation to the acquisition of Born Group (note 6). The Directors, having considered the remaining cash at bank (after repayment of the contingent consideration) and working capitals of the Company are of the view that the going concern assumption is appropriate for the preparation of these financial statements.

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ('FRS').

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 9, 11 and 21 – measurement of expected credit loss (ECL) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2019:

- FRS 116 Leases
- INT FRS 123 Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures (Amendments to FRS 28)
- Prepayment Features with Negative Compensation (Amendments to FRS 109)
- Previously Held Interest in a Joint Operation (Amendments to FRS 103 and 111)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendment Amendments to FRS 12)

- Borrowing Costs Eligible for Capitalization (Amendments to FRS 23)
- Plan, Curtailment or Settlement (Amendments to FRS 19)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements which addresses changes in accounting policies.

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3.2 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

Consolidated financial statements for the Company and its subsidiaries have not been prepared as the Company is itself a wholly-owned subsidiary of Tech Mahindra Limited, which publishes consolidated financial statements which are available for public use. The registered address of Tech Mahindra Limited is Gateway Building, Apollo Bunder, Mumbai 400001.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at

FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Equipment 3 years
- Leasehold improvements 3 years or over the remaining term of lease period

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and 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 estimated useful life has been taken as follows:

- Software 5 years

Intangible assets are amortised over the estimated useful lives 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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.6 Impairment

(i) Non-derivative financial assets and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets (as defined in FRS 115).

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories, contract assets and 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 related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications 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, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive 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 discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Revenue

Rendering of services

Revenue from rendering of services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.9 Finance cost

Finance costs comprise interest expense on borrowings.

3.10 Employment benefits

(i) 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.

(ii) 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 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.

(iii) Compensated absences (employee leave entitlement)

The Company provides for compensated absences subject to Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or utilisation. The liability is accrued based on the number of days of unutilised leave at each balance sheet date. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method. 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 unutilised accumulated compensated absences above certain limits for all of its employees and same is recognised as undiscounted liability at the balance sheet date.

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax 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 affects neither accounting nor taxable profit or loss. The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.12 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- Amendments to References to Conceptual Framework in FRS Standards
- Definition of a Business (Amendments to FRS 103)
- Definition of Material (Amendments to FRS 1 and FRS 8)
- FRS 117 Insurance Contracts

4 Plant and equipment

	Equipment	Leasehold improvements	Total
Cost			
At 1 April 2018	494,810	236,032	730,842
Additions	1,550	–	1,550
At 31 March 2019	496,360	236,032	732,392
Additions	20,520	–	20,520
At 31 March 2020	**516,880**	**236,032**	**752,912**
Accumulated depreciation			
At 1 April 2018	448,418	236,032	684,450
Depreciation for the year	25,003	–	25,003
At 31 March 2019	473,421	236,032	709,453
Depreciation for the year	25,527	–	25,527
At 31 March 2020	**498,948**	**236,032**	**734,980**
Carrying amounts			
At 1 April 2018	46,392	–	46,392
At 31 March 2019	**22,939**	**–**	**22,939**
At 31 March 2020	**17,932**	**–**	**17,932**

5 Intangible assets

	Software $
Cost	
At 1 April 2018, 31 March 2019 and 31 March 2020	1,605,978
Accumulated amortisation	
At 1 April 2018, 31 March 2019 and 31 March 2020	1,605,978
Carrying amounts	
At 1 April 2018, 31 March 2019 and 31 March 2020	–

6 Investment in a subsidiary

	2020 $	2019 $
Unquoted, equity investments at cost		
At 1 April	–	–
Addition during the year	112,633,477	–
At 31 March	112,633,477	–

The details of subsidiary are as follows:

Name of company	Country of incorporation	Effective equity held by the Company	
		2020	2019
		%	%
Born Group Pte Ltd	Singapore	100	–

The Company acquired 100% stake in Born Group Pte. Limited (Born Group) on 26 November 2019 with a consideration of 112,633,477. Born Group is engaged in providing content production and commerce solutions services across USA, APAC and Europe.

Consideration transferred for the acquisition of Born Group

	2020
	$
Total consideration for 100% equity interest acquired	112,633,477
Less: Earnout consideration recognised as at acquisition date	(32,134,506)
Consideration settled in cash, representing cash outflow on acquisition	**80,498,971**

Contingent consideration arrangement

As part of the acquisition agreement with the previous shareholders of Born Group, a contingent consideration has been agreed. Additional cash payments shall be payable to the previous shareholders of Born Group based on the audited financial performance of Born Group Pte Ltd for the financial period year ended 31 December 2019.

As at the acquisition date and 31 March 2020, the contingent consideration was determined at USD 21,500,000 (approximately $32,134,506) and recognised as “Other payables” (note 14). Subsequent to year end, the Company has fully paid the consideration to the previous shareholders of Born Group in May 2020.

Finance costs related to the acquisition

For the purpose of acquisition of Born Group, the Company has obtained a loan from its related company, i.e. Tech Mahindra (Americas) Inc on 1 November 2019 amounted to USD 62,000,000 (approximately $84,072,000) and the Company has fully repaid the loan on 10 December 2019. The loan was unsecured and bore interest rate of 2.84%. The interest expenses paid of the loan amounted to $515,290 have been recognised as “Finance costs” for the financial year ended 31 March 2020.

7 Deferred tax assets

	2020	2019
	$	$
Deferred tax assets	719,003	269,129

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

	At 1 April 2018	Recognised in profit/ (loss) (Note 19)	At 31 March 2019	Recognised in profit/ (loss) (Note 19)	At 31 March 2020
	$	$	$	$	$
Deferred tax assets					
Plant and equipment	159,200	109,929	269,129	449,874	719,003

8 Cash and cash equivalents

	2020	2019
	$	$
Cash at bank	3,004,417	1,847,296
Fixed deposits	–	2,500,000
	3,004,417	**4,347,296**

As at 31 March 2019, fixed deposits bore interest rate of 1.58% per annum and for a tenure of approximately 10 days. The fixed deposits could be converted into cash balances within a short notice and with minimum charges.

9 Trade receivables

	2020	2019
	$	$
Third parties	2,306,405	3,284,486
Less: Impairment loss	(1,541,420)	(70,427)
	764,985	3,214,059
Holding company	2,945,167	838,182
	3,710,152	4,052,241

The movements in credit loss allowance are as follows:

	2020	2019
	$	$
At beginning of year	70,427	117,119
Impairment loss/(reversal of) allowance recognised in profit or loss during the year	1,479,460	(46,692)
Written off during the year	(8,467)	–
At end of year	1,541,420	70,427

The credit period on services rendered ranges from 30 to 60 days (2019: 30 to 60 days). No interest is charged on the outstanding balance.

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

Credit and market risks, and impairment losses

The Company's exposure to credit and currency risks, and impairment loss for trade receivables are disclosed in Note 21.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts with customers based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of trade and other receivables, unbilled revenue, intangible assets and investments. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

	Expected credit loss rate	Estimated total gross carrying amount at default	Lifetime ECL
	%	$	$
2020			
Not past due	–	20,887	–
Past due more than 30 days	–	695,714	–
Past due 31 – 60 days	–	17,441	–
Past due 61 – 90 days	–	–	–
Past due 91 – 365 days	–	30,943	–
More than 365 days	100	1,541,420	(1,541,420)
		2,306,405	**(1,541,420)**

	Expected credit loss rate	Estimated total gross carrying amount at default	Lifetime ECL
	%	$	$
2019			
Not past due	–	306,812	–
Past due more than 30 days	–	–	–
Past due 31 – 60 days	–	115,072	–
Past due 61 – 90 days	–	118,954	–
Past due 91 – 365 days	–	2,673,221	–
More than 365 days	100	70,427	(70,427)
		3,284,486	**(70,427)**

10 Other receivables and prepayments

	2020	2019
	$	$
Advance to employees	56,394	99,527
Less: Impairment loss	(53,072)	(53,072)
Advance to employees (net)	3,322	46,455
Loan to a related company	1,506,830	1,503,529
Less: Impairment loss on loan to related company	(1,506,830)	–
Loan to a related company (net)	–	1,503,529
Other receivables	64	9,493
Prepayments	405,097	19,975
	408,483	**1,579,452**

Movement in the credit loss allowance on other receivables and prepayments:

	Note	2020	2019
		$	**$**
At beginning of year		53,072	37,342
Charge to profit or loss	17	1,506,830	15,730
At end of year		**1,559,902**	**53,072**

Loan to a related company is unsecured and the interest rate on the loan is 2.77% (2019: ranges between 2.14% to 2.77%) per annum.

Credit and market risks, and impairment losses

The Company's exposure to credit and currency risks, and impairment losses for other receivables are disclosed in note 21.

For the purpose of impairment assessment, other receivables is considered to have low credit risk as it is not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for other receivables the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Based on the Company's historical credit loss experience with the relevant counterparties, as well as available forward-looking information, the Company has assessed the expected credit loss rate on other receivables to be insignificant.

Loss allowance for advance to employees and loan to related Company is measured at an amount equal to 12-month expected credit losses. The ECL on advance to employees and loan to related Company is estimated by reference to past default experience and an analysis of the counterparty's current financial position. An allowance has been made for estimated irrecoverable amounts for advance to employees of $53,072 (2019: $53,072) and for loan to a related company of $1,506,830 (2019: $Nil).

11 Contract assets

	2020	2019
	$	**$**
Unbilled software installation services	**48,061**	**146,250**

Payment for installation of software services is not due from the customer until the installation services are completed and therefore a contract asset is recognised over the period in which the installation services are performed to represent the Company's right to consideration for the services transferred to date.

Credit and market risks, and impairment losses

The Company's exposure to credit and currency risks, and impairment losses for contract assets are disclosed in note 21.

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the relevant customers' industry. None of the amounts due from customers at the end of the reporting period is past due. Based on the Company's historical credit loss experience with the relevant customers, as well as available forward-looking information, the Company has assessed the expected credit loss rate on contract assets to be insignificant.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

12 Share capital

	2020	2019	2020	2019
	Number of shares		$	$
Ordinary shares, with no par value				
At 1 April	5,000	5,000	50,000	50,000
Issuance of shares	8,023,998	–	80,239,980	–
At 31 March	**8,028,998**	**5,000**	**80,289,980**	**50,000**

During the year, the Company issued 8,023,998 of ordinary shares at $10 per share to the holding company, resulting in increase of share capital by $80,239,980.

Capital management

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.

The Company is not subject to externally imposed capital requirements.

13 Trade payables

	2020	2019
	$	$
Third parties	26,129	46,589
Holding company	1,569,299	2,789,592
	1,595,428	**2,836,181**

The average credit period on trade payables is 30 days (2019: 30 days). No interest is charged on the outstanding balance.

Market and liquidity risks

The Company's exposures to currency risk and to liquidity risk related to trade payables are disclosed in note 21.

14 Other Payables and Provisions

		2020	2019
		$	$
Accruals		610,635	1,044,730
Provision for unutilised leave	(a)	317,462	310,079
Consideration payable		32,134,506	–
		33,062,603	**1,354,809**
Less: Non-current provision for unutilised leave	(a)	(110,700)	(98,100)
		32,951,903	**1,256,709**

The consideration payable relates to the earnout consideration in connection to the acquisition of Born Group on 26 November 2019 (note 6). Subsequent to year end, the Company has fully paid the consideration to the previous shareholders of Born Group in May 2020.

Market and liquidity risks

The Company's exposures to currency risk and to liquidity risk related to other payables are disclosed in note 21.

(a) Provision for unutilised leave

The Company calculates and records untilised leave (the "Leave Benefit Scheme") for its qualified employees. The amount recognised in the statement of financial position are determined as follows:

	2020	2019
	$	$
Present value of Leave Benefit Scheme	317,462	310,079
(iv) Represented by:		
Current liabilities	206,762	211,979
Non-current liabilities	110,700	98,100
	317,462	**310,079**

Reconciliations of the present value of the Leave Benefit Scheme liabilities are as follows:

	2020	2019
	$	$
At beginning of the year	310,079	283,040
(v) Provisions made during the year	78,112	128,383
Benefits paid	(70,729)	(101,344)
At end of the year	317,462	310,079

The cost of providing post-employment benefits is calculated by independent actuaries, Willis Tower Watson, using the Projected Unit Credit Method. The actuarial valuation was carried out using the following key assumptions:

	2020	2019
Normal retirement age	60 years	60 years
Discount rate	1.20%	1.90%
(vi) Salary escalation rate	2.00% - 4.00%	2.00% - 4.00%
(vii) Withdrawal rate	0.1%-50%	0.1%-50%

15 **Revenue**

	2020	2019
	$	$
Service income – immediate holding company	8,662,366	7,145,744

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Service income – immediate and ultimate holding company

Nature of goods or services	Service agreement with the immediate and ultimate holding company for reimbursement of costs incurred plus a mark-up ("cost-plus method")
When revenue is recognised	Revenue from services are recognised as performance obligation is satisfied over a period of time based on the stage of completion of the contract in case of third party contracts. Revenue from immediate and ultimate holding company is accrued according to the terms of the agreement with the immediate and ultimate holding company based on attributable costs incurred on date of accrual.
Significant payment terms	Invoices are issued to the customers after the services are performed and are normally payable within 30 days.

Contract balances

The following table provides information about receivables and contract assets from contracts with customers.

	Note	2020	2019
		$	$
Trade receivables	9	3,710,152	4,052,241
Contract assets	11	48,061	146,250

Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

	Contract assets	
	2020	2019
	$	$
Changes in measurement of progress	48,061	146,250
Contract asset reclassified to trade receivables	146,250	–

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of project teams to determine the progress of the contracts and also on past experience of completed projects. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 March 2020 will be recognised as revenue during the next reporting period.

16 Other operating income

	2020	2019
	$	$
Interest income	43,930	39,065
Write back of sundry payable	36,860	260,749
Others	68,608	13,943
	149,398	**313,757**

17 Other operating expenses

	Note	2020	2019
		$	$
Impairment loss/(reversal of) allowance on trade receivables	9	1,479,460	(46,692)
Impairment loss on other receivables	10	–	15,730
Impairment loss on loan to a related company	10	1,506,830	–
Bad debts written off		–	700
Conveyance expenses		55,100	43,262
Entertainment expense		81,912	97,695
Insurance		104,126	82,652
Professional fees		83,379	28,040
Travelling		348,643	678,362
Telecommunication		35,373	46,728
Hardware/Software billable cost		527,213	1,065,390
Others		332,979	157,752
		4,555,015	**2,169,619**

18 (Loss)/Profit before tax

This has been arrived at after (crediting)/charging:

	Note	2020	2019
		$	$
Interest expenses on loan from a related company	6	515,520	–
Employee benefits expense (including directors):			
- Salaries and bonuses		4,370,199	4,314,200
- Contributions to defined contribution plans		147,478	193,013

19 Tax (credit)/expense

	Note	2020	2019
		$	$
Current tax expense			
Current year		292,590	219,692
Deferred tax credit			
Origination and reversal of temporary differences	7	(449,874)	(109,929)
Total tax (credit)/expense		(157,284)	109,763
Reconciliation of effective tax rate			
(Loss)/Profit before tax		(801,745)	757,666
Tax calculated using the Singapore tax rate of 17%		(136,297)	128,803
Effect of tax concessions		(17,425)	(25,925)
Tax effect of non-deductible items		6,902	6,885
Tax effect of non-taxable items		(10,464)	–
		(157,284)	**109,763**

20 Related party transactions

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and key executives are considered as key management personnel of the Company.

	2020	2019
	$	$
Compensation of directors		
Short-term benefits	137,200	217,743

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.

Other related party transactions

	Note	2020	2019
		$	$
Ultimate holding company			
Consultancy fee charged		1,363,428	3,644,898
Administrative service income	15	(8,662,366)	(7,145,744)

21 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

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, 79% (2019: 20%) 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, contract assets and other receivables are disclosed in Notes 9, 10 and 11 to the financial statements.

The Company places its cash and fixed deposits with reputable financial institutions. The cash and cash equivalents are held with bank and financial institution counterparties with high credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivable: Lifetime ECL – not credit impaired Other receivables: 12-month ECL
Doubtful	Amount is more than 1 year past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is more than 1 year past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit assessment	12-motnh or lifetime ECL	Gross carrying amount (i)	Loss allowance	Net carrying amount
				$	$	$
2020						
Trade receivables from third parties	9	(i)	Lifetime ECL (simplified approach)	2,306,405	(1,541,420)	764,985
Trade receivables from holding company	9	(i)	Lifetime ECL (simplified approach)	2,945,167	–	2,945,167
Loan to related company	10	(i)	12-month ECL	1,506,830	(1,506,830)	–
Other receivables	10	Performing	12-month ECL	56,458	(53,072)	3,386
Contract assets	11	(i)	Lifetime ECL (simplified approach)	48,061	–	48,061
2019						
Trade receivables from third parties	9	(i)	Lifetime ECL (simplified approach)	3,284,486	(70,427)	3,214,059
Trade receivables from holding company	9	(i)	Lifetime ECL (simplified approach)	838,182	–	838,182
Loan to related company	10	Performing	12-month ECL	1,503,529	–	1,503,529
Other receivables	10	Performing	12-month ECL	109,020	(53,072)	55,948
Contract assets	11	(i)	Lifetime ECL (simplified approach)	146,250	–	146,250

(i) The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Liquidity risk

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 2020 and 2019 are either repayable on demand or due within 1 year from the end of the reporting period.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Company does not have any interest bearing financial assets and liabilities except for its fixed deposits and loan to a related company. Fixed deposits and loan to related company 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.

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 transacted in the functional currency which is in Singapore dollars.

Accounting classification and fair values

The carrying amounts of the financial assets and financial liabilities (including trade and other receivables, cash and cash equivalents and trade and other payables) recorded in the financial statements at amortised cost approximate their fair values due to the relatively short-term maturity of these financial instruments.

Categories of financial instruments

	Note	2020	2019
		$	$
Financial assets			
Trade receivables	9	3,710,152	4,052,241
Other receivables*	10	3,386	1,559,477
Cash and cash equivalents	8	3,004,417	4,347,296
Financial assets at amortised cost		6,717,955	9,959,014
Financial liabilities			
Trade payables	13	1,595,428	2,836,181
Other payables^	14	32,745,141	1,044,730
Financial liabilities at amortised cost		34,340,569	3,880,911

* Exclude prepayments

^ Exclude provision for unutilised leave

22 Subsequent event

On 11 May 2020 and 13 May 2020, the Company has issued 3,317,412 of ordinary shares at $10 per share to the ultimate holding company, i.e. Tech Mahindra Limited. Following the issuance of ordinary shares, the total number of issued share capital has been increased from 8,028,998 shares to 11,346,410 shares. The Company has utilised USD 21,500,000 (approximately $32,134,506) from the gross proceeds of issuance of ordinary shares ($33,174,120) for the repayment of contingent consideration in relation to the acquisition of Born Group (note 6).

23 Comparative information

The financial statements for the year ended 31 March 2019 were audited by another auditor whose report dated 31 May 2019 expressed an unqualified opinion on those statements.

TECH MAHINDRA (THAILAND) LIMITED

Board of Directors
Mr. Pranab Roy Choudhury
Mr. Amitava Ghosh
Mr. Sanjeev Pinto
Mr. Hrishikesh Pandit

Registered Office

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

Bankers

HSBC Limited

Auditors

KPMG Phoomchai Audit Ltd

TECH MAHINDRA (THAILAND) LIMITED

DIRECTORS' REPORT

Your directors present their report together with the audited accounts of your company for the year ended March 31, 2020.

Financial Results

For the years ended March 31	2020 THB	2019 THB
Income	270,486,322	200,654.515
Profit/(Loss) before income tax expense	(21,036,951)	3,042,260
Profit/(Loss) for the year	(16,204,653)	1,336,216

Review of Operations:

The income for the year reported as THB 270,486,322. The Profit / (Loss) for the year recorded as THB (16,204,653).

Directors:

The following are the directors of the company

Mr. Pranab Choudhury

Mr. Amitava Ghosh

Mr. Sanjeev Pinto

Mr. Hrishikesh Pandit

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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 : 22-June-2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tech Mahindra (Thailand) Limited

Opinion

I have audited the financial statements of Tech Mahindra (Thailand) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2020, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

Basis for Opinion

I conducted our audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements of the Group and the Company for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 19 July 2019.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

(Marisa Tharathornbunpakul)
Certified Public Accountant
Registration No. 5752

KPMG Phoomchai Audit Ltd.
Bangkok
22 June, 2020

STATEMENT OF FINANCIAL POSITION

(in Baht)

	Note	As at 31 March	
Assets		**2020**	**2019**
Current assets			
Cash and cash equivalents		51,099,242	73,105,765
Trade and other receivables	4	67,792,588	54,656,497
Other current assets	5	25,923,590	20,722,821
Total current assets		**144,815,420**	**148,485,083**
Non-current assets			
Leasehold improvement and equipment		140,154	54,723
Deferred tax assets	9	5,041,411	218,049
Other non-current assets		279,733	354,773
Total non-current assets		**5,461,298**	**627,545**
Total assets		**150,276,718**	**149,112,628**
Liabilities and equity			
Current liabilities			
Trade and other payables	6	133,253,728	116,367,252
Other current liabilities		4,490,024	4,211,844
Total current liabilities		**137,743,752**	**120,579,096**
Non-current liabilities			
Provision for retirement benefits	7	1,544,897	1,340,811
Total non-current liabilities		**1,544,897**	**1,340,811**
Total liabilities		**139,288,650**	**121,919,907**
Equity			
Share capital			
Authorised share capital			
(60,000 ordinary shares, par value at Baht 100 per share)		6,000,000	6,000,000
Issued and paid-up share capital			
(60,000 ordinary shares, par value at Baht 100 per share)		6,000,000	6,000,000
Unappropriated		4,988,068	21,192,721
Total equity		**10,988,068**	**27,192,721**
Total liabilities and equity		**150,276,718**	**149,112,628**

TECH MAHINDRA (THAILAND) LIMITED

STATEMENT OF INCOME

(in Baht)

	Note	For the year ended 31 March	
		2020	**2019**
Income			
Revenue from rendering of services	8	265,629,688	199,478,546
Gain on exchange rate		3,130,725	1,175,969
Other income		1,725,909	-
Total income		**270,486,322**	**200,654,515**
Expenses			
Cost of rendering of services		263,760,416	172,987,915
Administrative expenses		27,762,857	24,588,908
Total expenses		**291,523,273**	**197,576,823**
Profit (loss) before finance costs and			
income tax expense		**(21,036,951)**	**3,077,692**
Finance costs		-	35,432
Profit (loss) before income tax expense		**(21,036,951)**	**3,042,260**
Tax income (expense)	9	4,832,298	(1,706,044)
Profit (loss) for the year		**(16,204,653)**	**1,336,216**

STATEMENT OF CHANGES IN EQUITY

(in Baht)

	Issue and paid - up share capital	Unappropriated	Total equity
Year ended 31 March 2019			
Balance at 1 April 2018	**6,000,000**	**19,856,505**	**25,856,505**
Profit for the year	-	1,336,216	1,336,216
Balance at 31 March 2019	**6,000,000**	**21,192,721**	**27,192,721**
Year ended 31 March 2020			
Balance at 1 April 2019	**6,000,000**	**21,192,721**	**27,192,721**
Loss for the year	-	(16,204,653)	(16,204,653)
Balance at 31 March 2020	**6,000,000**	**4,988,068**	**10,988,068**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the

Thai language statutory financial statements, and were approved and authorized for issue by the management on 22 June 2020.

1 General information

Tech Mahindra (Thailand) Limited, the “Company”, is incorporated in Thailand on August 26, 2005 and has its registered office at 54 BB Building, 13th Floor, Room 1304, Sukhumvit 21 Road (Asoke), Kwang Klongtoey Nua, Khet Wattana, Bangkok and the principal businesses of the Company are providing IT services and development for computer software.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs); guidelines promulgated by the Federation of Accounting Professions. In addition, the Company has complied with Thai Financial Reporting Standard for Publicly Accountable Entities as follows:

TFRS	Topic
TAS 12	Income Taxes

The financial statements are prepared and presented in Thai Baht. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates at that date. Gains or losses arising on translation are recognised in the statement of income.

(b) Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

Unbilled trade accounts receivable represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised for the portion of work performed, less progress billings and recognised losses.

The allowance for doubtful accounts is provided at the estimated collection losses on receivables at the end of the year. Such estimates are assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(c) Leasehold improvement and equipment

Leasehold improvement and equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of leasehold improvement and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvement and equipment .

Any gains and losses on disposal of an item of leasehold improvement and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvement and equipment are recognised in the statement of income.

Subsequent costs

The cost of replacing a part of an item of leasehold improvement and equipment are 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 carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold improvement and equipment are recognised in the statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of leasehold improvement and equipment. The estimated useful lives are as follows:

Office equipment	2	years
Computer	3	years
Leasehold improvement	2	years

(d) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if the carrying amount exceeds its recoverable amount. A loss on decline in value is recognised in the statement of income.

(e) Trade and other payables

Trade and other payables are stated at cost.

(f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive 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 method.

Provision for retirement benefits

Provision for retired benefits are recognised using the best estimate method at the reporting date.

The Company derecognises the provision when actual payment is made.

(g) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service contracts revenue

Services contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of income.

Other income

Interest and other income are recognised in the statement of income as it accrues.

(h) Operating lease

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

(i) Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred.

(j) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in the statements of income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow 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 is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company intends to settle current tax liabilities and assets on a net basis or it is expected that tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4 Trade and other receivables

	2020	2019
	(in Baht)	
Trade and other receivables	67,792,588	56,261,497
Less allowance for doubtful accounts	-	(1,605,000)
Net	**67,792,588**	**54,656,497**
Bad debts (Reversal)	(1,605,000)	-

5 Other current assets

	2020	2019
	(in Baht)	
Withholding tax deducted at source, net	25,923,590	20,720,238
Others	-	2,583
Total	**25,923,590**	**20,722,821**

6 Trade and other payables

	2020	2019
	(in Baht)	
Trade Payables		
Related parties	82,557,147	66,781,692
Other parties	181,587	14,556,314
Other payables		
Accrued expenses	41,713,880	10,387,624
Unearned revenue	8,801,114	24,641,622
Total	**133,253,728**	**116,367,252**

7 Provisions for retirement benefits

	(in Baht)
At 1 April 2018	1,860,920
Additions	407,368
Paid	(927,477)
At 31 March 2019 and 1 April 2019	**1,340,811**
Additions	741,998
Paid	(537,912)
At 31 March 2020	**1,544,897**

The addition of provision for retirement benefits in 2019 was primarily due to the impact from the amended Labor Protection Act (on 5 April 2019) which requires an employer to provide an additional severance payment to a terminated employee. The employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, shall receive severance payment of 400 days of wages at the most recent rate.

8 Promotional privileges

The Company has been granted promotional certificates by the office of 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 Company has been granted several privileges including 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.

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:

	2020			2019		
	Promoted businesses	**Non-promoted businesses**	**Total**	**Promoted businesses**	**Non-promoted businesses**	**Total**
	(in Baht)					
Year ended 31 March						
Local sales	60,141,158	205,488,530	265,629,688	92,308,971	107,169,574	199,478,546

As a promoted company, the Company must comply with certain conditions and restrictions provided in the promotional certificate.

9 Income tax expense

	2020	2019
	(in Baht)	
Current tax expense		
Current year	-	1,623,647
Adjustment for prior years	(8,936)	-
	(8,937)	**1,623,647**
Deferred tax expense		
Movements in temporary differences	(4,823,362)	82,397
Total	**(4,832,298)**	**1,706,044**

Deferred tax	**Assets**		**Liability**	
At 31 March	**2020**	**2019**	**2020**	**2019**
Total	5,058,543	268,162	(17,132)	(50,113)
Set off of tax	(17,132)	(50,113)	17,132	50,113
Net deferred tax assets	**5,041,411**	**218,049**	**-**	**-**

Reconciliation of effective tax rate

	2020		2019	
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Profit (loss) before income tax expense		(21,036,951)		3,042,260
Income tax using the Thai corporation tax rate	20	(4,207,390)	20	608,452
Expenses not deductible for tax purposes		-		41,695
Profit from promotional privileges		(615,972)		-
Current year tax losses from promotional privileges				
for which no deferred tax assets was recognized		-		1,055,897
Under provided in prior years		(8,936)		-
Total	**(23)**	**(4,832,298)**	**56**	**1,706,044**

Movements in deferred tax assets during the year were as follows:

	At 1 April 2019	**(Charged)/ credited to statement of income**	**At 31 March 2020**
		(in Baht)	
Deferred tax assets			
Provisions	-	4,759,594	4,759,594
Provision for employee retirement benefit	268,162	30,787	298,949
Total	**268,162**	**4,790,381**	**5,058,543**
Deferred tax liability			
Depreciation and amortisation charges	(50,113)	32,981	(17,132)
Total	**(50,113)**	**32,981**	**(17,132)**
Net	**218,049**	**4,823,362**	**5,041,411**

	At 1 April 2018	(Charged)/ credited to statement of income	At 31 March 2019
		(in Baht)	
Deferred tax asset			
Provision for employee retirement benefit	372,184	104,022	268,162
Deferred tax liability			
Depreciation and amortisation charges	(28,488)	(21,625)	(50,113)
Net	**343,696**	**82,397**	**218,049**

10 Commitments

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

	2020	2019
	(in Baht)	
Non-cancellable operating lease commitments		
Within one year	1,178,100	1,169,349
After one year but within five years	1,331,100	140,250
Total	**2,509,200**	**1,309,599**

Rental agreement

The Company has entered into lease and service agreement for the office space, the terms of the agreement is 2 years. The contract will be terminated within 2022.

Bank guarantees

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 2.97 million (2019: 1.46 million).

11 Reclassification of accounts

Certain accounts in the 2019 financial statements have been reclassified to conform to the presentation in the 2020 financial statements as follows:

	2019		
	Before reclass.	Reclass.	After reclass.
		(in Baht)	
Statement of income			
Cost of rendering of services	185,878,469	(12,890,554)	172,987,915
Administrative expenses	11,698,354	12,890,554	24,588,908
		-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

Board of Directors
Mr. Amitava Ghosh
Mr. Makarand Shete (Since Resigned)
Mr. Ravikanth Karne (Since Resigned)
Mr. Ravi Yallajosula
Mr. Mukesh Sharma

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, 2019.

Financial Results

For the years ended December 31	**2019 RMB**	2018 RMB
Income	**21,988,614**	8,578,165
Profit/(Loss) before tax	**2,500,210**	547,789
Profit/(Loss) after tax	**2,380,631**	410,810

Review of Operations:

During the year under review, your Company recorded an income of RMB 21,988,614 and profit after tax of RMB 2,380,631.

Directors:

Mr. Amitava Ghosh, Mr. Makarand Shete (Since Resigned), Mr. Ravikanth Karne (Since Resigned),Mr. Ravi Yallajosula, Mr. Mukesh Sharma

Outlook for the Current Year:

The Company is optimistic of increasing its business in near future.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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
Director

Place: Beijing, China
Date : 31-March-2020

AUDIT REPORT

All shareholders of Tech Mahindra (Beijing) IT Services Ltd.:

I. Audit Opinion

We have audited the financial statements of Tech Mahindra (Beijing) IT Services Ltd. (hereinafter referred to as "Mahindra Company"), including the balance sheet as of December 31, 2019, the income statement, the cash flow statement and the relevant notes to the financial statements of year 2019.

In our opinion, the attached financial statements were prepared in accordance with the provisions of the accounting standards for enterprises in all major aspects, and fairly reflected the financial situation of Mahindra Company as at December 31, 2019, as well as the operating results and cash flow of the year 2019.

II. Basis of Forming Audit Opinions

We conducted the audit work in accordance with the auditing standards for Chinese Certified Public Accountant. The "Responsibility of Certified Public Accountant for Auditing Financial Statements" part of the audit report further elaborated our responsibilities under these standards. In accordance with the code of ethics for Certified Public Accountant in China, we were independent of Mahindra Company and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained was sufficient and appropriate and provided a basis for issuance of audit opinions.

III. Other Information

The management layer of Mahindra Company (hereinafter referred to as management) was responsible for other information. Other information included information covered in Mahindra Company's 2019 annual report, but not the financial statements and our audit report.

Our audit opinions on the financial statements didn't cover other information, nor did we publish any form of verification conclusions on other information.

In combination with our audit of the financial statements, it was our responsibility to read other information and, in the process, considering whether there was material inconsistency or seemed to be material misstatement between the other information and the financial statements or situation that we learned during the audit.

Based on the work we have performed, we should report the fact if we confirmed that there was a material misstatement in other information. In this respect, we had nothing needed to report.

IV. Responsibilities of Management and Governance for Financial Statements

The management was responsible for preparing financial statements in accordance with the provisions of the accounting standards for enterprises to achieve fair reflection and to design, implement and maintain necessary internal control, so as to make the financial statements free from material misstatement caused by fraud or error.

In preparing the financial statements, management was responsible for assessing the continuing business ability of the Mahindra company, disclosing matters related to the continuing business (if applicable), and applying the continuing business assumption, unless management planned to liquidate the Mahindra company, terminate operations or have no other realistic options.

The governance layer was responsible for supervising the financial reporting process of Mahindra Company.

V. The Responsibility of Certified Public Accountants for Auditing Financial Statements

Our goal was to obtain reasonable assurance on whether the financial statements as a whole were free from material misstatement caused by fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance was a high level of assurance, but it did not guarantee that the audit executed in accordance with the audit standards having a material misstatement can always be found. A misstatement may be caused by fraud or error, and was generally considered to be significant if it was reasonably expected that the misstatement, individually or collectively, may affect the economic decisions made by the users of the financial statements based on the financial statements.

In the process of performing the audit according to the audit standards, we exercised professional judgment and maintained professional skepticism. At the same time, we also carried out the following works.

(1) Identifying and assessing material misstatement risks in financial statements due to fraud or error, designing and implementing audit procedures to address these risks, and obtaining sufficient and appropriate audit evidence as the basis for the issuance of audit opinions. Since fraud may involve collusion, forgery, willful omission, misrepresentation or overriding internal control, the risk of a material misstatement resulting from failure to detect fraud was higher than the risk of a material misstatement resulting from failure to detect error.

(2) Understanding internal controls related to audit to design appropriate audit procedures.

(3) Evaluating the appropriateness of accounting policies adopted by management and the rationality of accounting estimates and relevant disclosures.

(4) Drawing conclusions about the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, a conclusion can be drawn on whether there was significant uncertainty in matters or situations that may lead to significant doubts about the continuing operation ability of Mahindra Company. If we concluded that there was significant uncertainty, as the requirements of the audit standards, we should draw the attention of statement users to the relevant disclosures in the financial statements in the audit report; if the disclosure was insufficient, we should express a non-unqualified opinion. Our conclusions were based on information available as of the audit report date. However, future events or circumstances may cause the unsustainable operation of the Mahindra Company.

(5) Evaluating the overall presentation, structure and content (including disclosure) of the financial statements, and assessing whether the financial statements fairly reflected relevant transactions and events.

We made communication with governance layer on planned audit scope, time arrangement, major audit findings and other matters, including the internal control deficiencies of concern that we identified during the audit.

Beijing Zhong Sheng Jia Hua Certified Name of CPA:

Public Accountants Co.,Ltd

Beijing China Name of CPA:

March 31, 2020

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

BALANCE SHEET (AS OF 31 DECEMBER 2019)

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	2,187,308.15	4,131,250.62	Short-term loans	37		3,250,000.00
Short-term investment	2			Accounts payable	38		
Dividend receivable	3			Advances on sales	39		
Interest receivable	4			Employee benefits payable	40	0.00	0.00
Accounts receivable	5	518,228.67	3,274,342.29	Staff welfare fund unpaid	41		
Other receivables	6	520,479.64	521,979.64	Dividend unpaid	42		
Prepayments	7	1,308,941.83	12,458.69	Taxes payable	43	36,271.54	331,311.31
Subsidy receivable	8			Other payables	44	1,005,542.90	2,579,626.02
Inventories	9			Other expenses	45		
Deferred expenses	10			Contingent liabilities	46		
Long-term investment in bonds to be expired within one year	11				47		
Other current assets	12	79,436.86	8,747.76	Long-term liabilities to be expired within one year	48		
Total current assets	13	4,614,395.15	7,948,779.00	Other current liabilities	49		
Long-term investment:	14				50		
Long-term investment in stocks	15			Total current liabilities	51	1,041,814.44	6,160,937.33
Long-term investment in bonds to be expired within one year	16			Long-term liabilities:	52		
Total long-term investment	17			Long-term loans	53		
Fixed assets	18			Bonds payable	54		
Fixed assets,at cost	19	11,297.43	1,786,511.26	Long-term accounts payable	55		
Less:Accumulated depreciation	20	4,079.66	556,387.05	Specific payable	56		
Fixed assets, net value	21	7,217.77	1,230,124.21	Other long-term liabilities	57		
Less:Provision for devaluation of fixed assets	22			Total long-term liabilities	58		
Fixed assets, net amount	23	7,217.77	1,230,124.21	Deferred taxation:	59		
Construction materials	24			Deferred tax, credit	60		
Construction in progress	25			Total liabilities	61	1,041,814.44	6,160,937.33
Disposal of fixed assets	26				62		
Total fixed assets	27	7,217.77	1,230,124.21	Shareholders' Equity:	63		
Intangible and other assets:	28			Share capital	64	3,441,546.02	3,441,546.02
intangible assets	29			Less:Investment Returned	65		
Long-term prepaid expenses	30		2,942,463.33	Paid-up capital (stock)	66	3,441,546.02	3,441,546.02
Other deferred expenses	31			Capital reserve	67	12,639.68	12,639.68
Total intangible and other assets	32		2,942,463.33	Surplus reserve	68		
	33			Including: Staff welfare fund	69		
Deferred taxation:	34			Undistributed profit	70	125,612.78	2,506,243.51
Deferred taxation, debit	35			Shareholders' Equity:	71	3,579,798.48	5,960,429.21
Total Assets	**36**	**4,621,612.92**	**12,121,366.54**	**Total Liabilities and Shareholders' Equity**	**72**	**4,621,612.92**	**12,121,366.54**

INCOME STATEMENT(FOR THE YEAR 2019)

Prepared by Tech Mahindra (Beijing) IT Services Ltd RMB Yuan

Item	No.	Last year cumulative	Current year cumulative
1. Principal operating revenues	**1**	**8,564,915.76**	**21,959,631.84**
Less:operating cost	2		
operating tax and subsidies	3	39,702.26	32,727.37
2. Principal operating profit	**4**	**8,525,213.50**	**21,926,904.47**
Add:Other operating profit	5		
Less:Operating expense	6	0.00	0.00
Administration expense	7	8,000,382.17	19,295,201.33
Financial expense	8	-9,708.21	160,256.79
3. Operating profit	**9**	**534,539.54**	**2,471,446.35**
Add:Investment income	10		
Other income	11		28,981.77
Subsidy income	12		
Non-operating income	13	13,249.41	
Less:Non-operating expense	14		218.56
4. Total profit	**15**	**547,788.95**	**2,500,209.56**
Less:Income tax	16	136,979.44	119,578.83
5. Net profit	**17**	**410,809.51**	**2,380,630.73**
Six, Net profit	18	410,809.51	2,380,630.73
plus one Beginning balance of Retained Earnings	19	-285,196.73	125,612.78
(two) Surplus to compensate for loss	20		
(three) Other adjustment factor	21		
Seven, Profit available for distribution	22	125,612.78	2,506,243.51
Less: (one) statutory surplus reserve	23		
(two) The statutory public welfare fund	24		
(three) Staff bonus and welfare fund	25		
(four) Withdrawal reserve fund	26		
(five) Appropriation of Enterprise Expansion Fund	27		
(six) Profit capitalized on return of investment	28		
(seven) Supplementary current capital	29		
(eight) Single retained profit	30		
(nine)Other	31		
Eight, Distributable profit for investors	32	125,612.78	2,506,243.51
Less: Dividend payable on preferred stock	33		
(two) Discretionary surplus reserve	34		
(three) Common stock dividends payable (profits payable)	35		
(four) Transferred to capital (capital stock) common stock dividend	36		
(five) Other	37		
Nine, Undistributed profits	38	125,612.78	2,506,243.51
Aong which Annual pre-tax profits after irreparable loss.	39		
Supplementary information	40		
One, sale, disposal or investment sector units proceeds	41		
Two, the loss of natural disasters (loss to "+" to fill a column)	42		
Three, changes in accounting policies influence the profit total amount	43		
Four, change in accounting estimate affects the profit total amount	44		
Five, debt recombination losses (loss to "+" to fill a column)	45		
Six, other non-recurring gains and losses (gains with "+" to fill a column)	46		

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31,2019)

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	20,002,867.46
	Repayment of tax received	2	5,834.21
	Other cash inflow relating to operating activities	3	711,165.51
	Total cash inflow	4	20,719,867.18
	Payments for purchase of goods and receipt of services	5	
	Payments to and for staff	6	7,691,310.92
	Taxation paid	7	185,162.99
	Other Payments relating to operating activities	8	12,290,591.14
	Total cash outflow	**9**	**20,167,065.05**
	Net cash inflow/outflow generated from operations	10	552,802.13
2.	**Cash flow from investing activities**	**11**	
	Cash inflow from retirement of investment	12	
	Cash inflow from profit of investment	13	
	Cash gain of disposal of fixed assets, intangible assets, and other long-term investment	14	
	Other proceeds relating to investment activities	15	
	Total cash inflow	16	
	Purchase of fixed assets, intangible assets and other long-term assets	17	1,858,859.85
	Cash paid for investment	18	
	Other cash paid relating to investment activities	19	
	Total cash outflow	**20**	**1,858,859.85**
	Net cash inflow/outflow generated from investment activities	**21**	**-1,858,859.85**
3.	**Cash flows from financing activities:**	**22**	
	Absorption of investment	23	
	Borrowings raised	24	6,500,000.00
	Other cash inflow relating to financing activities	25	
	Total cash inflow	**26**	**6,500,000.00**
	Borrowings repaid	27	3,250,000.00
	Dividend, interest and profit paid	28	
	Other cash outflow relating to financing activities	29	
	Total cash outflow	**30**	**3,250,000.00**
	Net cash inflow/outflow generated from financing activities	**31**	**3,250,000.00**
4.	Influence of fluctuation of echange rate	32	0.19
5.	Net increase in cash and cash equivalents	33	1,943,942.47

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	**34**	**2,380,630.73**
	Add:Provision for devaluation of assets	35	
	Depreciation of fixed assets	36	552,307.39
	Amortization of intangible assets	37	
	Amortization of long-term expense	38	1,401,173.02
	Decrease of deferred expenses (Less: increase)	39	
	Increase of pre-paid expense (Less: decrease)	40	
	Loss on disposal of fixed assets, intangible assets and other long-term assets (less: gain)	41	
	Loss on retirement of fixed assets	42	
	Financial expense	43	
	Investment loss (less:investment gain)	44	
	Deferred tax, credit (less: debit)	45	
	Decrease of inventories (less: increase)	46	
	Decrease of receivables in operations (less: increase)	47	-1,461,130.48
	Increase of payables in operations (less: decrease)	48	-2,320,178.53
	Others	49	-
	Net cash inflow/outflow generated from operations	50	552,802.13
2.	**Investing and financing activities not relating to cash flows**	**51**	
	Capital transferred from liabilities	52	
	Transferable bonds to be expired within one year	53	
	Fixed assets transferred from financing activities	**54**	
3.	Net increase in cash and cash equivalents	55	
	Cash and bank balances at end of period	56	4,131,250.62
	Less: Cash and bank balances at beginning of period	57	2,187,308.15
	Cash equivalent at end of period	58	-
	Less: Cash equivalent at beginning of period	59	-
	Net increase in cash and cash equivalents	**60**	**1,943,942.47**

NOTES TO FINANCIAL STATEMENTS

31 DEC. 2019

(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 Ltd. 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 91110105666903783P.The registered capital of the company is US$2,500,000.00.The Company's registered address is 2201 room, Building 8, No. 25 Ganluyuan nanli, 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 Renminbi.

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 **m**arket 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 **m**arket 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

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VI. Taxation

1. The company mainly taxes and tax rates

Tax	Specific tax rate
Value-added tax (VAT)	Taxable income is calculated as output tax at the rate of 6%, and VAT is calculated as the difference after deducting the input tax allowed to be deducted in the current period.
City construction tax	According to the actual payment of turnover tax 7%
Surcharge for education	According to the actual payment of turnover tax 3%
Local education surcharge	According to the actual payment of turnover tax 2%
Enterprise Income Tax	According to 25% of taxable income
Individual income tax	Excess progressivity

VII. Main Notes to the Financial Statements

The following notes (including notes of major items in the company's financial statements) refer to January 1.December 31, 2018 at the beginning of the year, December 31, 2019 at the end of the year, 2019 in the current period and 2018in the previous period unless otherwise specified.

1. Cash and bank

Item	Closing balance	Beginning balance
Cash in stock		
Bank deposit	4,131,250.62	2,187,308.15
Other monetary funds		
Total	**4,131,250.62**	**2,187,308.15**

2. Accounts receivable

Item	Closing balance	Beginning balance
Note receivable		
Accounts receivable	3,274,342.29	518,228.67
Total	3,274,342.29	518,228.67

1.. Accounts receivable

2. Classified disclosure of accounts receivable

Category	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion%	Amount	Total proportion%	
Receivables with significant single amount and provision for bad debts separately					
Receivables with provision for bad debts according to the combination of credit risk characteristics	3,274,342.29	100.00			3,274,342.29
Receivables for which single amount is not important and bad debt reserves are boldly withdrawn separately					
Total	**3,274,342.29**	**100.00**			**3,274,342.29**
Receivables with significant single amount and provision for bad debts separately					
Receivables with provision for bad debts according to the combination of credit risk characteristics	518,228.67	100.00			518,228.67
Receivables for which single amount is not important and bad debt reserves are boldly withdrawn separately					
Total	**518,228.67**	**100.00**			**518,228.67**

In the portfolio, accounts receivable for which bad debt provision is accrued according to aging analysis method.

Aging	Closing balance		
	Accounts receivable	Bad-debt provision	Total proportion %
Within one year	3,274,342.29		
1 to 2 years			
2 to 3 years			
More than 3 years			
Total	**3,274,342.29**		

Continued:

Aging	Beginning balance		
	Accounts receivable	Bad-debt provision	Total proportion(%)
Within one year	518,228.67		
1 to 2 years			
2 to 3 years			
More than 3 years			
Total	**518,228.67**		

3. Prepayments

(1) Prepayments are presented by age

Aging	Closing balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion(%)
Within one year	12,458.69	100.00	1,308,941.83	100.00
1 to 2 years				
2 to 3 years				
More than 3 years				
Total	**12,458.69**	**100.00**	**1,308,941.83**	**100.00**

4. Other receivables

Item	Closing balance	Beginning balance
Other receivables	521,979.64	520,479.64
Interest receivable		
Dividend receivable		
Total	**521,979.64**	**520,479.64**

① Other receivables

② Classification disclosure of other receivables

Category	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion(%)	Amount	Total proportion (%)	
Other receivables with significant single amount and separate provision for bad debts					
Other receivables for which bad debt reserves are accrued according to the combination of credit risk characteristics	521,979.64	100.00			521,979.64

Category	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion(%)	Amount	Total proportion (%)	
Other receivables for which the single amount is not heavy and the bad debt reserve is boldly withdrawn separately					
Total	**521,979.64**	**100.00**			**521,979.64**

Category	Beginning balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Total proportion (%)	
Other receivables with significant single amount and separate provision for bad debts					
Other receivables for which bad debt reserves are accrued according to the combination of credit risk characteristics	520,479.64	100.00			520,479.64
Other receivables for which the single amount is not heavy and the bad debt reserve is boldly withdrawn separately					
Total	**520,479.64**	**100.00**			**520,479.64**

Other receivables in the portfolio for which bad debt reserves are accrued according to aging analysis method.

Aging	Closing balance		
	Other receivables	Bad-debt provision	Total proportion(%)
Within one year	1,500.00		
1 to 2 years	479,701.74		
2 to 3 years	40,777.90		
More than 3 years			
Total	**521,979.64**		

Aging	Beginning balance		
	Other receivables	Bad-debt provision	Total proportion(%)
Within one year	479,701.74		
1 to 2 years	40,777.90		
2 to 3 years			
More than 3 years			
Total	520,479.64		

5. Other current assets

Item	Closing balance	Beginning balance
Input tax to be deducted	8,747.76	79,436.86
Total	**8,747.76**	**79,436.86**

6. Fixed assets

Item	Closing balance	Beginning balance
Fixed assets	1,230,124.21	7,217.77
Liquidation of fixed assets		
Total	**1,230,124.21**	**7,217.77**

(1)Fixed assets

(2)Status of fixed assets

Item	Beginning book balance	Increase this year	Decrease this year	Closing book balance
I. Total Original Price	**11,297.43**	**1,775,213.83**		**1,786,511.26**
Office equipment	11,297.43	5,949.32		17,246.75
Electronic equipment		1,769,264.51		1,769,264.51
II. Total Accumulated Depreciation	**4,079.66**	**552,307.39**		**556,387.05**
Office equipment	4,079.66	5,645.41		9,725.07
Electronic equipment		546,661.98		546,661.98
III. Total Amount of Impairment Reserve				
Office equipment				
Electronic equipment				
IV. Total book value	**7,217.77**			**1,230,124.21**
Office equipment	7,217.77			7,521.68
Electronic equipment				1,222,602.53

7. Long-term prepaid expenses

Item	Beginning balance	Increase in current period	Amortization amount in current period	Other reduced amounts	Closing balance
Renovation costs		4,343,636.35	1,401,173.02		2,942,463.33
Total		**4,343,636.35**	**1,401,173.02**		**2,942,463.33**

8. Short-term loans

Items	Balance at End of Period	Balance at Beginning of Year
Company loan	3,250,000.00	
In total	**3,250,000.00**	

9. Employee benefits payable

(1) Salary payable to employees listed

Item	Beginning book balance	Amount withdrawn this year	Amount paid this year	Year-end book balance
I. Wages, bonuses, allowances and subsidies		8,292,971.43	8,292,971.43	
II. Employee benefits		2,502,906.53	2,502,906.53	
III.Turnover compensation		306,846.57	306,846.57	
Total		**11,102,724.53**	**11,102,724.53**	

10. Taxes payable

Item	Closing balance	Beginning balance
Value-added tax	139,402.20	
Personal income tax	60,427.38	15,274.30
Enterprise Income Tax	115,308.92	20,997.24
City construction tax	9,434.14	
Surcharge for education	4,043.20	
Local education surcharge	2,695.47	
Total	**331,311.31**	**36,271.54**

11. Other receivables

Item	Closing balance	Beginning balance
Other receivables	2,579,626.02	1,005,542.90
Interest payable		
Dividends payable		
Total	**2,579,626.02**	**1,005,542.90**

(1) Other receivables

(2) Other payables by nature

Item	Closing balance	Beginning balance
Service fee	810,422.31	979,563.25
Headquarters prepayment	563,860.09	23,194.24
Accrued expense	53,769.62	2,785.41
Rental and service of network equipment	764,474.00	
Decoration quality deposit	219,000.00	
Interest on loan	168,100.00	
Total	**2,579,626.02**	**1,005,542.90**

12. Paid-in capital

Name of investor	Beginning balance	Increase in current period	Decrease in current period	Closing balance
Tech Mahindra Ltd	3,441,546.02			3,441,546.02
Total	**3,441,546.02**			**3,441,546.02**

13. Capital reserve

Item	**Beginning balance**	**Increase in current period**	**Decrease in current period**	**Closing balance**
Capital (equity) premium	12,639.68			12,639.68
Total	**12,639.68**			**12,639.68**

14. Undistributed profit

Item	Current amount	Amount of previous period
Undistributed profit at the end of last year before adjustment	125,612.78	-285,196.73
Adjust the total undistributed profit at the beginning of the period (increase +, decrease -)		
Adjusted undistributed profits at the beginning of the period	125,612.78	-285,196.73
Plus: net profit attributable to shareholders of the parent company in the current period	2,380,630.73	410,809.51
Minus: Withdraw statutory surplus reserve		
Unallocated profit at the end of the period	2,506,243.51	125,612.78

15. Operating income and operating costs

Item	**Current amount**		**Amount of previous period**	
	Income	**Cost**	**Income**	**Cost**
Main business	21,959,631.84		8,564,915.76	
Total	**21,959,631.84**		**8,564,915.76**	

16. Other income

Item	**Current amount**	**Amount of previous period**
Input tax plus deduction	23,147.56	
Service fees paid for withholding IIT	5,834.21	
Total	28,981.77	

17. Non-operating income

Item	**Current amount**	**Amount of previous period**
Return of personal tax service fee		13,249.41
Total		**13,249.41**

18. Non-operating expense

Item	**Current amount**	**Amount of previous period**
Compensation, liquidated damages, late fees	218.56	
Total	**218.56**	

VIII. Contingent Events

Without the contingent event this year.

IX. Events after the balance sheet date

Without the need for disclosure of events after the balance sheet date this year.

X. Related Party and Transactions

Without the related party and transactions this year.

XI. The transfer and sale of important assets

The year without the significant transfers of assets and sell.

XII. Enterprise merger, spin-off items

Without a merger, division and other matters this year.

XIII. Exchange of non-monetary assets and debt restructuring

This year only monetary assets exchange and debt restructuring.

XIV. Other significant matters

No other significant matters required to explain this year.

XV. Financial statements for approval

The annual financial statements have been approved by the board of directors of the company.

XVI. Other contents to be disclosed as per the related financial accounting and system

Other contents requiring no disclosure this year.

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

Legal representative: Mr.Jagdish Mitra
March 31, 2020

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) 2019 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

Name of CPA:

Beijing China
March 31, 2020

Name of CPA:

Foreign Rights and Interests of Foreign-invested Enterprises Confirmation Form

Prepared by: TECH MAHINDRA (BEIJING) IT SERVICES LIMITED Fill time: March 31, 2020

Organization Code: 91110105666903783P 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	138,252.46	2,518,883.19
2.1 Capital reserve	12,639.68	12,639.68
2.2 Surplus reserve		
2.3 Undistributed profit	125,612.78	2,506,243.51
3. Foreign dividend that allocated but not yet exported outside		
4. Foreign currency account balances (Including regular items and capital items)	11.95	12.14

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 Jagdish Mitra

Person in charge of accounting department : Mr Harshad Deshpande

Lister: Sunjing

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

Directors
Mr. Hrishikesh Pandit
Mr. Makarand Shete
Mrs. Dhanashree Bhat

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
KPMG Fakhro, Bahrain

DIRECTORS' REPORT

For the year ended 31 March 2020

In accordance with Article 286 of the Commercial Companies Law, I have the pleasure in presenting the financial statements of Tech Mahindra (Bahrain) LTD S.P.C ("the Company") on pages 132 to 144 for the year ended 31 March 2020.

Representations and audit

The Company's activities for the year ended 31 March 2020 have been conducted in accordance with the Commercial Companies Law and other relevant statutes of the Kingdom of Bahrain.

On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. This has resulted in the implementation of travel restrictions, quarantine and other measures taken by the Authorities to contain the spread. The Board of Directors is actively monitoring the situation and its impact on the Company's operation and financial position. As at the reporting date, the Board of Directors has assessed that the Company will continue to operate as a going concern for next twelve months from the reporting date. There have been no other subsequent events, which would invalidate the financial statements of the Company.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG.

On behalf of the Board of Directors

Hrishikesh Pandit
Director
2 June 2020

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

Tech Mahindra (Bahrain) LTD SPC
Kingdom of Bahrain

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Tech Mahindra (Bahrain) LTD SPC (the "Company") which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 16 to the financial statement, which describes the management's assessment of the ongoing impact of the Coronavirus (COVID-19) pandemic on the Company's operations and financial performance, and its related uncertainties. Our audit opinion is not modified in respect of this matter.

Other Matters

The Financial Statements of the Company as at and for the year ended 31 March 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements dated 3 June 2019.

Other information

The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the Director's report set out on page 1.

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 on the other information obtained prior to the date of this auditors' report, 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 board of directors for the financial statements

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

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

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 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 the board of directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the board of 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.

Report on other regulatory requirements

As required by the Commercial Companies Law, we report that:

- the Company has maintained proper accounting records and the financial statements are in agreement therewith;
- the financial information contained in the director's report is consistent with the financial statements;
- we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
- satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG Fakhro
Partner registration number 137
2 June, 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Bahraini dinars

	Notes	2020	2019
ASSETS			
Trade and other receivables	4	**22,785**	28,491
Cash and bank balances	6	**397,060**	415,957
Total assets		**419,845**	444,448
EQUITY AND LIABILITIES			
Liabilities Equity			
Share capital	7	**50,000**	50,000
Statutory reserve	8	**25,000**	25,000
Retained earnings		**314,565**	305,156
Total equity (page 6)		**389,565**	380,156
Liabilities			
Provision for employees' benefits	9	**10,733**	7,441
Total non-current liabilities		**10,733**	7,441
Trade payables and other liabilities	10	**12,770**	10,855
Due to the Parent Company	5	**6,777**	45,996
Total current liabilities		**19,547**	56,851
Total equity and liabilities		**419,845**	444,448

The financial statements were approved by the Directors on 2 June, 2020 and signed on its behalf by:

Mr. Hrishikesh Pandit
Director

Dhanashree Bhat
Director

The accompanying notes 1 to 16 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

Bahraini dinars

	Notes	2020	2019
Revenue from services (net)	11	**149,905**	86,255
Cost of revenue	12	**123,038**	62,497
Gross profit		**26,867**	23,758
General and administrative expenses	13	**18,391**	18,943
Profit from operations		**8,478**	4,815
Other Income		**931**	445
Profit for the year		**9,409**	5,260
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**9,409**	5,260

The financial statements were approved by the Directors on 2 June, 2020 and signed on its behalf by:

Mr. Hrishikesh Pandit
Director

Dhanashree Bhat
Director

The accompanying notes 1 to 16 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

Bahraini dinars

2020	**Share capital**	**Statutory reserve**	**Retained earnings**	**Total equity**
At 1 April 2019	50,000	25,000	305,156	380,156
Total comprehensive income for the year	-	-	9,409	9,409
At 31 March 2020	50,000	25,000	314,565	389,565

2019	**Share capital**	**Statutory reserve**	**Retained earnings**	**Total equity**
At 1 April 2018	50,000	25,000	299,896	374,896
Total comprehensive income for the year	-	-	5,260	5,260
At 31 March 2019	50,000	25,000	305,156	380,156

The accompanying notes 1 to 16 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

Bahraini dinars

	2020	2019
Cash flow from operating activities		
Profit for the year	**9,409**	5,260
Adjustment for:		
Sundry balances write back	**(220)**	-
Interest on fixed deposit	**(710)**	-
Provision for employees' benefits	**5,279**	(137)
Profit for the year before changes in operating assets and liabilities	**13,758**	5,123
Changes in operating assets and liabilities:		
Trade receivables	**5,706**	6,508
Due (to)/ from the parent company	**-**	6,849
Trade payables and other liabilities	**2,135**	609
Due to the Parent company	**(39,219)**	45,996
Cash (used in)/ generated operating activities	**(17,620)**	**65,085**
Payment of employee's end of service benefits	**(1,987)**	(692)
Net cash (used in) / generated from operating activities	**(19,607)**	64,393
Cash flows from Investing activities		
Interest received on fixed deposits	**710**	-
Net cash from financing activities	**710**	-
Net (decrease) / Increase in cash and cash equivalents	**(18,897)**	64,393
Cash and cash equivalents at the beginning of the year	**415,957**	351,564
Cash and cash equivalents at the end of the year.	**397,060**	415,957

The accompanying notes 1 to 16 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

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, Commerce and Tourism under Commercial Registration number 73221-1.

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").

The Company's issued share capital consists of 500 ordinary shares at BD 100 each, issued and fully paid.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Commercial Companies Law.

b) Basis of measurement

The financial statements have been prepared on the historical cost convention.

c) Functional and presentation currency

The financial statements are presented in Bahraini Dinars ("BD") being the functional currency of the Company.

d) New standards, amendments and interpretations effective from 1 January 2019

The following standards, amendments and interpretations, which became effective as of 1 January 2019, are relevant to the Company:

i. IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance 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. The standard is effective for annual periods beginning on or after 1 January 2019.

The adoption of this standard had no impact on the financial statements.

ii. Other standards

The following amended standards are not expected to have significant impact on the Company's financial statements:

- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards

e) New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however; the Company has not early applied the following new or amended standards in preparing these financial statements.

The following standards are expected not to have a material impact on the Company's financial statements in the period of initial application:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Material – Amendments to IAS 1 and IAS 8.

f) Use of estimates and management judgement

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Impairment of trade and other receivables

The Company measures expected credit loss for receivables that result from all possible default events over the expected life of the receivable. A financial asset is considered 'credit-impaired' when one or more events, that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied by the Company and are consistent with those used in the previous period., except for new policies (refer note 3(j)) pertaining to new accounting standards IFRS 16 which became applicable from 1 January 2019.

a) Revenue recognition

The Company recognises revenue when it transfers control of a product or service to a customer.

Revenue from contracts priced on a time and material basis is recognised when services are rendered. Revenue from fixed price contracts is recognised as performance obligation satisfied over a period of time based on the stage of completion of the contract the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

The Company has entered into a service agreement with the Parent Company for reimbursement of costs incurred plus a mark-up ("cost plus method") which forms part of the revenue.

The Company has pass through billing agreement with Parent Company where the Company bills the third-party customers on behalf of Parent company and revenue is recognised on net basis.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability ("Unearned revenue") arises when there are billing in excess of revenue.

b) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

c) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits with original contractual maturity period of three months or less. These are carried at amortised cost.

d) Financial instruments

(i) Recognition and initial measurement

The financial instruments of the Company consist primarily of trade and other receivables, balance with a bank, trade and other payables, due from and to parent company. The Company recognises financial instruments initially on the trade date, which is the date when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt security; FVOCI – equity security; or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition is also recognised in profit or loss.

(iii) De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(i) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position, when and only when, the Company currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Impairment

The Company recognises loss allowances for expected credit loss, ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk has not increased significantly since initial recognition.

Measurement of ECLs- Trade receivables

The Company measures expected credit loss for receivables that result from all possible default events over the expected life of the asset. This include receivables that have objective evidence of impairment at the reporting date. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Measurement of ECLs- Cash and bank balances (General approach)

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

e) Trade and other payables

Trade and other payables expenses are recognised initially at fair value and subsequently stated at amortised cost.

f) 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.

g) Employee 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.

h) Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle such obligation.

i) Statutory reserve

In accordance with Commercial Companies Law, a minimum of 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital (excluding share premium). This reserve is not normally distributable except in certain circumstances.

j) Share capital

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

k) Leases

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Co by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

i. fixed payments, including in-substance fixed payments;

ii. lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option. and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in property, plant and equipment' and liability related to leases in Lease liabilities.

Short-term leases and leases of low-value assets

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

Policy applicable before 1 January 2019

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 charged to profit or loss on a straight-line basis over the period of the lease.

4 TRADE AND OTHER RECEIVABLES

	2020	2019
Gross trade Receivables	**15,299**	30,287
Less: provision for impairment	**(3,078)**	(3,078)
	12,221	27,209
Unbilled Revenue	**8,169**	-
Prepaid expenses	**1,449**	-
Other receivables	**946**	1,282
	22,785	28,491

Ageing of gross receivables as at 31 March is as follows:

	2020	2019
Past due - Less than 30 days	**-**	27,209
Past due - 181 – 365 days	**12,221**	-
	12,221	27,209
Past due - above 365 days	**3,078**	3,078
	15,299	30,287

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.

There were no movement in the provision for impairment of trade receivables during the year.

5 RELATED PARTY TRANSACTIONS

A significant portion of the Company’s transactions in the normal course of business are with the Parent Company. All transactions are subject to controls embedded in respective processes in line with the Parent Company policies and procedures. These financial statements may not necessarily be indicative of the financial position that would have existed or of the Company’s results of operations, if the Company had been operated as an unaffiliated Company.

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 6%. Total billings made to the Parent Company amounted to BD 149,905 (2019: BD 75,066).

The Company also bills third party customers on behalf of its Parent Company. The credit risk pertaining to these counterparts' rests with the Parent Company. Pass through billings to customers amounted to BD 69,616 for the current year (2019: BD 60,145).

Balance in current account due to Parent Company amounted to BD 6,777 (2019: BD 45,996).

The transactions and balances with Parent Company is as follows:

	2020	2019
Parent Company:		
As at 31 March		
Due to the Parent Company (net)	**6,777**	45,996
Transactions for the year ended 31 March:		
Revenue from services – billed (note 11)	**149,905**	75,066
Revenue from services–unbilled revenue	**-**	11,189
Payment for pass through billings	**(69,616)**	(60,145)
Other reimbursement – net	**-**	6,036
Payments received – net	**(41,070)**	(84,991)

6 CASH AND BANK BALANCES

	2020	2019
Cash at bank (i)	**99,776**	90,571
Short term deposits with bank (ii)	**297,284**	325,386
	397,060	415,957

(i) Company earns no interest on cash at bank balance in current account.

(ii) Short term deposits with bank outstanding at year end, earns interest at a rate of 0.05% to 2.5% (2019: 2.1% to 2.5%) per annum with original maturity of less than 3 months.

7 SHARE CAPITAL

The Company's issued share capital consists of 500 ordinary shares at BD 100 each, issued and fully paid.

8 STATUTORY RESERVE

In accordance with the 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 Commercial Companies Law.

9 PROVISION FOR EMPLOYEES' BENEFITS

	2020	2019
At 1 April	**7,441**	8,270
Charge for the year	**5,279**	(137)
Paid during the year	**(1,987)**	(692)
At 31 March	**10,733**	7,441

10 TRADE PAYABLES AND OTHER LIABILITIES

	2020	2019
Trade payables	**-**	7,622
Accrued expenses	**8,182**	153
Accrued employees' benefits	**4,588**	3,080
	12,770	10,855

11 REVENUE FROM SERVICES (NET)

	2020	2019
Pass through billings to customers (Note 5)	**69,616**	60,145
Less: Payable to Parent company on pass through billings	**(69,616)**	(60,145)
Service revenue to Parent Company (Note 5) (costs plus)	**149,905**	86,255
	149,905	86,255

12 COST OF REVENUE

	2020	2019
Staff costs	**84,746**	46,682
Travel expenses	**38,292**	15,815
	123,038	62,497

13 GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Professional fees	**7,747**	4,964
Rent expenses relating to short-term leases	**4,560**	4,707
Telephone and mobile charges	**1,173**	1,574
Foreign exchange gain	**1,608**	79
Miscellaneous expenses	**3,303**	7,618
	18,391	18,943

14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Company include trade and other receivables, due from parent company and cash and bank balances.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the

Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors of the Parent have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Parent's risk management framework ensures the Company's risk management. The Board of the Parent, which includes the Parent and its subsidiaries, oversees how the management monitors compliance with the Company's risk management framework and reviews its adequacy in relation to the risks faced by the Company.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is principally exposed to credit risk on trade and other receivables and cash and bank balances. The maximum credit risk is the carrying value of the assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
Trade and other receivables (i)	**22,785**	28,491
Bank balances (ii)	**397,060**	415,957
	419,845	444,448

(i) The credit risk for trade receivables outstanding pertaining passthrough billing and credit risk rests with the Parent Company.

(ii) The Company limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings. Given these high credit ratings, the company does not expect any bank to fail to meet its obligations. Accordingly, there is no significant expected credit loss on bank and deposit balances as on 31 March 2020 (2019: Nil).

b) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Company is not exposed to any significant market risk on its financial instruments. Company's transactions primary denominated in Bahrain Dinar and the Company does not hold significant interest bearing financial assets or liabilities.

c) Capital Management

The Board's policy is to maintain a strong capital base to sustain the future development of the business. The Company is not exposed to externally imposed capital requirements. There were no significant changes in the Company's approach to capital management during the year.

d) 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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

As on the reporting date, the fair value of the Company's financial assets and liabilities approximate their carrying values.

e) Categorisation of financial instruments

All financial assets and liabilities are classified "at amortised cost" as on 31 March 2020 and 31 March 2019.

15 COMPARATIVES

The corresponding figures have been regrouped where necessary to conform to the current year's presentation. The regrouping has not affected previously reported profit for the year or equity.

16 SUBSEQUENT EVENT

Except for the fact mentioned in note 16.1, there have been no other significant events subsequent to 31 March 2020 up to the date of the authorization of the these financial statements on 28 May 2020, which would have a material effect on or lead to inclusion of significant disclosure in these financial statements.

16.1 (COVID-19)

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has been declared as pandemic by World Health Organization (WHO), which in turn has resulted in significant disruption to business operations, trade and economic activities leading to significant economic uncertainty. The management has considered this outbreak has no material impact on financial statement for the year ended 31 March 2020.

16 SUBSEQUENT EVENT

Governments and central banks across the world have responded with monetary and fiscal interventions to stabilize economic conditions. The Government of Kingdom of Bahrain has announced various economic stimulus programmes ("Packages") to support businesses in these challenging times. The Company is expected to get some benefits from these Packages in subsequent periods mainly in the form of temporary waiver of Electricity and Water Authority utility bills, partial reimbursement of salaries of employees (Bahraini Locals) for three months from April 2020.

The management and the Board of Directors (BOD) has been closely monitoring the potential impact of the COVID 19 developments on the Company operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, review of onerous contracts, etc. The Company has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans including its liquidity requirements.

Considering the situation getting deteriorated with time, the management has assessed that it is impractical to determine a reliable quantitative estimate of the potential impact of this subsequent event on the Company's financial position. Going forward, the impact on the current outbreak on the macroeconomic forecasts will be incorporated into the Company's estimates of its significant assets and liabilities and the management's assessment of going concern assumption, whilst preparing the financial statements for the year ended 31 March 2021.

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. Mahesh Kulkarni

Registered Office
Spectrum Towers,
Mindspace Complex,
Off Link Road,
Malad (West), Mumbai- 400 064

Bankers
Kotak Mahindra Bank Limited
HSBC Bank Limited

Auditors
B S R & Co. LLP
Chartered Accountants

BOARD'S REPORT

Your Directors present their Fifteenth Annual Report together with the audited Accounts of the Company for the year ended March 31, 2020.

FINANCIAL SUMMARY / RESULTS

(Figures in ₹)

For the year ended	March 31st 2020	March 31st 2019
Income	7,823,196,880	7,565,358,769
Expenditure	5,992,488,638	6,211,460,108
Depreciation	650,112,175	243,243,287
Profit/(Loss) Before Tax & Extra Ordinary items	1,180,596,067	1,110,655,374
Provision for Taxation	78,610,862	490,308,604
Deferred Taxes Charge/ (Credit)	36,625,717	(34,728,496)
Profit/ (Loss) after Tax	1,065,359,487	655,075,266
Profit /(Loss) Carried forward to Balance Sheet	1,065,359,487	655,075,266

DIVIDEND

The Board of Directors declared an Interim Dividend of @ 600/- per equity share on the Face Value of ₹ 10/- during the financial year 2019 – 2020. The dividend pay-out was ₹ 723 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 2019 -2020.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION & PROTECTION FUND

Since there is no unpaid/unclaimed Dividend as on 31st March, 2020, 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 2019-20 is ₹ 7,634 Mn against the previous year ₹ 7,426 Mn. The profit before tax is ₹ 1,181 Mn against the previous year ₹ 1,110 Mn.

The head count of the Company was 7519 in March 2020 vis a vis 6854 in March 2019.

During the year the Company has earned a mutual fund gain of ₹100 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

The members at their meeting held on 12th July, 2018 appointed M/s B S R & Co. LLP, Chartered Accountants, [ICAI Firm Registration No. 101248W/W-100022] as the Statutory Auditors of the Company for the period of five years with effect from Financial Year 2018-19 i.e. from the conclusion of the thirteen Annual General Meeting held in Financial year 2018-19 till the conclusion of the Annual General Meeting for the Financial Year 2022-2023.

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 2019-20. Further there are no frauds reported by the auditors during the year under review.

The Company has received a certificate from M/s B S R & Co. LLP, Chartered Accountants to the effect that they are eligible in terms of Section 141 of the Companies Act, 2013 to act as statutory auditors of the Company.

SHARE CAPITAL

The Company has not issued any equity shares carrying differential rights, sweat equity shares, employee stock options nor provided money for purchase of its own shares by employees or by trustees for the benefit of employees during the financial year. The Company's paid up equity capital is ₹ 10,000,000/- comprising of 1,000,000 equity shares of Face Value ₹ 10/- each.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return as on the financial year ended 31st March 2020 in **Form No. MGT – 9** is forming part of the Board's report as **Annexure 1.** The Annual return will be uploaded on the website of the Company https://www.techmbs.in/compliance-and-policies.aspx once it is filed with the Ministry of Corporate Affairs.

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

Pursuant to the provisions of Section 152(6)(c) of the Companies Act 2013, Mr. Manoj Bhat, 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 13th July, 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 31st October, 2017.

The CSR Committee of the Company comprises of following members Mr Manoj Bhat, Mr Birendra Sen and Ms. Suchitra Kerkar. During the Financial year 2019-20, 1 (One) meeting of the CSR Committee was held on 13.05.2019.

During the Financial Year 2019-20, 6 (six) Board meetings were held on 13.05.2019, 22.07.2019, 02.08.2019, 22.10.2019, 17.12.2019 and 23.01.2020. The Governance Policies comprising of Policy on Appointment and removal of Directors, Policy on Remuneration to the Directors, and other Employees 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 under Section 186 of the Companies Act, 2013. Investments made are within the limits provided under Section 186.

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.**

PARTICULARS OF EMPLOYEES

The information required under Rule 5(2) & of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, pursuant to first proviso to Section 136(1) of the Act, 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 open for inspection at the Registered Office of the Company.

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 Mr. Yogesh Kandalgaonkar, Practising Company Secretary, Pune is annexed with the Board's report as **Annexure 4.** The Secretarial Audit report is unqualified and without any reservation or adverse remark.

COST RECORDS AND AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

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 Employee Assistance Program, Helping Hands, Diversity and Inclusive program, Gift a Leave, Fun Days, Celebration of Festivals, Focus on Development, Employee Growth Initiatives, Employee Surveys, monthly performance management incentives for advisors and contemporary learning and development initiatives.

For an organization of our size, we are the Gallup Global 80th percentile. This is indeed a proud achievement for us and a testament of employee engagement within the organization helping us achieve our goals. We are proud winners of the Gallup Great Workplace Awards 2019. With this, our 3rd consecutive win, we are amongst the Top 40 organizations worldwide to be recognized for our cutting-edge Best People Practices.

During the year we have hired around 4822 employees, with around 67% 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.The Company has complied with the provisions relating to constitution of Internal Complaints Committee under the said Act. 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 ₹ 7,634 Mn. (Previous Year – ₹7,426 Mn.) while the outgoings were ₹650 Mn. (Previous Year – ₹ 672 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

Birendra Sen **Director**	**Suchitra Kerkar** **Director**

Place: Mumbai
Date: April 22, 2020

ANNEXURE 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[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 Center Services	9983	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 Gateway Building, Apollo Bunder, Mumbai-400001	L64200MH1986PLC041370	Holding	100%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(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-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Tech Mahindra Ltd	10,00,000	100%	NIL	10,00,000	100%	NIL	NIL
Total		**10,00,000**	**100%**	**NIL**	**10,00,000**	**100%**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)- NO CHANGE

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders: NOT APPLICABLE

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	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)				
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change				
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: Not Applicable**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors

(Figures in ₹)

SN.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	-	-	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-	-	
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**-**	**-**	**-**	**-**	**-**	**-**
2	Other Non-Executive Directors	**Mr. Sujit Baksi**	**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)	**-**	**-**	**-**	**-**	**-**	**-**
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-

C. **Remuneration To Key Managerial Personnel Other than MD/Manager/WTD – Not Applicable**

SN	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: April 22, 2020

Birendra Sen
Director

Suchitra Kerkar
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 2019-20

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: https://www.techmbs.in/pdf/201605030154_CSR_Policy.pdf

2. **Composition of the CSR Committee.-'**

   Mr. Manoj Bhat, Mr. Birendra Sen and Ms. 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 2016-17: INR 1,156 Mn

   FY 2017-18: INR 1,131 Mn

   FY 2018-19: INR 1,047 Mn

   The average net profit before tax comes to: INR 1,111 Mn

4. Prescribed CSR Expenditure (two per cent, of the amount as in item 3 above).

   INR 22.22 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 22.23 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?	Programme - ARISE - ARISE + - SMART - SMART + - SMART T	Budget (INR Mn.) 2.43 1.40 6.20 4.20 8.00 **22.23 Mn (Grand total)**	Spent (Unspent) (INR Mn.) 2.43 (0.00) 1.40 (0.00) 6.20 (0.00) 4.20 (0.00) 8.00 (0.00) **22.23 Mn** (0.00)	Spent (Unspent) (INR Mn.) 22.23 Mn (0.00)	100% amount spent through implementing agencies listed below: -ARISE URMEE (Pune) -ARISE+ Utkarsh Mandal (Mumbai) -SMART New Resolution India- Kurla Kandivali (Mumbai) Sheild Foundation (Mumbai) -SMART + Helen Keller Institute for Deaf and Deaf-Blind (Mumbai) DEEDS (Mumbai) -SMART T Shield Foundation (Mumbra) Faith Foundation (Mumbai)

* Total Amount Received from TMBSL: - ₹ 22.23Mn

TMF Spent: - ₹ 22.23Mn

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 ₹22.23 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	**Birendra Sen**	**Suchitra Kerkar**
Date: April 22, 2020	**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 1**
(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 19 - March 20	April 19 - March 20
(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 – ₹ 299 million -Paid by TMBSL on TML behalf Value – ₹ 221 million -Revenue billing for TESCO,CPW,VNZ by TMBSL to TML – ₹ 585 million	CSR contribution as per Companies Act,2013 Value – ₹ 22 million
(e) Date(s) of approval by the Board, if any:	13th May 2019	13th May 2019
(f) Amount paid as advances, if any:	Nil	Nil

For and on behalf of the Board of Directors

Place: Mumbai	**Birendra Sen**	**Suchitra Kerkar**
Date: April 22, 2020	**Director**	**Director**

ANNEXURE 4

Form No. MR-3
Secretarial Audit Report
For the Financial Year Ended 31.03.2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 (CIN: U72900MH2006PLC159149),** (hereinafter called the "Company"). 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.

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 2020** 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 2020** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder (Not applicable to the Company during the audit period);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (The Company is an Unlisted Company and the shares of the Company are not in dematerialized form therefore provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable to the Company during the audit period);

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the audit period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company during the audit period as the Company is an unlisted Company:-

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

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

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (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, 2018;

(vi) As informed to me, the Company has complied with the following laws applicable specifically to the Company during the audit period:

  (a) the Information Technology Act, 2000;

  (b) the Indian Telegraph Act, 1885.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Not applicable to the Company during the audit period as the Company is an unlisted Company.)

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 the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. There were no changes in the composition of the Board of Directors during the period under review.

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 the Board Meetings and Committee Meeting were carried out unanimously as recorded in the minutes of the respective meetings.

I 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.

I further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Yogesh Kandalgaonkar
Company Secretary
FCS No. 6197, C.P. No. 20316
(UDIN): F006197B000171571

Place: Pune
Date: 22 April 2020

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

Annexure

To,
The Members,
Tech Mahindra Business Services Limited
Spectrum Towers, Mindspace Complex,
Off Link Road, Malad (West),
Mumbai 400064.

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

1. Maintenance of secretarial records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on 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. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My 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.

Yogesh Kandalgaonkar
Company Secretary
FCS No. 6197, C.P. No. 20316
(UDIN): F006197B000171571

Place: Pune
Date: 22 April 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Tech Mahindra Business Services Limited

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Tech Mahindra Business Services Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including 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 the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report, but does not include the financial statements and our auditors report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss 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) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central

   Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) 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 ourknowledge 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 statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 1 April 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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".

(B) 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, 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 as at 31 March 2020 on its financial position in its financial statements - Refer Note 23 to the 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.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Ashish Gupta
Partner
Membership No. 215165
UDIN: 20215165AAAAAN3623
B S R & Co. LLP

Place: Pune
Date: 22 April 2020

Annexure A to the Independent Auditors' report on the financial statements of Tech Mahindra Business Services Limited for the period ended 31 March 2020

With reference to the Annexure referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report that:

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

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed during the verification.

(c) According to the information and explanations given to us and on the basis of verification of records of the Company, the Company does not hold any immovable property. Accordingly, paragraph

(i) (c) of the Order is not applicable to the Company.

(ii) The Company is a service company, primarily rendering call centre services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186, in respect of loans, investments, guarantees or security, as applicable.

(v) The Company has not accepted any deposits from the public in accordance with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules made there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) In our opinion and according to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Goods and Services Tax, Customs Duty, Income Tax and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Goods and Services Tax, Customs Duty, Income Tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable, except for the following:

Name of statute	Nature of dues	Amount (Rs. In Million)	Period to which the amount relates	Date of payment
The Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Employer and employee contribution to Provident fund	0.41	July 2017 to September 2019	Not paid

(b) According to the information and explanations given to us, there are no dues of Income Tax, Goods and Service Tax, Service Tax, Sales Tax, Value Added and Customs Duty Tax which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of statute	Nature of dues	Forum where dispute is pending	Amount unpaid (Rs. In Million)	Period to which the amount relates
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	237	A.Y. 2009-10
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	377	A.Y. 2010-11

Name of statute	Nature of dues	Forum where dispute is pending	Amount unpaid (Rs. In Million)	Period to which the amount relates
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	129	A.Y. 2011-12
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	17	A.Y. 2016-17
Income Tax Act, 1961	Income tax	Income Tax Appeal - 21 Mumbai	11	A.Y. 2017-18
Finance Act, 1994	Service tax	Commissioner of Service Tax	108*	F.Y. 2007-08 to 2017-18

* excluding interest but includes penalties

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) 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 explanation given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with Section 188 of the Act, where applicable, and the 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, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non- cash transactions with directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Ashish Gupta
Partner
Membership No. 215165
UDIN: 20215165AAAAAN3623
B S R & Co. LLP

Place: Pune
Date: 22 April 2020

Annexure B to the Independent Auditors' report on the financial statements of Tech Mahindra Business Services Limited for the period ended 31 March 2020.

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

(Referred to in paragraph 1 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Tech Mahindra Business Services Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' 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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 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 such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Ashish Gupta
Partner
Membership No. 215165
UDIN: 20215165AAAAAN3623

Place: Pune
Date: 22 April 2020

BALANCE SHEET AS AT MARCH 31, 2020

₹ in Million

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	3	450	438
(b) Right-of-Use of asset	3A	1,096	-
(c) Capital Work-In-Progress		0	0
(d) Intangible Assets	4	67	82
(e) Financial Assets			
(i) Investments	5	-	5
(ii) Other Financial Assets	6	149	157
(f) Advance Income Taxes (Net of Provisions)		1,311	988
(g) Deferred Tax Assets (net)	7	174	160
(h) Other Non-current Assets	8	757	909
Total Non-Current Assets		**4,004**	**2,739**
2 Current Assets			
(a) Financial Assets			
(i) Investments	9	2,067	1,049
(ii) Trade Receivables	10	949	1,825
(iii) Cash and Cash Equivalents	11	558	85
(iv) Other Financial Assets	12	69	119
(b) Other Current Assets	13	242	243
Total Current Assets		**3,885**	**3,321**
TOTAL ASSETS		**7,889**	**6,060**
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	14	10	10
(b) Other Equity	15	4,018	3,807
Total equity		**4,028**	**3,817**
LIABILITIES			
1 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities		739	43
(ii) Other Non-Current Liabilities		1	-
(b) Provisions	16	133	111
Total Non-Current Liabilities		**873**	**154**
2 Current Liabilities			
(a) Financial Liabilities			
(I) Lease Liabilities		447	-
(II) Trade Payables			
i) Dues of micro and small enterprises		3	-
ii) Dues of trade payables other than micro enterprises and small enterprises		446	401
(III) Other Financial Liabilities	17	300	346
(b) Provisions	18	475	327
(c) Current Tax Liabilities (Net)		217	222
(d) Other Current Liabilities	19	1,100	793
Total Current Liabilities		**2,988**	**2,089**
TOTAL EQUITY AND LIABILITIES		**7,889**	**6,060**
See accompanying notes to the financial statements	2 to 37		

As per our report of even date attached

For B S R & Co LLP	**For Tech Mahindra Business Services Limited**		
Chartered Accountants			
Firm Registration No: 101248W/W-100022			
Ashish Gupta	**Birendra Sen**	**Suchitra Kerkar**	**Mahesh Kulkarni**
Partner	Director	Director	Company Secretary
Membership No : 215165	DIN No: 07956092	DIN No: 07956158	
Pune, Dated : April 22, 2020	Mumbai, Dated : April 22, 2020		

STATEMENT OF PROFIT AND LOSS

₹ in Million except earnings per Share

Particulars			Note No.	For the year ended March 31,2020	For the year ended March 31,2019
I	**Revenue from Operations**			7,634	7,426
II	Other Income		20	189	139
III	**Total Income (I + II)**			**7,823**	**7,565**
IV	EXPENSES				
	(a)	Employee Benefit Expense	21	4,665	4,430
	(b)	Finance Costs		64	0
	(c)	Depreciation and Amortisation Expense	3,3A & 4	650	243
	(d)	Other Expenses	22	1,263	1,782
	Total Expenses			**6,642**	**6,455**
V	**Profit Before Tax (III - IV)**			1,181	1,110
VI	**Tax Expense**				
	(1)	Current Tax	32	354	490
	(2)	Deferred Tax	33	37	(35)
	(3)	Excess Tax Provision Written Back (refer note 33)		(276)	-
	Total Tax Expense			**115**	**455**
VII	**Profit After Tax (V - VI)**			1,066	655
VIII	**Other Comprehensive Income**				
A	(i)	Items that will not be reclassified to profit or loss			
		Remeasurements of the defined benefit liabilities		(28)	(29)
	(ii)	Income tax relating to items that will not be reclassified to profit or loss		7	10
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		(56)	62
	(ii)	Income tax on items that will be reclassified to profit or loss		19	(22)
	Total Other Comprehensive Income (A + B)			**(58)**	**21**
IX	**Total Comprehensive Income (VII + VIII)**			1,008	676
	Earnings per Equity Share				
	Basic and Diluted [In ₹.] [Face Value ₹10]			1,066	655
	See accompanying notes to the financial statements		2 to 37		

As per our report of even date attached

For B S R & Co LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Ashish Gupta
Partner
Membership No : 215165
Pune, Dated : April 22, 2020

For Tech Mahindra Business Services Limited

Birendra Sen
Director
DIN No: 07956092

Suchitra Kerkar
Director
DIN No: 07956158

Mahesh Kulkarni
Company Secretary

Mumbai, Dated : April 22, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

₹ in Million

		For the year ended March 31, 2020	March 31, 2019
A.	**Cash flow from Operating Activities:**		
	Profit before tax	1,181	1,110
	Adjustments for:		
	Depreciation and Amortisation Expense	650	243
	Interest Income	(12)	(0)
	Interest Expenses	64	0
	Net gain on disposal of Property,Plant and Equipment	(6)	(2)
	Unrealised Exchange loss (net)	33	(33)
	Gain on sale of Investments (net)	(100)	(91)
	Operating profit before working capital changes	**1,810**	**1,227**
	Changes in working capital:		
	Trade Receivables and Other Assets	984	(147)
	Trade Payables,Other Liabilities and Provisions	542	495
	Cash generated from operations	**3,336**	**1,575**
	Income taxes paid	(407)	(657)
	Net cash flow from / (used in) operating activities (A)	**2,929**	**918**
B.	**Cash flow from Investing activities:**		
	Purchase of Property, plant and Equipment and Intangible assets (Including Capital Work-in-progress)	(379)	(234)
	Purchase of Mutual Funds	(8,454)	(7,317)
	Proceeds from sale of Mutual Funds	7,542	7,333
	Proceeds from Sale of Property, Plant and Equipment	6	10
	Net cash flow (used in) / from investing activities (B)	**(1,285)**	**(208)**
C.	**Cash flow from financing activities:**		
	Repayment of Lease Liabilities	(391)	-
	Interest Payment on Lease Liabilities	(64)	-
	Dividend Paid	(600)	(600)
	Dividend Distribution tax	(123)	(123)
	Net cash flow used in financing activities (C)	(1,178)	(723)
D.	**Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)**	466	(13)
E.	**Effect of exchange rate changes on Cash and Cash Equivalents**	7	(5)
F.	**Cash and Cash Equivalents at beginning of the year**	85	103
G.	**Cash and Cash Equivalents at end of the year (D+E+F)**	**558**	**85**
	Cash and Cash Equivalents comprises of		
	Cash in hand	0	0
	Balances with Banks:		
	- Current Accounts	548	79
	- Deposit Accounts	10	6
	Cash and Cash Equivalents as per Balance Sheet (refer note 11)	**558**	**85**

As per our report of even date attached

For B S R & Co LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Ashish Gupta
Partner
Membership No : 215165
Pune, Dated : April 22, 2020

For Tech Mahindra Business Services Limited

Birendra Sen	**Suchitra Kerkar**	**Mahesh Kulkarni**
Director	Director	Company Secretary
DIN No: 07956092	DIN No: 07956158	

Mumbai, Dated : April 22, 2020

STATEMENT OF CHANGES IN EQUITY

a. Equity Share Capital

Particulars	Number of Shares	Equity Share Capital (₹ in Million)
Balance at April 1, 2019	**1,000,000**	**10**
Changes in equity share capital during the year	-	-
Balance at March 31, 2020	**1,000,000**	**10**
Balance at April 1, 2018	**1,000,000**	**10**
Changes in equity share capital during the year	-	-
Balance at March 31, 2019	**1,000,000**	**10**

b. Other Equity

₹ in Million

Particulars	Reserves & Surplus		Items of Other Comprehensive Income	Total
	Capital Redemption Reserve	Retained Earnings	Cash Flow Hedge Reserve	
Balance as of April 1, 2019	**666**	**3,093**	**48**	**3,807**
Transition impact of Ind AS 116	-	(99)	-	(99)
Deferred tax asset on transition impact of Ind AS 116	-	25	-	25
Restated Balance as at April 1, 2019	**666**	**3,019**	**48**	**3,733**
Profit for the year	-	1,066	-	1,066
Other Comprehensive Income	-	(21)	(37)	(58)
Total Comprehensive income	**-**	**1,045**	**(37)**	**1,008**
Interim Dividend	-	(600)	-	(600)
Tax on Dividend	-	(123)	-	(123)
Balance at March 31, 2020	**666**	**3,341**	**11**	**4,018**
Balance as of April 1, 2018	**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, 2019	**666**	**3,180**	**8**	**3,854**

A description of the purposes of each reserve within equity:

1. Capital Redemption Reserve pertains to nominal value of Redeemable Non Convertible preference shares redeemed out of profits. The nominal value of shares was transferred to Capital Redemption Reserves.
2. Retained Earnings- This represents the undistributed profits of the Company accumulated at the year end.
3. Cash Flow Hedge Reserve pertains to the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge recognised in other comprehensive income.
4. The Board of Directors at the board meeting held on July 22, 2019 has approved the interim dividend of ₹ 600 per equity share, which was paid on July 30, 2019 amounting to ₹600 million (March 31, 2019 ₹ 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 ₹123 million (March 31, 2019 ₹ 122 million).

As per our report of even date attached

For B S R & Co LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

For Tech Mahindra Business Services Limited

Ashish Gupta
Partner
Membership No : 215165
Pune, Dated : April 22, 2020

Birendra Sen
Director
DIN No: 07956092

Suchitra Kerkar
Director
DIN No: 07956158

Mahesh Kulkarni
Company Secretary

Mumbai, Dated : April 22, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.The Company is now a 100% subsidiary of Tech Mahindra Limited.

2. Significant accounting policies:

2.1 Statement of Compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016, and other relevant provisions of the Companies Act, 2013.

Details of the Company's accounting policies are included in paragraphs 2.4 to 2.14.

These financial statements were authorised and issued on 22 April 2020.

2.2 Basis for preparation of financial statements:

These financial statements have been prepared on the historical cost basis and on an accrual 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 116 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) 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.

iii) Defined benefit plans and compensated absences

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The policy for the same has been explained under Note 2.10.

iv) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment, including assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Refer note 2.5 for detailed accounting policies on leases.

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

a) material cost, freight, installation cost, non-refundable duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

b) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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 that 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 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 is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Project specific intangible assets are amortized over their estimated useful lives on a straight line basis or over the period of the license/project period, whichever is lower.

2.5 Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

At the inception of a contract, the Company assesses whether a contract, is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i. The contract involves the use of an identified asset- this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

ii. The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period; and

iii. The Company has the right of direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

   a) The Company has the right to operate the asset; or

   b) The Company designed the asset in a way that predetermines how and for what purposes it will be used.

   This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

   The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

   The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost at inception which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located, less any lease incentives received.

   The right-of-use assets is subsequently depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjustment for certain remeasurement of the lease liability. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

   The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the lease, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

   The lease payments included in the measurement of lease liability fixed payments, including in-substance fixed payments, , amounts expected to be paid under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise and f penalties for early termination of a lease unless the Company is certain not to terminate early,.

   The lease liability is measured at amortised cost using the effective interest method. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

   The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero

   The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

As a lessee:

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application. The Company has elected relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review and excluded initial direct costs from measuring the right of use asset at the date of initial application. The Company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 981 million and a corresponding lease liability of ₹ 1,055 million has been recognized. The cumulative effect on transition in retained earnings net off taxes is ₹ 65 million. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 6.96% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to discounting of the lease liabilities as per the requirement of Ind AS 116.

2.6 Impairment of Assets:

i) Financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets.

Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience adjusted for forward looking information.

For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case, those are measured at lifetime expected credit loss.

ii) Non-financial assets

The Company assesses long-lived assets such as property, plant, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples.

If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

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 from cost plus contracts are recognised based on the terms of the contract over the service period.

Revenue from time and material contracts is recognised as the related services are performed.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability arises when there is Company’s obligation to transfer goods or services to a customer for which the entity has received consideration (“Advances from Customer”) or the amount is due from the customer (“Unearned Revenue”).

Disaggregation of revenue is reported under segment reporting.

Deferred contract costs are incremental costs of obtaining a contract which are recognised as assets and amortised over the tenure of the contract.

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 (₹).

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 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 is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currency. 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.

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 in 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 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.

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.

Note 3: Property, Plant and Equipment

₹ in Million

Description of Assets		Plant and Equipment	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Vehicles	Total
I.	**Gross Block**							
	Balance as at April 1, 2019	266	1,199	93	191	267	10	2,026
	Additions for the year	24	147	5	60	27	1	264
	Deletion for the year	(11)	(0)	(4)	(8)	(5)	(8)	(36)
	Transferred to ROU asset	-	-	-	-	(42)	-	(42)
	Balance as at March 31, 2020	**279**	**1,346**	**94**	**243**	**247**	**3**	**2,212**
II.	**Accumulated depreciation**							
	Balance as at April 1, 2019	237	947	69	116	209	10	1,588
	Depreciation for the year	17	147	11	27	10	1	213
	On deletion	(11)	(0)	(4)	(8)	(5)	(8)	(36)
	Transferred to ROU asset	-	-	-	-	(3)	-	(3)
	Balance as at March 31, 2020	**243**	**1,094**	**76**	**135**	**211**	**3**	**1,762**
	Net Block as on March 31, 2020	**36**	**252**	**18**	**108**	**36**	**-**	**450**

₹ in Million

Description of Assets		Plant and Equipment	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Vehicles	Total
I.	**Gross Block**							
	Balance as at April 1, 2018	264	1,044	70	139	211	10	1,738
	Additions for the year	3	163	23	62	56	-	307
	Deletion for the year	(1)	(8)	(0)	(10)	(0)	-	(19)
	Balance as at March 31, 2019	**266**	**1,199**	**93**	**191**	**267**	**10**	**2,026**
II.	**Accumulated depreciation**							
	Balance as at April 1, 2018	217	795	62	102	197	8	1,381
	Depreciation for the year	21	152	7	24	12	2	218
	On deletion	(1)	(0)	(0)	(10)	(0)	-	(11)
	Balance as at March 31, 2019	**237**	**947**	**69**	**116**	**209**	**10**	**1,588**
	Net Block as on March 31, 2019	**29**	**252**	**24**	**75**	**58**	**0**	**438**

Note 3A : Right- of Use of Asset

₹ in Million

Description of Assets		Right-of-use of Asset
I.	**Gross Block**	
	Balance as at April 1, 2019	981
	Additions for the year	482
	Deletion for the year	(74)
	Transferred from Property Plant & Equipment	42
	Balance as at March 31, 2020	**1,431**
II.	**Accumulated depreciation**	
	Balance as at April 1, 2019	-
	Depreciation for the year	406
	On deletion	(74)
	Transferred from Property Plant & Equipment	3
	Balance as at March 31, 2020	**335**
	Net Block as on March 31, 2020	**1,096**

Note 4: Intangible Assets

₹ in Million

Description of Assets	Computer Software
I. Gross Block	
Balance as at April 1, 2019	694
Additions for the year	16
Deletion for the year	-
Balance as at March 31, 2020	**710**
II. Accumulated amortisation	
Balance as at April 1, 2019	612
Amortisation for the year	31
Deletion	-
Balance as at March 31, 2020	643
Net Block as on March 31, 2020	**67**

Description of Assets	Computer Software
I. Gross Block	
Balance as at April 1, 2018	634
Additions for the year	60
Deletion for the year	-
Balance as at March 31, 2019	**694**
II. Accumulated amortisation	
Balance as at April 1, 2018	587
Amortisation for the year	25
Deletion	-
Balance as at March 31, 2019	612
Net Block as on March 31, 2019	**82**

Note 5: Investment : Non- Current

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in Government Bonds - Quoted (Carried at amortised cost)		
5.25% National Highways Authority of India Bonds-54EC Capital Gain Bonds (Series XVII)	-	5
TOTAL	**-**	**5**

Note 6: Other Financial Assets : Non- Current

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	149	155
Foreign currency derivative assets	-	2
TOTAL	**149**	**157**

Note 7: Deferred Tax Assets (Net)

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax arising on account of temporary differences on :		
Property, Plant and Equipment	79	102
Leases	22	-
Gratuity, Leave Encashment and Bonus	69	80
Fair Valuation of Mutual Fund	3	(4)
MTM on forward contracts	1	(18)
TOTAL	**174**	**160**

Note 8: Other Non-Current Assets

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid Expenses	474	662
Balances with government authorities	283	247
TOTAL	**757**	**909**

Note 9: Investments : Current

₹ in Million

Particulars	As at March 31, 2020		As at March 31, 2019	
Investment in Mutual Funds - Unquoted (Carried at fair value through Profit and Loss)	**No of Units**	**₹**	**No of Units**	**₹**
Nippon India Liquid Fund Direct Plan Growth Option-LFAG (formerly Reliance - Liquid fund-Treasury Plan Direct Plan Growth Option-LFAG)	9,297,144	997	7,925	36
Birla Sun Life -Fixed Term Plan - Series KJ (1499 days) – Growth Direct	826,675	264	-	-
Nippon India Arbitrage Fund Direct Growth Plan Growth Option-AFAG (formerly Reliance - Arbitrage Advantage Fund-Direct Growth Plan Growth Option -AFAG	-	-	45,218,016	885
ICICI Prudential Equity Arbitrage Fund - Direct Plan - Growth	691,276	203	904,633	23
Mahindra Liquid Fund- Direct Growth	394,074	508	61,819	75
Axis Arbitrage Fund-Direct Growth	41,097	90	2,197,609	30
Investment in Bonds - Quoted (Carried at fair value through Profit and Loss)				
5.25% National Highways Authority of India Bonds-54EC Capital Gain Bonds (Series XVII)	500	5	-	-
TOTAL		**2,067**		**1,049**

Particulars	₹	₹
Aggregate amount of Quoted investment	5	-
Aggregate amount of Unquoted investment	**2,062**	**1,049**

Note 10: Trade Receivables : Current

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good -Unsecured (Outstanding related party balance refer note 30)	949	1,825
Receivables- Credit impaired	-	-
TOTAL	**949**	**1,825**

Note 11: Cash and Cash Equivalents

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0	0
Balances with banks		
(i) In Current Account	548	79
(ii) In Deposit Account	10	6
TOTAL	**558**	**85**

Note 12: Other Financial Assets : Current

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued on deposits	0	0
Unbilled Revenue	40	7
Foreign currency derivative assets	6	91
Other Receivables from related party (refer note 30)	23	10
TOTAL	**69**	**119**

Note 13: Other Current Assets

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid Expenses	225	219
Balances with government authorities	3	6
Other Advances	14	18
TOTAL	**242**	**243**

Note 14: Equity Share Capital

Share Capital	As at			
	March 31, 2020		March 31, 2019	
	Number	₹ Million	Number	₹ Million
Authorised				
67,650,000 (March 31, 2019: 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, 2019: 1,000,000) Equity Shares of ₹10 each	**1,000,000**	**10**	1,000,000	10
	1,000,000	**10**	**1,000,000**	**10**

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year :

Equity Shares:

	As at			
	March 31, 2020		March 31, 2019	
	Number	₹ Million	Number	₹ Million
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 its associates

	As at March 31, 2020 ₹ in million	As at March 31, 2019 ₹ in million
Equity Shares :		
Tech Mahindra Limited, the holding company		
999,994 (March 31, 2019 999,994) Equity shares of ₹10 each fully paid	**10**	10
Tech Mahindra Limited jointly with Vishwanath Kini		
1 (March 31, 2019: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited jointly with Atanu Sarkar		
Nil (March 31, 2019: 1) Equity share of ₹10 each fully paid	**-**	0
Tech Mahindra Limited jointly with Gautam Shirali		
1 (March 31, 2019: Nil) Equity share of ₹10 each fully paid	**0**	-
Tech Mahindra Limited jointly with Manoj Bhat		
1 (March 31, 2019: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited jointly with Manoj Joshi		
1 (March 31, 2019: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited jointly with Aniruddha Gadre		
1 (March 31, 2019: 1) Equity share of ₹10 each fully paid	**0**	0
Tech Mahindra Limited jointly with Anil Khatri		
1 (March 31, 2019: 1) Equity share of ₹10 each fully paid	**0**	0

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2020		As at March 31, 2019	
	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 15: Other Equity

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Redemption Reserve	**666**	666
Cash Flow Hedge Reserve		
Opening balance	**48**	8
Change in fair value of derivatives (Net)	**(37)**	40
Closing Balance	**11**	48
Surplus in Statement of Profit and Loss		
Opening Balance	**3,093**	3,180
Less: Transition impact of Ind AS 116 (Refer note 31)	**(99)**	-
Add : Deferred tax asset on transition impact	**25**	-
Restated Balance as at April 1,2019	**3,019**	3,180
Add: Transferred from Other Comprehensive Income	**(21)**	(19)
Add: Net Profit for the year	**1,066**	655
Less: Dividend	**600**	600
Less: Tax on Dividend	**123**	123
Closing Balance	**3,341**	3,093
TOTAL	**4,018**	3,807

Note 16: Provisions : Non-Current

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Gratuity	**133**	111
TOTAL	**133**	111

Note 17: Other Financial Liabilities : Current

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Foreign currency Derivative Liabilities	**8**	1
Creditors for capital supplies / services	**14**	112
Accrued wages and salaries	**278**	233
TOTAL	**300**	346

Note 18: Provisions : Current

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Gratuity	**53**	45
Compensated absences	**81**	67
Provision for Contingencies	**341**	215
TOTAL	**475**	327

Note 19: Other Current Liabilities

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Contract Liability	**35**	39
Statutory Dues	**109**	105
Advance from Customers	**956**	648
Others	**0**	1
TOTAL	**1,100**	793

Note 20: Other Income

₹ in Million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income		
- Bank Deposits	**0**	0
- Other financial assets	**20**	12
Net Gain on mutual funds carried at FVTPL	**100**	91
Net gain on disposal of Property, Plant and Equipment and Intangible Assets	**6**	2
Foreign Exchange Gain (net)	**62**	30
Miscellaneous Income	**1**	4
TOTAL	**189**	139

Note 21: Employee Benefits Expense

₹ in Million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages, including bonus	**4,208**	4,151
Contribution to provident and other funds (Refer Note 24(i))	**157**	138
Gratuity (Refer note 24 (ii))	**26**	21
Staff welfare expenses	**274**	120
TOTAL	**4,665**	4,430

Note 22: Other Expenses

₹ in Million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Power & Fuel	**134**	133
Rent (Refer note 31)	**5**	454
Repairs and maintenance - Machinery	**26**	25
Repairs and maintenance - Lease Premises	**-**	22
Repairs and maintenance - Others	**194**	197
Insurance charges	**44**	38
Legal and other professional fees	**74**	72
Subcontracting Expenses (Refer note 30)	**80**	87
Advertisement, Promotion & Selling Expenses	**3**	6
Travelling Expenses	**396**	381
Expenditure on corporate social responsibility (CSR) (Refer Note 30)	**22**	24
Recruitment Expenses	**52**	40
Training Expenses	**6**	12
Communication Expenses	**24**	24
Provision for Contingencies	**126**	185
Miscellaneous Expenses	**77**	82
TOTAL	**1,263**	1,782

23. 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, 2020 **₹ 63 million** (March 31, 2019: ₹ 2 million).

ii. Contingent liabilities

Amount in ₹ Million

Sr. No	Nature of dues	Period	Grounds of Dispute	As at March 31, 2020 *	As at March 31, 2019 *
1	Income-tax	A.Y 2009-10	Income tax order on account of 1. Transfer Pricing Adjustment 2. Disallowance of deduction under section 10A	498 (261)	498 (261)
2	Income-tax	A.Y 2010-11	Income tax order on account of 1. Transfer Pricing Adjustment 2. Disallowance of deduction under section 10A	285 (188)	285 (188)
3	Income-tax	A.Y 2012-13	Income tax order on account of Transfer Pricing Adjustment (Note 1)	- (441)	515 (441)
4	Income-tax	A.Y 2013-14	Income tax order on account of Transfer Pricing Adjustment (Note 1)	- (139)	206 (139)
5	Income-tax	A.Y 2016-17(**)	Income tax order on account of income adjustment	23 (Nil)	23 (Nil)
6	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	86**(#)** (11)	86**(#)** (11)
7	Service Tax	F.Y 2012-13 to 2017-18	Non-payment of service tax on amount received against Notice Pay from employees	7 (Nil)	7 (Nil)
8	Service Tax	F.Y 2012-13 to 2017-18	Non-payment of service tax on amount received against non-reversal of Cenvat credit under Rule 6(3) of the Cenvat Credit Rules	26 (Nil)	26 (Nil)

* The figures in bracket indicate demands paid under disputes.

**There are no adjustment/addition been made in the assessment order by the Assessing Officer.

The Assessing Officer has inadvertently erred in computing total income of the Company. Due to incorrect computation of income, a demand has been raised on the Company. The Company has filed petition for rectification u/s 154 of the Income tax Act, 1961 and also filed appeal to the Commissioner of Income tax (Appeals).

excluding interest component.

Note1: During the year ended March 31, 2020, the Company received favourable orders from the Income Tax Appellate Tribunal (ITAT) for assessment years (A.Y.) 2008-09, 2012-13 and 2013-14 removing transfer pricing additions made by the Assessing Officer. On receipt of favourable orders, the unprovided amounts which were disclosed, as contingent liabilities as on March 31, 2019, are no longer required to be disclosed as contingent liability as on March 31, 2020.

iii. The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

iv. Bank guarantee outstanding as at March 31, 2020: **₹ 7** million (March 31, 2019 ₹ 7 million)

24. 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, 2020**	**For the year ended March 31, 2019**
Employer's Contribution to Provident Fund	**108**	91
Employer's Contribution to Employee's State Insurance	**4**	4

In addition to above mentioned defined contribution plan the Company pays employer contribution in Ireland as per local laws.

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, 2020**	**For the year ended March 31, 2019**
Defined benefit obligation at the beginning of the period	**156**	118
Interest cost	**10**	8
Current Service Cost	**16**	13
Benefit Paid	**(24)**	(12)
Actuarial (Gain)/ loss arising from changes in demographic assumptions	**0**	0
Actuarial (Gain)/ loss arising from changes in financial assumptions	**5**	0
Actuarial (Gain)/ loss arising from experience adjustments	**23**	29
Projected benefit obligation, at the year ended	**186**	156

b) **Components of expenses recognized in the Statement of Profit and Loss:**

Amount in ₹ Million

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Interest cost	**10**	8
Service cost	**16**	13
Total	**26**	21

c) **Components of expenses recognized in other comprehensive income**

Amount in ₹ Million

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Actuarial (Gain)/ loss arising from changes in demographic assumptions	**0**	0
Actuarial (Gain)/ loss arising from changes in financial assumptions	**5**	0
Actuarial (Gain)/ loss arising from experience adjustments	**23**	29
Total	**28**	29

d) **Actuarial Assumptions**

Particulars	As at	
	March 31, 2020	**March 31, 2019**
Discount Rate (per annum)	**6.3%**	**6.9%**
Salary Escalation Rate (per annum)	**7%**	**7%**
Attrition Rate	0% to 58%	0% to 58%
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.

e) 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 4 million (increase by 4 million) as of March 31, 2020

If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligations would increase by 4 million (decrease by 4 million) as of March 31, 2020.

f) Expected benefit payments for the year ended

Amount in ₹ Million

March 31, 2021	54
March 31, 2022	37
March 31, 2023	28
March 31, 2024	25
March 31, 2025	20
March 31, 2026 to March 31, 2030	89

25. Payment to auditors (net of taxes for which input credit is availed)

Amount in ₹ Million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit Fees (including quarterly audits)	4	4
For Other services	2	1
Total	**6**	**5**

26. Financial Instruments

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit risk and liquidity risk, which may impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential effects on the financial performance of the Company. The Company's Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 are as follows:

Amount in ₹ Million

	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship	Amortised Cost	Total Carrying Value	Total fair Value
Assets:						
Investments	2,067	-	-	-	2,067	2,067
Trade Receivables	-	-	-	949	949	949
Cash and Cash equivalents	-	-	-	558	558	558
Other Financial Assets	-	-	6	208	214	214
Total	**2,067**	**-**	**6**	**1,715**	**3,788**	**3,788**
Liabilities:						
Lease Liabilities	-	-	-	1,186	1,186	1,186
Trade Payables	-	-	-	449	449	449
Other Financial liabilities	-	-	9	1,115	1,124	1,124
Total	**-**	**-**	**9**	**2,750**	**2,759**	**2,759**

The carrying value of financial instruments by categories as of March 31, 2019 are as follows:

Amount in ₹ Million

	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship	Amortised Cost	Total Carrying Value	Total fair Value
Assets:						
Investments	1,049	-	-	5	1,054	1,054
Trade Receivables	-	-	-	1,825	1,825	1,825
Cash and Cash equivalents	-	-	-	85	85	85
Other Financial Assets	-	-	93	183	276	276
Total	**1,049**	**-**	**93**	**2,098**	**3,240**	**3,240**
Liabilities:						
Trade Payables	-	-	-	401	401	401
Other Financial liabilities	-	-	1	387	388	388
Total	**-**	**-**	**1**	**788**	**789**	**789**

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 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

Amount ₹ in Million

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund/Bond units	2,067	-	-	2,067
Derivative Financial Assets	-	6	-	6
Total	**2,067**	**6**	**-**	**2,073**
Financial Liabilities:				
Derivative Financial liabilities	-	9	-	9
Total	-	9	-	**9**

Amount ₹ in Million

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	1,049	-	-	1,049
Derivative Financial Assets	-	93	-	93
Total	**1,049**	**93**	**-**	**1,142**
Financial Liabilities:				
Other Financial Liabilities	-	1	-	1
Total	**-**	**1**	**-**	**1**

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 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 default 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.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 3,788 Million and ₹ 3,240 Million as of March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks, 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.

Trade receivable

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each Balance Sheet date 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. As on March 31, 2020 and March 31, 2019 expected credit loss provision is ₹ Nil.

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 and mutual fund price risk.

i. **Foreign Currency Exposures**

The Company's revenue is denominated in GBP, AUD, NZD, USD and EUR. The majority of the costs are in Indian Rupees. This exposes the company to currency fluctuation. The Company monitors and manages the financial risk relating to its operations by analysing its foreign exchange exposure by the level and extent of currency risks.

Amount in ₹ Million

Particulars	Foreign Currency Amount		Indian Rupees Equivalent	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Trade Payable	**USD 0**	USD 1	**7**	52
Trade Payable	**EUR 0**	EUR 0	**15**	4
Trade Payable	**GBP 0**	GBP 0	**26**	5
Trade Payable	**NZD 0**	-	**2**	-
Trade Receivables	**AUD 6**	AUD 10	**278**	498
Trade Receivables	**EUR 2**	EUR 3	**192**	241
Trade Receivables	**GBP 4**	GBP 12	**410**	1,063
Trade Receivables	**NZD 1**	NZD 1	**68**	24

Forward Exchange / Contracts

The Company's revenue is denominated in GBP, AUD, NZD and EUR. The majority of the costs are in Indian Rupees. This exposes the Company to currency fluctuation.

The Company monitors and manages the financial risk relating to its operations by analysing 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.

The following are outstanding currency exchange forward contracts, which have been designated as cash flow hedges as of:

As at March 31, 2020

Foreign Currency	Amount of contracts (In million)	Fair value (₹ in million) (Gain)/Loss
AUD / INR	6	(2)
EUR / INR	5	2
GBP / INR	8	4

As at March 31, 2019

Foreign Currency	Amount of contracts (In million)	Fair value (₹ in million) (Gain)/Loss
AUD / INR	22	(57)
EUR / INR	5	(17)
GBP / INR	10	(18)

The movement in Hedging Reserve for derivatives designated as Cash Flow Hedges is as follows:

Amount ₹ in Million

Particulars	For the year ended March 31, 2020	For the year ended March 31,2019
Credit /(Debit) balance at the beginning of the year	**48**	**8**
Changes in the fair value of the effective portion of cash flow Hedges	**(56)**	**62**
Tax impact on effective portion of outstanding cash flow hedges	**19**	**(22)**
Credit / (Debit) balance at the end of the year	**11**	**48**

Net loss on derivative instruments of ₹ 3 million recognized in Hedging Reserve as at March 31, 2020, is expected to be transferred to the statement of profit and loss by March 31, 2021.

Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

ii. Interest Rate Risk

The Company's investment is primarily in Debt Mutual Funds, hence the Company is not significantly exposed to interest rate risk.

iii. **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.

As at March 31, 2020

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:					
Lease liabilities	447	601	138	-	1,186
Trade and other payables	448	-	-	-	448
Other financial liabilities	1,115	-	-	-	1,115
Total	**2,010**	**601**	**138**	-	**2,749**
Derivative financial liabilities	9	-	-	-	9
Total	**9**	**-**	**-**	**-**	**9**

As at March 31, 2019

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	401	-	-	-	401
Other financial liabilities	345	-	43	-	388
Total	**746**	-	**43**	-	**789**
Derivative financial liabilities	1	-	-	-	1
Total	**1**	**-**	**-**	**-**	**1**

27. Other Risk – Impact of COVID-19

Financial instruments carried at fair value as at March 31, 2020 is ₹ 2,073 million and financial instruments carried at amortised cost as at March 31, 2020 is ₹ 1,715 million. A significant part of the financial assets are classified as Level 1 having fair value of ₹2,067 million as at March 31, 2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.

Financial assets of ₹558 million as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of ₹ 949 million as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. The same assessment is done in respect of unbilled receivables of ₹ 40 millions at March 31, 2020. Basis the assessment, we believe that no additional provision is required for doubtful receivables as at March 31, 2020.

28. Disclosures for Revenue from Contracts with Customers

i. Performance obligations and remaining performance obligations

The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognized as of the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation for contracts where the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, and adjustments for revenue that has not materialized and adjustments for currency.

During the year ended March 31, 2020, Company has not entered into any fixed price contracts. Hence, as on March 31, 2020 there are no unsatisfied performance obligations.

ii. Contract assets and liabilities

The contract assets primarily relate to Company's rights to consideration for work completed but not billed at the reporting date due to contractual terms. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers. Revenue is recognized from the contract liability amounts as and when services are delivered and related performance obligations satisfied. The unused credit or balance is deferred until used by the customer or expired.

Significant changes in the contract liabilities balances during the year ended March 31, 2020 as follows:

Amount ₹ in Million

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Contract liabilities:		
Balances as of April 1, 2019	**39**	**20**
Less: Revenue recognised during the reporting period	(35)	7
Add: Invoiced during the period but, not recognised as revenues	35	26
Add: Transaction loss/ (Gain)	(4)	-
Balances as of March 31, 2020	**35**	**39**

iii. Contract Price

The following table provides information in respect of amount of revenue recognized in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price:

Amount ₹ in Million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contracted transaction for year ended March 31, 2020	7,806	7,598
Less: Adjustment for upfront discount	(172)	(172)
Revenue recognized in the statement of profit and loss for the ended March 31, 2020	7,634	7,426

iv. Impact of COVID-19

Considering the portfolio of the customers, the Company cannot foresee any material impact on its revenue and customer's ability to pay due to the prolonged lock down other than what has been considered and provided in the financial statements. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration.

29. Earnings Per Share is calculated as follows:

₹ in Million except earnings per share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit / (Loss) attributable to shareholders	**1,066**	655
Equity Shares outstanding as at year end (in nos.)	1,000,000	1,000,000
Weighted average Equity Shares outstanding as at the year ended in nos.)	1,000,000	1,000,000
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	1,000,000	1,000,000
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	1,000,000	1,000,000
Nominal Value per Equity Share (in ₹)	10.00	10.00
Earnings / (Loss) Per Share		
Earnings Per Share (Basic) (in ₹)	1,066	655
Earnings Per Share (Diluted) (in ₹)	**1,066**	655

30. 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 Ind AS 108, the management evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented 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 monitors the operating results of the Company's business as single segment.

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, 2020, Statement of Profit, and Loss for the year ended then 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	- [-]*	7,634 [7,426]*	7,634 [7,426]*
2	Carrying amount of segment asset (Gross)	6,595 [4,120]*	1,294 [1,940]*	7,889 [6,060]*
3	Additions to tangible and intangible assets	745 [356]*	17 [11]*	762 [367]*

*Figures in bracket refer to amount for the year ended March 31, 2019.

During the year ended March 31, 2020, three customers with total revenue of ₹ 7,155 million individually accounted for more than 10% of the revenue. Geographies contributed more than 10% of total revenue are as below:

Amount ₹ in Million

Sr. No	Countries	For the year ended March 31, 2020	For the year ended March 31, 2019
1	United Kingdom	4,826	4,444
2	Australia	1,587	1,836
3	Ireland	1,162	727
4	Rest of world	59	-

31. Related Party Disclosures

As required by Ind AS 24 - Related Party Disclosures, following are details of transactions during the year ended March 31, 2020 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	Associate Company
Birendra Sen	Director
Suchitra Kerkar	Director
Ritesh Idnani	Director
Manoj Bhat	Director
Sujit Baksi	Director
Mahesh Kulkarni	Company Secretary

* 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, 2020:

Amount in ₹ Million

Nature of Transactions	**Name of the Party**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Revenue	Tech Mahindra Limited	**585**	417
Subcontracting Expenses	Tech Mahindra Limited	**80**	87
Reimbursement of Expenses (Net)-Paid / (Receipt)	Tech Mahindra Limited	**(78)**	11
Remuneration to Key Management Personnel	Birendra Sen	**15**	13
Remuneration to Key Management Personnel	Suchitra Kerkar	**9**	9
Purchase of Intangible Assets-Software licences	Tech Mahindra Limited	**1**	12
Employee Stock Options granted to the Employees	Tech Mahindra Limited	**11**	11
Dividend Paid	Tech Mahindra Limited	**600**	600
CSR Contribution	Tech Mahindra Foundation (Section 8)	**22**	24

Related Party Balances as at March 31, 2020

Amount in ₹ Million

Balances As on	**Name of the Party**	**As at March 31, 2020**	**As at March 31, 2019**
Trade Payables (Net)	Tech Mahindra Limited	**97**	108
Trade Receivable (Net)	Tech Mahindra Limited	**23**	180
Other Receivable	Tech Mahindra Limited	**151**	10
Contract Liabilities	Tech Mahindra Limited	**6**	3

32. Lease

a) Amount recognised in statement of Profit and loss account

Amount ₹ in Million

Particulars	**For the year ended March 31, 2020**
Interest on lease liabilities	64
Short-term lease expense	5
Depreciation	406
Total	**465**

b) Maturity analysis for lease liabilities

Amount ₹ in Million

Particulars	**For the year ended March 31, 2020**
Minimum Lease Payments	
For 1 Year	465
For 2 To 5 years	785
Above five year	-

Amount ₹ in Million

Particulars	**For the year ended March 31, 2020**
Present Value of Minimum Lease Payments	
For 1 Year	447
For 2 To 5 years	739
Above five year	-

c) **Reconciliation between lease commitments as on March 31, 2020 and lease liabilities recognised in the Balance sheet as on April 1, 2019 pursuant to Ind AS 116- Lease**

Amount ₹ in Million

Transition impact of Ind AS 116	
Right of use assets recognised on transition	981
Lease Liabilities recognised on transition	(1,052)
Adjustment in Retained Earnings on transition (net of deferred tax)	74
Deferred tax assets	25
Prepaid Rentals reversals	(28)

Amount ₹ in Million

Lease commitments as on March 31 2020	(1,148)
Less: Discounting impact	96
Lease liabilities recognised at 1 April 2019	(1,052)

33. Income Tax Expense

Amount in ₹ Million

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Current Tax:		
In respect of current year	354	490
In respect of previous year (Refer Note 1 above)	(276)	-
Deferred Tax		
In respect of current year	37	(35)
Total Income Tax Expense recognised	**115**	455

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, 2020**	**For the year ended March 31, 2019**
Profit before income taxes	1,181	1,110
Enacted tax rates in India	25.17%	34.94%
Income tax expense calculated at enacted rate	297	388
Effect of Income	(11)	-
Effect of expenses that are not deductible in determining taxable profit	37	74
Ind AS 116 Transition impact	2	-
Impact of MTM Gain on derivative accounting	14	-
Impact of change in tax rate (*)	50	-
Previous year tax Provision reversal (**)	(276)	-
Other	1	(7)
Income tax expense recognised in profit or loss	**115**	455

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.

(*) On 20th September 2019, the Government has brought in the Taxation Laws (Amendment) Ordinance 2019 to make certain amendments in the Income Tax Act 1961 (the Act) and the Finance (No. 2) Act 2019. The amendment provides for an option for domestic companies to avail a concessional tax rate of 22%, subject to certain conditions. On adoption of this rate, the effective rate of tax ('ETR') will be 25.17%. Accordingly, the Company has exercised its option to avail this concessional rate of 22% (Effective rate: 25.17%) from the financial year 2019-20 onwards. On account of this change in accounting estimate, the tax expense for the prior interim period i.e. quarter ended June 30, 2019 as reported in audited financial statements will reduce by ₹ 26 million due to reduction in ETR from 34.94% to 25.17%.

(**) During the year ended March 31, 2020, the Company has reversed Income tax provision amounting to ₹ 256 million for the assessment years (A.Y.) 2008-09, 2012-13 and 2013-14 on receipt of orders from the Income Tax Appellate Tribunal (ITAT), removing transfer pricing additions made by the Assessing Officer.

34. 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, 2020**	**Recognised in Profit and Loss**	**Recognised in OCI**	**Transition Impact of Ind AS 116**	**As at March 31, 2019**
Depreciation	79	(23)	-	-	102
Lease	22	(3)	-	25	-
Gratuity	47	(14)	7	-	54
Bonus	1	(1)	-	-	2
Leave Encashment	21	(3)	-	-	24
Fair valuation of Mutual funds	3	7	-	-	(4)
MTM on forward contracts	1	-	19	-	(18)
Net Deferred Tax Assets	**174**	**(37)**	**26**	**25**	**160**

35. Employee share based Payment - Expense for the year:

The fair value of each option granted for the holding Company's stock option is estimated on the date of the grant using the Black- Scholes option pricing model based on valuation report received from the independent third party consultant. Charge on account of Employee share based payment is ₹ 11 million (March 31, 2019: ₹ 8 millions).

36. Compliance with Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
(i) Principal amount due to suppliers under MSMED Act,2006	3	-
(ii) Interest accrued and due to supplier on the above amount, unpaid	-	-
(iii) Payment made to suppliers (other than Interest) beyond the appointed day during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable towards suppliers under MSMED Act for payments already made		
(vi) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified based on information collected by the Management. The auditors have relied upon this.		

37. Previous year figures have been regrouped wherever necessary, to correspond with the current period's classification / disclosure.

As per our report of even date attached

For B S R & Co LLP	**For Tech Mahindra Business Services Limited**		
Chartered Accountants			
Firm Registration No: 101248W/W-100022			
Ashish Gupta	**Birendra Sen**	**Suchitra Kerkar**	**Mahesh Kulkarni**
Partner	Director	Director	Company Secretary
Membership No : 215165	DIN No: 07956092	DIN No: 07956158	
Pune, Dated : April 22, 2020	Mumbai, Dated : April 22, 2020		

TECH MAHINDRA (SHANGHAI) CO., LTD.

Board of Directors

Mr. Amitava Ghosh

Mr. Ravikanth Karne (Since Resigned)

Mr. Mukesh Sharma

Mr. Ravi Yellajosula

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 TO THE SHAREHOLDERS

Your directors present their report together with the audited accounts of your company for the year ended December 31, 2019.

Financial Results(Local Currency RMB)

For the years ended December 31	2019	2018
	RMB	RMB
Income	**172,875,217**	136,305,236
Profit/(Loss) before tax	**(13,379,263)**	21,051,768
Profit/(Loss) after tax	**(13,379,263)**	17,419,965

Review of Operations:

During the year under review, your Company recorded an income of RMB 172,857,217 and loss of RMB 13,379,263.

Directors:

Mr. Amitava Ghosh, Mr. Ravikanth Karne (Since Resigned), Mr. Mukesh Sharma, Mr. Ravi Yellajosula

Outlook for the Current Year:

Business has been encouraging in China and the Company is optimistic of the future.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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
Director

Place: Shanghai
Date : 26-March-2020

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF 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, 2019, 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, 2019, 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 Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

4. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not finding a material misstatement resulting from fraud is higher than for one resulting from error.

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

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

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall not express unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(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.

Chen Jie, 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 26, 2020

BALANCE SHEET DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

Assets	Notes	Ending balance	Beginning balance
Current assets:			
Cash and cash equivalents	5	7,374,318.38	22,720,189.93
Accounts receivable	6	103,239,009.72	65,554,799.27
Advance to suppliers	7	1,075,683.73	3,362,311.18
Other receivables	8	2,781,734.72	2,024,210.17
Total current assets		**114,470,746.55**	**93,661,510.55**
Non-current assets:			
Fixed assets	9	2,199,199.09	1,089,136.51
Long-term deferred expenses	10	9,169,215.95	2,985,159.28
Total non-current assets		**11,368,415.04**	**4,074,295.79**
Total assets		**125,839,161.59**	**97,735,806.34**
Liabilities and owner's equity (or shareholder's equity)			
Current liabilities:			
Short-term loans	11	41,600,000.00	-
Accounts payable	12	25,346,725.93	27,882,778.63
Advances from customers	13	1,463,079.71	392,236.19
Employee benefits payable	14	1,736,383.62	1,760,306.96
Taxes and dues payable	15	1,801,154.26	854,077.47
Other payables	16	6,066,485.80	5,641,812.09
Total current liabilities		**78,013,829.32**	**36,531,211.34**
Non-current liabilities:			
Total non-current liabilities		**-**	**-**
Total liabilities		**78,013,829.32**	**36,531,211.34**
Owner's equity (or shareholder's equity):			
Paid-in capital	17	102,818,436.17	102,818,436.17
Retained earnings	18	-54,993,103.90	-41,613,841.17
Total owner's equity contributable to parent company		**47,825,332.27**	**61,204,595.00**
Total liabilities and owner's equity (or shareholder's equity)		**125,839,161.59**	**97,735,806.34**

The Notes are the following parts of the statements.

Legal Representative:	AMITAVA GHOSH
Person in charge of accounting function:	XIA MEI
Person in charge of accounting department:	XIA MEI

TECH MAHINDRA (SHANGHAI) CO., LTD.

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

		Notes	Current period	Prior period
I.	**Total operating income**	**19**	**172,875,217.21**	**136,305,236.13**
	Less: Operating cost	19	156,447,008.75	86,194,870.29
	Taxes and additions	20	549,342.67	377,625.93
	Selling expenses		9,295,472.50	5,288,211.66
	Administrative expenses		20,912,027.00	26,674,978.90
	Financial expenses		795,778.51	342,765.60
II.	**Operating profit**		**-15,124,412.22**	**17,426,783.75**
	add: Non-operating income	22	1,765,229.51	3,636,227.50
	Less: Non-operating expenses	23	20,080.02	11,243.22
III.	**Total profit**		**-13,379,262.73**	**21,051,768.03**
	Less: income tax expenses		-	3,631,803.20
IV.	**Net profit**		**-13,379,262.73**	**17,419,964.83**
	Incl.: Net profit from on-going operations		-13,379,262.73	17,419,964.83
	Net profit from discontinued operations		-	-

The Notes are the following parts of the statements.

Legal Representative:	AMITAVA GHOSH
Person in charge of accounting function:	XIA MEI
Person in charge of accounting department:	XIA MEI

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

Item		Current period	Prior period
I	**Cash flows from operating activities:**		
	Cash received from sale of goods and rendering of services	147,683,801.93	154,771,713.47
	Tax refund	1,167,273.66	630,673.15
	Other cash received relating to operating activities	1,875,938.97	3,804,107.56
	Sub-total of cash inflows from operating activities	**150,727,014.56**	**159,206,494.18**
	Cash paid for goods and services	20,435,442.64	31,071,870.52
	Cash paid to and on behalf of employees	158,562,658.33	99,140,574.36
	Payments of taxes and levies	7,542,068.26	9,042,833.88
	Cash paid relating to other operating activities	10,224,429.52	16,797,689.00
	Sub-total of cash outflows from operating activities	**196,764,598.75**	**156,052,967.76**
	Net cash flows from operating activities	**-46,037,584.19**	**3,153,526.42**
II	**Cash flows from investing activities:**		
	Sub-total of cash inflows from investing activities	-	-
	Cash paid to acquire fixed assets, intangible assets, and other long-term assets	10,271,063.05	487,658.81
	Sub-total of cash outflows from investing activities	**10,271,063.05**	**487,658.81**
	Net cash flows from investing activities	-10,271,063.05	-487,658.81
III	**Cash flows from financing activities:**		
	Cash received from borrowings	41,600,000.00	-
	Sub-total of cash inflows from financing activities	**41,600,000.00**	**-**
	Cash payments for dividends, profits, or interest expenses	430,623.41	-
	Sub-total of cash outflows from financing activities	430,623.41	-
	Net cash flows from financing activities	41,169,376.59	-
IV	**Effect of foreign exchange rate changes on cash and cash equivalents**	**-206,600.90**	**-468,543.94**
V	**Net increase in cash and cash equivalents**	**-15,345,871.55**	**2,197,323.67**
Add:	Beginning balance of cash and cash equivalents	22,720,189.93	20,522,866.26
VI	**Ending balance of cash and cash equivalents**	**7,374,318.38**	**22,720,189.93**

The Notes are the following parts of the statements.

Legal Representative:	AMITAVA GHOSH
Person in charge of accounting function:	XIA MEI
Person in charge of accounting department:	XIA MEI

TECH MAHINDRA (SHANGHAI) CO., LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

	Paid-in capital	Capital reserve	Surplus reserve	Undistributed profit	Total owner's equity
Closing Balance at 31 December 2017	102,818,436.17	-	-	-59,033,806.00	43,784,630.17
Beginning Balance at 1 January 2018	**102,818,436.17**	**-**	**-**	**-59,033,806.00**	**43,784,630.17**
Net profit	—	—	—	17,419,964.83	17,419,964.83
Movements in 2018	-	-	-	17,419,964.83	17,419,964.83
Closing Balance at 31 December 2018	**102,818,436.17**	**-**	**-**	**-41,613,841.17**	**61,204,595.00**

	Paid-in capital	Capital reserve	Surplus reserve	Undistributed profit	Total owner's equity
Closing Balance at 31 December 2018	102,818,436.17	-	-	-41,613,841.17	61,204,595.00
Beginning Balance at 1 January 2019	**102,818,436.17**	**-**	**-**	**-41,613,841.17**	**61,204,595.00**
Net profit	-	-	-	-13,379,262.73	-13,379,262.73
Movements in 2019	-	-	-	-13,379,262.73	-13,379,262.73
Closing Balance at 31 December 2019	**102,818,436.17**	**-**	**-**	**-54,993,103.90**	**47,825,332.27**

The Notes are the following parts of the statements.

Legal Representative: AMITAVA GHOSH

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: XIA MEI

NOTES TO FINANCIAL STATEMENTS OF 2019

(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION OF THE COMPANY

Tech Mahindra (Shanghai) Co., Ltd. (Formerly Satyam Computer Services (Shanghai) Co., Ltd.) ("the Company") is a wholly-owned foreign corporation invested by Tech Mahindra Limited. Registered at China(Shanghai) Pilot Free Trade Zone Market Supervision Administration, the Company was established on December 23, 2002 and obtained the business license with Uniform Social Credit Code No.91310115744229270H. Residential address of the Company is Room 23102, 23104, 23202, 23204, Pudong Software Park, No.498 Guoshoujing Road, China (Shanghai) Pilot Free Trade Zone and the registered capital is USD13,900,000. The Company has an approved operating period from December 23, 2002 to December 22, 2022.

The approved business scope is: software designing, developing, production, testing and maintenance (including embedded system software, computer aid design, manufactory and engineering service softwares, enterprise resource solution softwares, enterprise integrating softwares, custom relationship management softwares etc.); sales of the self-produced products and related technical consulting services; providing outsourcing design, research and development services in the fields of machinery and electronics; providing comprehensive logistics solution design; wholesale, import & export and agency business(except auction) of electronic equipment, machinery and parts, steel products, computer hardwares and softwares, and providing related technical and auxiliary services. Goods under state trade control are not included, and activities related to administrative permission should be operated with approval

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 transaction date of the month in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been made specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs and those arising in the pre-operating period, which are recorded as long-term deferred expenses.

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

(e) Cash and cash equivalents

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

(f) Receivables and provision for bad debts

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

Accounts receivable

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

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

Other receivables

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
Computer	3 yrs	0%	33.33%
Network equipment	5 yrs	0%	20.00%
Offince equipment	3 / 5 yrs	0%	33.33% / 20.00%
Furniture	3 yrs	0%	33.33%

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

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), 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) Borrowing costs

Borrowing costs, including interests and ancillary costs, incurred in connection with specific borrowings obtained for the acquisition or construction of fixed assets are capitalized as costs of the fixed assets when capital expenditures and borrowing costs are incurred and the activities have commenced to enable the assets to be ready for their intended use. The capitalization of borrowing costs ceases when the assets are ready for their intended use. Borrowing costs incurred thereafter are expensed.

(k) 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.

(l) 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.

(m) Accounting for income taxes

The Company accounts for enterprise 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

Major applicable taxes and tax rate for the Company:

Tax	Tax rate (%)	Tax base
General VAT taxpayer	16/13.6	Taxable sales
Enterprise income taxes	25	Payable turnover tax
City maintenance tax	7.1	Payable turnover tax
Education surtax	3	Payable turnover tax
Local education surtax	1.2	Payable turnover tax

5 CASH AND CASH EQUIVALENTS

	Ending balance	Beginning balance
Cash in bank	7,374,318.38	22,720,189.93
Total	7,374,318.38	22,720,189.93

6 ACCOUNTS RECEIVABLE

	Ending balance	Beginning balance
Accounts receivable	113,644,027.28	74,297,112.55
Provision for Bad debt allowance	10,405,017.56	8,742,313.28
Book balance	103,239,009.72	65,554,799.27

Aging analysis of receivables

	Ending balance			Beginning balance		
	Amount	**Rate%**	**Bad debt allowance**	Amount	Rate%	Bad debt allowance
within 1 year	103,520,484.31	91.09	281,474.59	64,133,709.62	86.32	-
1-2 years	575,721.58	0.51	575,721.58	1,421,089.65	1.91	-
2-3 years	931,741.25	0.82	931,741.25	8,742,313.28	11.77	8,742,313.28
over 3 years	8,616,080.14	7.58	8,616,080.14	-	-	-
Total	**113,644,027.28**	**100.00**	**10,405,017.56**	**74,297,112.55**	**100.00**	**8,742,313.28**

7 PREPAYMENT

	Ending balance		**Beginning balance**	
	Amount	**%**	**Amount**	**%**
within 1 year	1,075,683.73	100.00	3,199,764.58	95.17
1-2 years	-	-	66,046.60	1.96
2-3 years	-	-	96,500.00	2.87
Total	**1,075,683.73**	**100.00**	**3,362,311.18**	**100.00**

Debtors with large amounts:	**Nature**	**Aging**	**Aging**
Dalian Sulin Decoration Co.,Ltd.	Renovation	within 1 year	within 1 year

8 OTHER RECEIVABLE PAYMENTS

	Ending balance	Beginning balance
Other receivables	2,781,734.72	2,024,210.17
Total	**2,781,734.72**	**2,024,210.17**

8.1 Other receivables

	Ending balance	Beginning balance
	2,781,734.72	2,024,210.17

	Ending balance		Beginning balance	
	Amount	%	Amount	%
Within 1 yr	1,680,602.00	60.42	1,372,477.45	67.80
1-2 ys	450,000.00	16.18	250,170.00	12.36
2-3 ys	250,170.00	8.99	277,455.64	13.71
Over 3 ys	400,962.72	14.41	124,107.08	6.13
Total	**2,781,734.72**	**100.00**	**2,024,210.17**	**100.00**

9 FIXED ASSETS

Item	Ending balance	Beginning balance
Fixed assets	2,199,199.09	1,089,136.51
Total	**2,199,199.09**	**1,089,136.51**

9.1 FIXED ASSETS – COST

	Beginning balance	Increase	Decrease	Ending balance
Network equipment	2,268,044.50	425,679.39	-	2,693,723.89
Computer	2,137,725.76	1,906,140.46	-	4,043,866.22
Offince equipment	2,232,851.54	111,059.92	-	2,343,911.46
Furniture	338,141.74	-	-	338,141.74
Total	**6,976,763.54**	**2,442,879.77**	**-**	**9,419,643.31**

9.2 ACCUMULATED DEPRECIATION

	Beginning balance	Increase	Decrease	Ending balance
Network equipment	2,049,566.32	107,936.49	-	2,157,502.81
Computer	1,421,886.49	1,071,703.80	-	2,493,590.29
Offince equipment	2,126,891.35	107,669.49	-	2,234,560.84
Furniture	289,282.87	45,507.41	-	334,790.28
Total	**5,887,627.03**	**1,332,817.19**	**-**	**7,220,444.22**

9.3 FIXED ASSETS – NET

Item	Ending balance	Beginning balance
Network equipment	536,221.08	218,478.18
Computer	1,550,275.93	715,839.27
Offince equipment	109,350.62	105,960.19
Furniture	3,351.46	48,858.87
Total	**2,199,199.09**	**1,089,136.51**

10 LONG-TERM DEFERRED EXPENSES

	Beginning balance	Increase	Decrease	Ending balance
Software and maintenance	36,448.52	-	36,447.52	1.00
Leasehold improvements	2,948,710.76	7,828,183.28	1,607,679.09	9,169,214.95
Total	**2,985,159.28**	**7,828,183.28**	**1,644,126.61**	**9,169,215.95**

11 SHORT-TERM LOAN

Bank	Type of loan	Interest rate	Ending balance	Beginning balance
HSBC	Credit		4.79%	-
Total			**41,600,000.00**	**-**

The company signed loan contract with HSBC of maximun amount RMB 80 million, among which maximum amount of liquidity loan was RMB 60million, maximum amount of letter of guarantee was RMB 20 million. By end of December 31 2019, the company has issued guarantee of RMB 19.6 Million to Huawei Technology Co.,Ltd.

12 ACCOUNTS PAYABLE

Creditors with large amounts:	Ending balance	Description
Tech Mahindra Limited	23,776,145.58	Service fee

13 ADVANCES

Ending balance	Beginning balance
1,463,079.71	392,236.19

14 EMPLOYEE BENEFITS PAYABLE

	Ending balance	Beginning balance
Wages payable	1,736,383.62	1,760,306.96
Total	**1,736,383.62**	**1,760,306.96**

15 TAXES PAYABLE

Taxes	Ending balance	Beginning balance
Value added tax	854,127.80	227,717.96
Individual income tax	842,341.15	409,328.85
Enterprise income tax	-0.07	177,398.34
Subtotal	1,696,468.88	814,445.15
Others	104,685.38	39,632.32
Total	**1,801,154.26**	**854,077.47**

16 OTHER PAYABLE

Item	Ending balance	Beginning balance
Other payments	6,066,485.80	5,641,812.09
Total	**6,066,485.80**	**5,641,812.09**

16.1 OTHER PAYABLES

Creditor with large amount	Ending balance	Description
Tech Mahindra Limited	1,194,611.87	Current account

17 PAID-IN CAPITAL

Name of Investor	Ending balance		Beginning balance	
	Registered Capital (USD)	Registered Capital (RMB)	Registered Capital (USD)	Registered Capital(RMB)
Tech Mahindra Limited	13,900,000.00	102,818,436.17	13,900,000.00	102,818,436.17
Total	**13,900,000.00**	**102,818,436.17**	**13,900,000.00**	**102,818,436.17**

The paid-in capital has been verified by Shanghai Linfang CPA Co., Ltd with the Capital Verification Report(2011) No.BY0116.

18 UNDISTRIBUTED PROFITS

Creditor with large amount	Ending balance	Beginning balance
Undistributed profits at beginning of year	-41,613,841.17	-59,033,806.00
Current year net profit	-13,379,262.73	17,419,964.83
Distributable profit	-54,993,103.90	-41,613,841.17
Undistributed profits at the end of year	-54,993,103.90	-41,613,841.17

19 REVENUES FROM MAIN OPERATION

Item	Current period	Prior period
Operation income	172,875,217.21	136,305,236.13
Incl. Main operation income	172,875,217.21	136,305,236.13
Operation cost	156,447,008.75	86,194,870.29
Incl. Main operation cost	156,447,008.75	86,194,870.29

19.1 REVENUES FROM MAIN OPERATION

Item	Current period	Prior period
Software designing, developing and maintenance (Domestic)	152,238,578.48	112,994,130.49
Software designing, developing and maintenance (Overseas)	19,131,306.81	19,925,828.65
Sales of goods (Domestic)	1,172,147.12	3,385,276.99
Sales of goods (Overseas)	29,115.04	-
Leasing	304,069.76	-
Total	**172,875,217.21**	**136,305,236.13**

20 TAX AND ITS ADDITIONS

Item	Current period	Prior period
City maintenance tax	194,969.80	60,038.15
Education surcharges	296,265.07	267,157.35
Stamp dutys	58,107.80	50,430.43
Total	**549,342.67**	**377,625.93**

21 FINANCE EXPENSES

Item	Current period	Prior period
Interest expenses	430,623.41	-
Interest income	110,709.46	167,880.06
Exchange losses/gains-net	206,600.90	468,543.94
Other finance expenses	269,263.66	42,101.72
Total	**795,778.51**	**342,765.60**

22 NON-OPERATING INCOMES

Item	Current period	Prior period
Subsidy	1,215,245.66	3,636,227.50
Additional VAT deduction	549,983.82	-
Rounding off	0.03	-
Total	**1,765,229.51**	**3,636,227.50**

23 NON-OPERATING EXPENSES

Item	Current period	Prior period
Invoices lost	6,226.31	2,094.84
Receivables unable to collect	13,853.71	148.38
Penalty	-	9,000.00
Total	**20,080.02**	**11,243.22**

24 INCOME TAX

Item	Current period	Prior period
Income tax expenses of the current year	-	3,628,379.53
Prior year adjustment recognized in the current year	-	3,423.67
Total	**-**	**3,631,803.20**

25 RELATED PARTY TRANSACTION

Related party relationships

Name of Entity	Relationship with the Company
Tech Mahindra Limited	Investor
Mahindra & Mahindra Ltd.	Controlled by the same party
Mahindra Genze Ltd.	Controlled by the same party

Related party transactions

Name of Entity	Description	Transactions in 2019
Tech Mahindra Limited	Rendering of services	RMB 10,199,330.41
Mahindra & Mahindra Ltd.	Rendering of services	USD 330,804.96
Mahindra Genze Ltd.	Rendering of services	USD 38,450.77

Ending Balance of related party transaction

Name of Entity	Account Name	Description	Ending balance
Tech Mahindra Limited	Accounts receivable	Rendering of services	828,219.11
Tech Mahindra Limited	Accounts payable	Receiving services	23,776,145.58
Tech Mahindra Limited	Other payable	Paid on behalf	1,194,611.87
Mahindra & Mahindra Ltd.	Accounts receivable	Rendering of services	1,656,912.26
Mahindra Genze Ltd.	Accounts receivable	Rendering of services	297,906.60

26 CONTINGENCIES

No disclosure is required.

27 EVENTS AFTER THE REPORTING PERIOD

No disclosure is required.

28 COMPARISON INFORMATION

The comparison information has been reclassified so as to be in line with the information reported for the year 2019.

29 OTHERS

No disclosure is required.

TECH MAHINDRA (NANJING) COMPANY LTD

Board of Directors
Mr. Amitava Ghosh
Mr. Ravikanth Karne (Since Resigned)
Mr. Ravi Yellajosula
Mr. Mukesh Sharma

Registered Office
Suite 413-246, Business
Building, Nanjing Hightech
Industry Developing
Zone, Nanjing

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, 2019.

Financial Results

For the years ended December 31	2019 RMB	2018 RMB
Income	1,840,488	4,262,114
Profit/(Loss) before tax	359,920	690,764
Profit/(Loss) after tax	342,255	626,622

Review of Operations:

During the year under review, your Company recorded an income of RMB 1,840,488 and profit of RMB 342,255.

Directors:

Mr. Amitava Ghosh, Mr. Ravikanth Karne (Since Resigned), Mr. Ravi Yellajosula, Mr. Mukesh Sharma

Outlook for the Current Year:

The liquidation process initiated earlier was withdrawn due to business reasons.

The future is cautiously optimistic.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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
Director

Place: Shanghai
Date : 26-March-2020

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 2019, 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 stated in statements notes 2 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 2019, 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 investor has decided to dissolve the Company, therefore the financial statements are prepared under discontinued operation basis. Our opinion is not modified in respect to this matter.

Chen Jie, 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 26, 2020

BALANCE SHEET AS AT DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

Assets	Notes	**Ending balance**	**Beginning balance**
Current assets:			
Cash and cash equivalents	5	5,764,558.08	8,618,677.74
Accounts receivable	6	125,345.80	431,621.13
Advance to suppliers	7	8,416.00	11,250.00
Other receivables	8	3,440,386.00	68,771.98
Other current assets	9	4,774.67	15,209.41
Fixed assets	10	64,030.03	107,972.77
Long-term deferred expenses	11	1,365.88	2,926.94
Total assets		**9,408,876.46**	**9,256,429.97**

TECH MAHINDRA (NANJING) COMPANY LIMITED

Liabilities and owner's equity (or shareholder's equity)	Notes	Ending balance	Beginning balance
Current liabilities:			
Accounts payable	12	-	11,800.00
Employee benefits payable	13	50,431.72	217,877.59
Taxes and dues payable	14	6,390.18	10,473.64
Other payables	15	16,030.60	22,509.31
Total liabilities		**72,852.50**	**262,660.54**
Owner's equity (or shareholder's equity):			
Paid-in capital	16	52,646,896.26	52,646,896.26
Retained earnings	17	-43,310,872.30	-43,653,126.83
Total owner's equity contributable to parent company		**9,336,023.96**	**8,993,769.43**
Total liabilities and owner's equity (or shareholder's equity)		**9,408,876.46**	**9,256,429.97**

The Notes are the following parts of the statements.

Legal Representative: AMITAVA GHOSH

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: TAO WANZHU

TECH MAHINDRA (NANJING) COMPANY LTD

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

		Notes	Current period	Prior period
I.	**Total operating income**	**18**	**1,840,488.09**	**4,262,113.94**
	Less: Operating cost	18	789,494.61	1,458,013.65
	Taxes and additions	19	593.60	1,244.80
	Administrative expenses		749,824.77	2,231,285.07
	Financial expenses	20	-36,261.43	-117,360.93
II.	**Operating profit**		**336,836.54**	**688,931.35**
	add: Non-operating income	21	23,083.70	1,832.65
III.	**Total profit**		**359,920.24**	**690,764.00**
	Less: income tax expenses	22	17,665.71	64,142.19
IV.	**Net profit**		**342,254.53**	**626,621.81**

The Notes are the following parts of the statements.

Legal Representative:	AMITAVA GHOSH
Person in charge of accounting function:	XIA MEI
Person in charge of accounting department:	TAO WANZHU

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

Item		Current period	Prior period
I	**Cash flows from operating activities:**		
	Cash received from sale of goods and rendering of services	2,157,478.16	3,962,719.66
	Tax refund	4,934.21	-
	Other cash received relating to operating activities	67,022.91	111,819.56
	Sub-total of cash inflows from operating activities	**2,229,435.28**	**4,074,539.22**
	Cash paid for goods and services	11,800.00	170,714.21
	Cash paid to and on behalf of employees	1,227,262.84	2,345,526.57
	Payments of taxes and levies	26,566.43	58,121.88
	Cash paid relating to other operating activities	3,844,126.43	1,068,091.26
	Sub-total of cash outflows from operating activities	**5,109,755.70**	**3,642,453.92**
	Net cash flows from operating activities	**-2,880,320.42**	**432,085.30**
II	**Cash flows from investing activities:**		
	Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	31,751.26	-
	Sub-total of cash inflows from investing activities	31,751.26	-
	Cash paid to acquire fixed assets, intangible assets, and other long-term assets	-	10,198.00
	Sub-total of cash outflows from investing activities	**-**	**10,198.00**
	Net cash flows from investing activities	**31,751.26**	**-10,198.00**
III	**Cash flows from financing activities:**		
	Sub-total of cash inflows from financing activities	-	-
	Sub-total of cash outflows from financing activities	-	-
	Net cash flows from financing activities	-	-
IV	**Effect of foreign exchange rate changes on cash and cash equivalents**	**-5,550.50**	**9,108.92**
V	**Net increase in cash and cash equivalents**	**-2,854,119.66**	**430,996.22**
Add:	Beginning balance of cash and cash equivalents	8,618,677.74	8,187,681.52
VI	**Ending balance of cash and cash equivalents**	**5,764,558.08**	**8,618,677.74**

The Notes are the following parts of the statements.

Legal Representative: AMITAVA GHOSH

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: TAO WANZHU

TECH MAHINDRA (NANJING) COMPANY LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31 2019

(All amounts in RMB Yuan unless otherwise stated)

	Paid-in capital	Capital reserve	Surplus reserve	Undistributed profit	Total owner's equity
Closing Balance at 31 December 2017	**52,646,896.26**	**-**	**-**	**-44,279,748.64**	**8,367,147.62**
Add: Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
Beginning Balance at 1 January 2018	**52,646,896.26**	**-**	**-**	**-44,279,748.64**	**8,367,147.62**
Net profit	—	—	—	626,621.81	626,621.81
Movements in 2018	**-**	**-**	**-**	**626,621.81**	**626,621.81**
Closing Balance at 31 December 2018	**52,646,896.26**	**-**	**-**	**-43,653,126.83**	**8,993,769.43**
Closing Balance at 31 December 2018	**52,646,896.26**	**-**	**-**	**-43,653,126.83**	**8,993,769.43**
Add: Changes in accounting policies	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—
Beginning Balance at 1 January 2019	**52,646,896.26**	**-**	**-**	**-43,653,126.83**	**8,993,769.43**
Net profit	—	—	—	342,254.53	342,254.53
Movements in 2019	**-**	**-**	**-**	**342,254.53**	**342,254.53**
Closing Balance at 31 December 2019	**52,646,896.26**	**-**	**-**	**-43,310,872.30**	**9,336,023.96**

The Notes are the following parts of the statements.

Legal Representative:	AMITAVA GHOSH
Person in charge of accounting function:	XIA MEI
Person in charge of accounting department:	TAO WANZHU

NOTES TO FINANCIAL STATEMENTS OF 2019

(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION OF THE COMPANY

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. Registered at Nanjing Administration of Industry and Commerce, the Company was established on June 29,2007 and obtained the business license with Uniform Social Credit Code No.913201006606980458(1/1). Residential address of the Company is Suite 413-246, Business Building, Nanjing High-tech Industry Developing Zone and the registered capital is USD 7.65 million. The Company has an approved operating period of 50 years.

The approved business scope is: software designing, developing, writing, testing, maintenance (including embedded system software, computer aid design, manufacturing and engineering service software, enterprise resource planning software, enterprise integrating software, customer 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

The investor of the Company decided to dissolve the Company in the near future. Therefore, the Company's financial statements as of December 31, 2019 are prepared on the following basis:

The assets and liabilities in the balance sheet of the Company as of December 31, 2019 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 2019, 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 2019, 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 2019, except for 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 2019, 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 2019. And at the end of 2019, 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.

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 in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been made specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs and those arising in the pre-operating period, which are recorded as long-term deferred expenses.

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

(e) Cash and cash equivalents

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

(f) Receivables and provision for bad debts

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

Accounts receivable

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

Other receivables

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	2-7 yrs	0%	14.28-50%
office supplies	3-5 yrs	0%	20.00-33.33%
furniture	5 yrs	0%	20.00%

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

(h) Long-term deferred expenses

Long-term deferred expenses are expenses paid by an enterprise, for which the amortization period is more than one year (excluding one year), including land royalty and maintenance, etc. long-term deferred expenses should be amortized evenly over the respective beneficial periods and presented at an amount net of accumulated amortization.

Leasehold improvements

Leasehold improvements should be amortized evenly over the shorter of the lease term and the 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 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 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

Major applicable taxes and tax rate for the Company:

Tax	Tax rate (%)	Tax base
General VAT taxpayer	6	Taxable sales
Enterprise income taxes	25	Payable turnover tax
City maintenance tax	7	Payable turnover tax
Education surtax	3	Payable turnover tax
Local education surtax	2	Payable turnover tax

5 CASH AND CASH EQUIVALENTS

	Ending balance	Beginning balance
Cash in bank	5,764,558.08	8,618,677.74
Total	**5,764,558.08**	**8,618,677.74**

6 ACCOUNTS RECEIVABLE

	Ending balance	Beginning balance
Accounts receivable	126,457.95	432,733.28
Provision for Bad debt allowance	1,112.15	1,112.15
Book balance	125,345.80	431,621.13

Aging analysis of receivables

	Ending balance			Beginning balance		
	Amount	Rate%	Bad debt allowance	Amount	Rate%	Bad debt allowance
within 1 year	125,345.80	99.12	-	431,621.13	99.74	-
over 3 years	1,112.15	0.88	1,112.15	1,112.15	0.26	1,112.15
Total	**126,457.95**	**100.00**	**1,112.15**	**432,733.28**	**100.00**	**1,112.15**

Debtors with large amounts:

Name of debtors	Amount	Nature	Aging
Tech Mahindra Limited	125,345.80	Service fee	within 1 year

7 PREPAYMENT

	Ending balance		Beginning balance	
	Amount	%	Amount	%
within 1 year	8,416.00	100.00	11,250.00	100.00
Total	**8,416.00**	**100.00**	**11,250.00**	**100.00**

8 OTHER RECEIVABLE PAYMENTS

Item	End balance	Beginning balance
Interest receivable	186,386.00	10,342.90
Other receivables	3,254,000.00	58,429.08
Total	**3,440,386.00**	**68,771.98**

8.1 Interest receivable

Item	Beginning balance	Increase	Decrease	Ending balance
Deposit	10,342.90	39,186.00	41,328.90	8,200.00
Intercompany loan	-	178,186.00	-	178,186.00
Total	**10,342.90**	**217,372.00**	**41,328.90**	**186,386.00**

8.2 Other receivables

	End balance	Beginning balance
	3,254,000.00	**58,429.08**

The ageing as at year end are as follows:

	Ending balance		Beginning balance	
	Amount	**%**	**Amount**	**%**
Within 1 yr	3,254,000.00	100.00		-
2-3 ys	-	-	58,429.08	100.00
Total	**3,254,000.00**	**100.00**	**58,429.08**	**100.00**

Debtors with large amounts:

Name of Debtors	Ending Balance	Descriptions	Ageing
Tech Mahindra (Beijing) IT Services Limited	3,250,000.00	Intercompany loan	Within 1 yr

9 OTHER CURRENT ASSETS

Item	Ending balance	Beginning balance
VAT to be deducted	4,774.67	15,209.41
Total	**4,774.67**	**15,209.41**

10 FIXED ASSETS

Item	Ending balance	Beginning balance
Fixed assets	64,030.03	107,972.77
Total	**64,030.03**	**107,972.77**

10.1 FIXED ASSETS – COST

	Beginning balance	Increase	Decrease	Ending balance
Electronic equipment	4,211,075.19	-	461,790.00	3,749,285.19
Office equipment	770,907.65	-	358,113.52	412,794.13
Furniture	52,510.00	-	-	52,510.00
Total	**5,034,492.84**	**-**	**819,903.52**	**4,214,589.32**

10.2 ACCUMULATED DEPRECIATION

	Beginning balance	Increase	Decrease	Ending balance
Electronic equipment	4,126,052.10	31,128.93	461,790.00	3,695,391.03
Office equipment	747,957.97	4,146.25	349,445.96	402,658.26
Furniture	52,510.00	-	-	52,510.00
Total	**4,926,520.07**	**35,275.18**	**811,235.96**	**4,150,559.29**

10.3 FIXED ASSETS – NET

	Ending balance	Beginning balance
Electronic equipment	53,894.16	85,023.09
Office equipment	10,135.87	22,949.68
Furniture	-	-
Total	**64,030.03**	**107,972.77**

11 LONG-TERM DEFERRED EXPENSES

	Beginning balance	Increase	Decrease	Ending balance
Leasehold improvement	2,926.94	-	1,561.06	1,365.88
Total	**2,926.94**	**-**	**1,561.06**	**1,365.88**

12 ACCOUNTS PAYABLE

	Ending balance	Beginning balance
		11,800.00

13 EMPLOYEE BENEFITS PAYABLE

	Ending balance	Beginning balance
Wages payable	50,431.72	217,877.59
Total	**50,431.72**	**217,877.59**

14 TAXES PAYABLE

Taxes	Ending balance	Beginning balance
Individual income tax	2,497.98	3,208.53
Enterprise income tax	3,892.20	7,265.11
Total	**6,390.18**	**10,473.64**

15 OTHER PAYABLE

Item	Ending balance	Beginning balance
Other payments	16,030.60	22,509.31
Total	**16,030.60**	**22,509.31**

15.1OTHER PAYABLES

Item	Ending balance	Beginning balance
Total	**16,030.60**	**22,509.31**

16 PAID-IN CAPITAL

Name of Investor	Ending balance		Beginning balance	
	Registered Capital (USD)	Registered Capital (RMB)	Registered Capital (USD)	Registered Capital(RMB)
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].

17 UNDISTRIBUTED PROFITS

Item	Ending balance	Beginning balance
Undistributed profits at beginning of year	-43,653,126.83	-44,279,748.64
Current year net profit	342,254.53	626,621.81
Distributable profit	-43,310,872.30	-43,653,126.83
Undistributed profits at the end of year	-43,310,872.30	-43,653,126.83

18 REVENUES FROM MAIN OPERATION

	Current period	Prior period
Operation income	1,840,488.09	4,262,113.94
Incl. Main operation income	1,672,388.09	4,262,113.94
Other operation income	168,100.00	-
Operation cost	789,494.61	1,458,013.65
Incl. Main operation cost	789,494.61	1,458,013.65

18.1 REVENUES FROM MAIN OPERATION

Item	Current period	Prior period
Software designing, developing and maintenance (Domestic)	-	381,397.35
Software designing, developing and maintenance (Exports)	1,672,388.09	3,880,716.59
Total	**1,672,388.09**	**4,262,113.94**

18.2 REVENUES FROM OTHER OPERATIONS

Item	Current period	Prior period
Interest income	168,100.00	-
Total	**168,100.00**	**-**

19 Tax and its additions

Item	Current period	Prior period
Stamp dutys	593.60	1,244.80
Total	**593.60**	**1,244.80**

20 FINANCE EXPENSES

	Current period	Prior period
Interest income	43,939.21	109,986.91
Exchange losses/gains-net	5,550.50	-9,108.92
Other finance expenses	2,127.28	1,734.90
Total	**-36,261.43**	**-117,360.93**

21 NON-OPERATING INCOMES

	Current period	Prior period
Fixed assets disposal	23,083.70	-
IIT refund	-	1,832.65
Total	**23,083.70**	**1,832.65**

22 INCOME TAX

	Current period	Prior period
Income tax expenses of the current year	17,665.71	64,142.19
Total	**17,665.71**	**64,142.19**

(i) The applicable income tax rate of the Company for the reporting period is 25% (see note 4), 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	Current period	Prior period
Profit/loss after tax	342,254.53	626,621.81
Depreciation of fixed assets	35,275.18	36,756.66
Amortization of long-term deferred expenses	1,561.06	2,769.15
Decrease of prepaid expenses (increase/-)	2,834.00	18,983.30
Increase of accrued expense (decrease/-)	-6,478.71	673.68
Write-off of fixed assets, intangible assets and other non-current asses	-23,083.70	-
Finance expenses	5,550.50	-9,108.92
Decrease of trade and other receivables (increase/-)	-3,054,903.95	-99,480.22
Increase of trade and other payables (decrease/-)	-183,329.33	-145,130.16
Net Cash From Operating Activities	-2,880,320.42	432,085.30

24 RELATED PARTY TRANSACTION

Related party relationships

Name of Entity	Relationship with the Company
Tech Mahindra Limited	Investor
Tech Mahindra (Beijing) IT Services Limited	Controlled by the same party

Related party transactions

Name of Entity	Description	Transactions in 2019
Tech Mahindra Limited	Providing services	1,672,388.09
Tech Mahindra (Beijing) IT Services Limited	Intercompany loan	3,250,000.00

Ending Balance of related party transaction

Name of Entity	Account Name	Description	Ending balance
Tech Mahindra Limited	Accounts Receivable	Providing service	125,345.80
Tech Mahindra (Beijing) IT Services Limited	Other receivable	Intercompany loan	3,250,000.00
Tech Mahindra (Beijing) IT Services Limited	Other receivable	Intercompany loan interest	178,186.00

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 2019.

28 OTHERS

No disclosure is required.

SUPPLEMENTARY INFORMATION PROVIDED BY THE MANAGEMENT

(All amounts in RMB Yuan unless otherwise stated)

ADJUSTMENTS TO INCOME BEFORE TAX

account or subaccount name	**Description** Reference included	**Adjusted amount** for taxable income	**Remarks**
Increases to the taxable amounts			
Accrued Payroll	Accrued but unpaid wages and salaries	50,431.72	
Total increases to the taxable amount		50,431.72	
Decreases to the taxable amounts			
Accrued Payroll	Accrued but unpaid wages and salaries	57,037.79	
Total decreases to the taxable amount		57,037.79	
Adjustments - net			(6,606.07)
Audited income before tax			359,920.24
Taxable income after adjustment			353,314.17

Note: The taxable income shall be finally settled by tax authorities.

TECH MAHINDRA NETHERLANDS B.V.

Board of Directors
Mr. Sandeep Phadke
Mr. Tanveer Hussain

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Bankers
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Citi International PLC, The Netherlands
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Schiphol

Auditors
B S R & Co LLP

INDEPENDENT AUDITORS' REPORT

To the Members of

TECH MAHINDRA NETHERLANDS B.V.

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of Tech Mahindra Netherlands B.V. ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and 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 the significant accounting policies and other explanatory information (together herein after referred to as "financial statements"). These financial statements have been prepared by the management as described in Note 2 to the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, of the state of affairs of the Company as at 31 March 2020, and of its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date in accordance with Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss 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) notified by the Ministry of Corporate Affairs, as described in Note 2 to the financial statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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 and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2019 prepared in accordance with Ind AS included in these special purpose financial statements has been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information, dated 5 June 2019 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. These financial statements are prepared to assist the holding Company, Tech Mahindra Limited to comply with the requirements of Section 129 of the Act / in the preparation of their Consolidated Financial Statements. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Ashish Gupta
Partner
Membership No. 215165
UDIN No.:20215165AAAAAR6511

Place: Pune
Date: May 18, 2020

BALANCE SHEET AS AT MARCH 31, 2020

Amount in Euro

Balance Sheet	Note No.	31-March-2020	31-March-2019
ASSETS			
Non Current Assets			
Current Assets			
(a) Financial Assets			
(i) Trade Receivables	3	**-**	2,928,848
(ii) Cash and Cash Equivalents	4	**1,539,829**	133,541
(b) Other Current Assets	5	**1,223,736**	1,533,149
Total Current Assets		**2,763,565**	4,595,538
Total Assets		**2,763,565**	4,595,538
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	6	**46,001**	46,001
(b) Other Equity	7	**329,183**	204,682
Total Equity		**375,184**	250,683
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	8	**-**	600,000
(ii) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises	9	**-**	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		**50,775**	280,598
(ii) Other Financial Liabilities	10	**1,043,576**	1,553,398
(b) Other Current Liabilities	11	**1,278,726**	1,905,049
(c) Current Tax Liabilities (Net)		**15,304**	5,810
Total Current Liabilities		**2,388,381**	4,344,855
Total Equity and Liabilities		**2,763,565**	4,595,538
See accompanying notes forming part of the financial statements	1 to 23		

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

For Tech Mahindra Netherlands B.V.

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 18, 2020

Sandeep P
Director

Tanveer H
Director

Place : Den Hague
Date : May 18, 2020

TECH MAHINDRA NETHERLANDS B.V.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in Euro

	Statement of Profit and Loss	Note No.	Year ended	
			31-March-2020	31-March-2019
I	Revenue from Operations	12	**3,098,370**	3,537,270
II	Other Income	13	**896**	1,028
II	**Total Revenue (I +II)**		**3,099,266**	3,538,298
IV	**EXPENSES**			
	Finance Costs	14	**17,917**	34,010
	Other Expenses	15	**2,927,644**	3,393,961
	Total Expenses		**2,945,561**	3,427,971
V	**Profit before Tax (III-IV)**		**153,705**	110,327
VI	**Tax Expense**			
	Current Tax		**29,204**	22,107
	Deferred Tax		**-**	-
	Total Tax Expense		**29,204**	**22,107**
VII	Profit after tax (V-VI)		**124,501**	88,220
VIII	**Other Comprehensive Income**			
A	I. Items that will not be reclassified to Profit or Loss		**-**	0
	II. Income Tax relating to items that will not be reclassified to Profit or Loss		**-**	0
B	I. Items that will be reclassified to Profit or Loss		**-**	0
	II. Income Tax relating to items that will reclassified to Profit or Loss		**-**	0
	Total Other Comprehensive Income (A+B)		**-**	0
IX	**Total Comprehensive Income (VII + VIII)**		**124,501**	88,220
	Earnings per Equity Share (Face Value Euro 1) in Euro			
	Basic		**2.71**	1.92
	Diluted		**2.71**	1.92
	See accompanying notes forming part of the financial statements	1 to 23		

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

For Tech Mahindra Netherlands B.V.

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 18, 2020

Sandeep P
Director

Tanveer H
Director

Place : Den Hague
Date : May 18, 2020

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Statements of Changes in Equity

A. Equity Share Capital

Amount in EURO

Balance as of April 1, 2018	**Changes in equity share capital during the year**	**Balance as of March 31, 2019**
46,001	-	46,001
Balance as of April 1, 2019	**Changes in equity share capital during the year**	**Balance as of March 31, 2020**
46,001	-	46,001

B. Other Equity -Reserves and Surplus - Retained Earnings

Amount in EURO

Particulars	**Balance as at March 31, 2020**	Balance as at March 31, 2019
Balance as at the beginning of reporting period	**204,682**	116,462
Profit for the year	**124,501**	88,220
Other Comprehensive Income (net)		
Total Comprehensive income	**329,183**	204,682

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

For Tech Mahindra Netherlands B.V.

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 18, 2020

Sandeep P
Director

Tanveer H
Director

Place : Den Hague
Date : May 18, 2020

TECH MAHINDRA NETHERLANDS B.V.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	Cash Flow Statement	For the Year ended 31-March-2020		For the Year ended 31-March-2019	
A	**Cash Flow from Operating Activities**				
	Profit before Tax		**153,705**		110,327
	Adjustments for :				
	Unrealized exchange loss/(gain)	**(22)**		57	
	Finance Costs	**17,917**		34,010	
	Sundry Balances written back	**-**		(816)	
			17,895		33,251
			171,600		**143,578**
	Changes in working capital				
	Decrease in/(increase in) trade receivables	**2,928,870**		(2,598,623)	
	Decrease in other non-current assets	**-**		1,411,722	
	Decrease in other assets	**309,413**		365,813	
	(Decrease in)/increase in trade payables	**(229,823)**		264,270	
	(Decrease in)/increase in provisions & other liabilities	**(626,323)**		524,310	
			2,382,137		(32,508)
	Cash Generated from operating activities before taxes		**2,553,737**		111,070
	Income Tax Paid, net		**(19,710)**		(12,719)
	Net cash generated from operating activities (A)		**2,534,027**		98,351
B	**Cash Flows from Investing Activities**		**-**		-
C	**Cash Flows from Financing Activities**				
	Repayment of Long-Term Borrowings	**-**		(1,026,953)	
	Repayment of Short-Term Borrowings	**(1,209,822)**		(510,553)	
	Loan taken during the year	**100,000**		600,000	
	Finance costs paid	**(17,917)**		(33,516)	
	Net Cash Flow from / (used in) Financing Activities (C)		**(1,127,739)**		(971,021)
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**1,406,288**		(872,670)
	Cash and Cash Equivalents at the beginning of the year		**133,541**		1,006,211
	Cash and Cash Equivalents at the end of the year(refer note 4)		**1,539,829**		133,541
	Cash and Cash Equivalents at the end of the year Comprises of			**Balance as at March 31, 2020**	Balance as at March 31, 2018
	Balances with Banks :				
	In Current Accounts			**1,539,829**	133,541
	Total			**1,539,829**	133,541

See accompanying notes forming part of the financial statements (1-23)

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

For Tech Mahindra Netherlands B.V.

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 18, 2020

Sandeep P
Director

Tanveer H
Director

Place : Den Hague
Date : May 18, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information

The Company was incorporated on November 24, 2015, with principal place of business at Maanplein 7, Gebouw 4, 2516 CK, Den Haag, Netherlands. The financial statements are expressed in Euro.

The principal activities of the Company are reselling of software licences from original equipment manufacturers (OEMs) and support services pertaining to resell of software licences.

The Company is a 100% subsidiary of Tech Mahindra Limited (India).

The financial statements of the Company for the year ended March 31, 2020 were authorised for issue by the Board of Directors on May 18, 2020.

2 Significant accounting policies:

2.1 Statement of Compliance:

The special purpose financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, as amended from time to time.

2.2 Basis of preparation of financial statements

These financial statements have been presented in Euro (EUR) which is the functional currency of the Company. 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 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 recognised upon transfer of control of promised services to the customers. The Company presents revenues net of indirect taxes in its statement of Profit and Loss.

Revenue from software licenses where the customer obtains a 'right to use' the licenses is recognised at the time the license is made available to the customer. Revenue from software licenses where the customer obtains a 'right to access' is recognised over the access period. The Company has applied the principles of Ind AS 115 to account for revenues for these performance obligations.

Revenue related to support services contracts are recognized ratably over the period in which services are provided.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability ("Unearned revenue") arises when there are billing in excess of revenue..

During the year ended March 31, 2020, the Company recognized revenue of EUR 1,477,433 arising from opening unearned revenue as of April 1, 2019, billing done during the year EUR 1,670,781 out of which unearned revenue is EUR 1,253,086.

2.7 Earnings per share

Basic earnings per share is calculated by dividing the net profit 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.

For calculating diluted earnings per share, the net profit 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 dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

2.8 Foreign currency transactions

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 fair value through profit & loss [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 Fair Value

Through Profit or Loss (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 Leases

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Since the Company had no leased premises as on April 1, 2019, there was no effect of adoption of Ind AS 116 on the Company.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment, including assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics."

2.13 New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Company from April 1, 2020.

Note 3 : Trade receivables: Non Current

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured - Considered Good	-	2,928,848
Total	-	2,928,848

Note 4 : Cash and Cash Equivalents

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Balances with banks		
- In Current Account	**1,539,829**	133,541
Total	**1,539,829**	133,541

Note 5 : Other Current Assets

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Prepaid Expenses	**1,223,736**	1,533,149
Total	**1,223,736**	1,533,149

Note 6 : Equity Share Capital

Particulars	31-Mar-20		31-Mar-19	
	Number	**Amount in Euro**	Number	Amount in Euro
Authorised				
Equity shares of Euro 1/- each with voting rights	**46,001**	**46,001**	46,001	46,001
Issued, Subscribed and fully Paid up:		**0**		0
Equity shares of Euro 1/- each fully paid up	**46,001**	**46,001**	46,001	46,001
Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the reporting year:				
Shares outstanding at the beginning of the year	**46,001**	**46,001**	46,001	46,001
Shares issued during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**46,001**	**46,001**	46,001	46,001

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of Shareholder	As at 31/Mar/20		As at 31/Mar/19	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Tech Mahindra Limited	**46,001**	**100**	46,001	100

i) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

ii) The Company has not issued any shares during the year.

iii) The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the equity balance. The Company is not subject to any externally imposed capital requirements. The Company's Board reviews the capital structure of the Company on an ongoing basis.

Note 7 : Other Equity

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Surplus in Statement of Profit and Loss		
Opening balance	**204,682**	116,462
Add : Profit for the year	**124,501**	88,220
Add : Other Comprehensive Income	**-**	-
Closing Balance	**329,183**	204,682

Note - 8: Borrowings -Current

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured Borrowings		
From Related Parties	**-**	600,000
Total	**-**	600,000

Note 9 : Trade Payables

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade Payables	**50,775**	280,598
Total	**50,775**	280,598

Note 10: Other Financial Liabilities : Current

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Current maturities of long-term Borrowings (Unsecured) *	**1,043,576**	1,553,398
Total	**1,043,576**	1,553,398

* Repayment and other terms:

a) Loan is repayable in 3 equal quarterly instalments from February 2020

b) Loan is subject to interest rate of 0% (PY 1%) per annum.

Note 11: Other Current Liabilities

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unearned revenue	**1,253,085**	1,477,432
Statutory Remittances	**25,641**	427,617
Total	**1,278,726**	1,905,049

Note 12 Revenue from Operations

Amount in Euro

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Sale of Software Licences	**1,203,242**	1,852,884
Sale of Support Services	**1,895,128**	1,684,386
Total	**3,098,370**	3,537,270

Note 13 Other Income

Amount in Euro

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Interest on Income Tax Refund	**162**	212
Other Income	**259**	816
Foreign Exchange Gain	**476**	-
Total	**896**	1,028

Note 14 : Finance Costs

Amount in Euro

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Interest On Long Term Loans/ Financial Liability	**17,443**	33,336
Interest On Loans From Related Parties	**474**	674
Total	**17,917**	34,010

Note 15 : Other Expenses

Amount in Euro

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Software, Hardware and Project Specific Expenses	**2,898,720**	3,354,058
Rates and taxes	**5,278**	-
Legal and Other Professional Costs	**6,865**	33,385
Miscellaneous Expenses	**16,782**	5,916
Foreign Exchange Loss	**-**	604
Total	**2,927,644**	3,393,963

Note 16:

As required under Indian Accounting Standard 24 (“Ind AS 24”) , Related Party Disclosures, following are the transactions during the year ended March 31, 2020 and outstanding balances as of that date:

16 Related party transactions

16.a Details of related parties:

Description of relationship	Names of Related Party
Holding Company	Tech Mahindra Limited
Fellow Subsidiary	Tech Mahindra Sweden AB
Fellow Subsidiary	Tech Mahindra GmbH

16.b Details of related party transactions during the year ended 31 March, 2020 and balances outstanding as at 31 March, 2020:

Particulars	Holding Company	Fellow Subsidiary	Total
Transactions for the year ended March 31, 2020:			
Loan Taken	-	100,000	100,000
		(600,000)	(600,000)
Interest paid	-	474	474
		(674)	(674)
Loan Repaid	-	700,000	700,000
		(1,000,000)	(1,000,000)
Balances outstanding at the end of the year:			
Trade Payables	3,659	-	3,659
	(-)	(-)	(-)
Loans	-	-	-
		(600,000)	(600,000)

Note : Figures in bracket relate to the previous year

17 Current Tax and Deferred Tax:

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

Amount in Euro

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Profit before Tax	**153,705**	110,327
Tax at the domestic income tax rate at 19% (20% for PY)	**29,204**	22,107
Effect of income that is exempt from tax	**-**	-
Effect of expenses that are not deductible in determining taxable profit	**-**	-
Effect of differential overseas tax rates	**-**	-
Others	**-**	-
Income tax expense recognised in profit or loss	**29,204**	22,107

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in Netherlands on taxable profits under the Netherlands tax laws.

Domestic income tax is calculated at 19% (2019 : 20%) of the estimated assessable profit for the year.

18 Earnings Per Share is calculated as follows:

Amount in Euro

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Profit after taxation	**124,501**	88,220
Equity Shares outstanding as at the end of the year (in nos.)	**46,001**	46,001
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**46,001**	46,001
Nominal Value per Equity Share (in Euro)	**1**	1
Earnings Per Share		
Earnings Per Share (Basic) (in Euro)	**2.71**	1.92
Earnings Per Share (Diluted) (in Euro)	**2.71**	1.92

19 Financial Instruments and Risk Review

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company operates a risk management policy and program that performs close monitoring of and responding to each risk factors. Following are the financial risk factors

(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.

(b) 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 analyzing 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.

Trade Receivable

Trade receivables consists of a single customer in the previous year. Average credit period ranges from 30-60 days and no interest is charged on overdue receivables. The Company uses a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking experience. As there is no history of defaults, no allowance for doubtful trade receivables based on the expected credit loss model is made.

Amount in Euro

Particulars	**As at 31-Mar-20**	As at 31-Mar-19
Within the credit period	**-**	2,928,848
90-180 days past due	**-**	-
180- 365 days past due	**-**	-
More than 365 days past due	**-**	-

Cash and Bank Balances:

The Company maintains its cash and cash equivalents with bank having good reputation and high quality credit rating.

Credit Risk Exposure:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was EUR 1,539,829 and EUR 3,062,389 as of March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of balances with banks and trade receivables.

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 requirement.

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2020:

Amount in Euro

Particulars	Less than 1 year	1-3 years	3-5 years	5 years and above
Trade Payables	50,775	-	-	-
Other Financial Liabilities	1,043,576	-	-	-
Total	**1,094,351**	**-**	**-**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2019:

Amount in Euro

Particulars	Less than 1 year	1-3 years	3-5 years	5 years and above
Trade Payables	280,598	-	-	-
Borrowings	600,000	-	-	-
Other Financial Liabilities	1,553,398			
Total	**2,433,996**	**-**	**-**	**-**

Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets:

Amount in Euro

Particulars	Less than 1 year	1-3 years	3-5 years	5 years and above
Non-derivative financial assets				
31-Mar-20				
Trade Receivables	-			
Cash & cash equivalents	1,539,829	-	-	-
Total	**1,539,829**	**-**	**-**	**-**
Non-derivative financial assets				
31-Mar-19				
Trade Receivables	2,928,848			
Cash & cash equivalents	133,541	-	-	-
Total	**3,062,389**	**-**	**-**	**-**

19A. Capital Management

The Company's capital management objectives are to ensure that company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services, commensurate with the level of risk.

The Company sets the amount of capital in proportion to its overall financing structure i.e. capital and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic condition and risks, characteristics of the underlying assets.

(a) The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

Particulars			Amount in Euro
	Amortised cost	**Carrying value**	**Fair value**
Assets:			
Trade Receivables	-	-	-
Cash and cash equivalents	1,539,829	1,539,829	1,539,829
	1,539,829	**1,539,829**	**1,539,829**
Liabilities:			
Other financial liabilities	1,043,576	1,043,576	1,043,576
	1,043,576	**1,043,576**	**1,043,576**

(b) The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

Particulars			Amount in Euro
	Amortised cost	**Carrying value**	**Fair value**
Assets:			
Trade Receivables	2,928,848	2,928,848	2,928,848
Cash and cash equivalents	133,541	133,541	133,541
	3,062,389	**3,062,389**	**3,062,389**
Liabilities:			
Trade and other payables	-	-	-
Borrowings	600,000	600,000	600,000
Other financial liabilities	1,553,398	1,553,398	1,553,398
	2,153,398	**2,153,398**	**2,153,398**

20 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 Company’s performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

The Company is engaged in the business of re-selling of software licenses and related support services. As the Company is engaged in only one business segment, the balance sheet and statement of profit and loss pertain to only one business segment.

The Company has a single customer who is primarily located in the Netherlands. As the Company has only one geographical segment, the balance sheet and statement of profit and loss pertain to only one geographical segment.”

21 The Company had no contingent liabilities outstanding as on the balance sheet date.

22 The Company does not foresee any material impact on its revenue and customer’s ability to pay due to the prolonged lock down and other impacts of the COVID-19 pandemic. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration.

23 Previous year’s figures have been regrouped/reclassified wherever necessary to correspond with the current year’s classification/disclosure.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

For Tech Mahindra Netherlands B.V.

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 18, 2020

Sandeep P
Director

Tanveer H
Director

Place : Den Hague
Date : May 18, 2020

TECHM IT-SERVICES GMBH

Directors
Marcel Buchner

Registered Office
Albertgasse 35,
1080 Vienna,
Austria

Bankers
Erste Bank der Oesterreichischen Sparkassen AG

Auditors
B SR & Co. LLP

INDEPENDENT AUDITORS' REPORT

To the Members of

TECH MAHINDRA IT SERVICES GMBH

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of Tech Mahindra IT Services GmbH ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and 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 the significant accounting policies and other explanatory information (together herein after referred to as "financial statements"). These financial statements have been prepared by the management as described in Note 2 to the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, of the state of affairs of the Company as at 31 March 2020, and of its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date in accordance with Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss 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) notified by the Ministry of Corporate Affairs, as described in Note 2 to the financial statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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 and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We draw attention to Note 2 to the financial statements, which states that this is the first year in which the Company has prepared these special purpose financial statements and previous year figures are unaudited.

Our opinion is not modified in respect of this matter.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. These financial statements are prepared to assist the holding Company, Tech Mahindra Limited to comply with the requirements of Section 129 of the Act in the preparation of their Consolidated Financial Statements. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Ashish Gupta
Partner
Membership No. 215165
UDIN No. 20215165AAAAAQ8839

Place: Pune
Date: May 15, 2020

TECHM IT-SERVICES GMBH

BALANCE SHEET AS AT MARCH 31, 2020

Amount in Euro

Balance Sheet	Note No.	31-March-2020	31-March-2019
ASSETS			
Non Current Assets			
(a) Advance income tax (net of provision)		5,408	2,475
(b) Deferred Tax Assets		-	120
Total Non Current Assets		**5,408**	**2,595**
Current Assets			
(a) Financial Assets			
(i) Trade Receivables	3	27,602	9,884
(ii) Cash and Cash Equivalents	4	78,408	80,707
(ii) Other Financial Assets	5	9,407	9,407
(b) Other Current Assets	6	14,889	9,886
Total Current Assets		**130,306**	**109,884**
Total Assets		**135,714**	**112,479**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	7	5,000	5,000
(b) Other Equity	8	94,882	84,200
Total Equity		**99,882**	**89,200**
Non- Current liabilities			
Deferred Tax Liabilities		212	-
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	9	15,898	11,755
(ii) Other Financial Liabilities	10	13,195	7,299
(b) Provisions	11	5,309	3,007
(c) Income Tax Liabilities (Net)	12	1,218	1,218
Total Current Liabilities		**35,832**	**23,279**
Total Equity and Liabilities		**135,714**	**112,479**
See accompanying notes forming part of the financial statements	1 to 25		

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022
Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 15, 2020

For TechM IT-Services GmbH
Marcel Buchner
Director
Place : Wiesbaden
Date: May 15, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in Euro

	Statement of Profit and Loss	**Note No.**	**Year ended**	
			31-March-2020	**31-March-2019**
I	Revenue from Operations	13	224,569	226,719
II	Other Income	14	-	719
III	**Total Revenue (I +II)**		**224,569**	**227,438**
IV	**EXPENSES**			
	Expenses for employee benefits	15	160,533	148,433
	Other Operating Expenses	16	49,489	63,455
	Total Expenses		**210,022**	**211,888**
V	**Profit before Tax (III-IV)**		14,547	15,550
VI	**Tax Expense**			
	Current Tax		3,532	2,623
	Deferred Tax		332	779
	Total Tax Expense		**3,864**	**3,402**
VII	**Profit after tax (V-VI)**		**10,683**	**12,148**
VIII	**Other Comprehensive Income**			
A	I. Items that will not be reclassified to Profit or Loss		-	-
B	I. Items that will be reclassified to Profit or Loss		-	-
	Total Other Comprehensive Income (A+B)		-	-
IX	**Total Comprehensive Income (VII + VIII)**		**10,683**	**12,148**
	Earnings per Equity Share (Face Value Euro 1) in Euro			
	Basic		21.37	24.30
	Diluted		21.37	24.30
	See accompanying notes forming part of the financial statements	1 to 25		

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022
Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 15, 2020

For TechM IT-Services GmbH

Marcel Buchner
Director

Place : Wiesbaden
Date: May 15, 2020

STATEMENTS OF CHANGES IN EQUITY

A. Equity Share Capital

Amount in EURO

Balance as of April 1, 2018	Changes in equity share capital during the year	Balance as of March 31, 2019
5,000	-	5,000

Balance as of April 1, 2019	Changes in equity share capital during the year	Balance as of March 31, 2020
5,000	-	5,000

B. Other Equity -Reserves and Surplus - Retained Earnings

Amount in EURO

Particulars	Balance as at March 31, 2020	Balance as at March 31, 2019
Balance as at the beginning of reporting period	84,199	72,051
Profit for the year	10,683	12,148
Total Comprehensive income	**94,882**	**84,199**

As per our report of even date attached

For B S R & Co. LLP	**For TechM IT-Services GmbH**
Chartered Accountants	
Firm Registration No.101248W/W-100022	
Ashish Gupta	Marcel Buchner
Partner	Director
Membership No.: 215165	
Place : Pune	Place : Wiesbaden
Date: May 15, 2020	Date: May 15, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	Cash Flow Statement		**For the Year ended 31-March-2020**		**For the Year ended 31-March-2019**
A	**Cash Flow from Operating Activities**				
	Profit before Tax		14,547		15,550
			14,547		15,550
	Changes in working capital				
	(Decrease in)/increase in trade receivable & other assets	(22,721)		12,319	
	Increase in/(decrease in) trade payables, provisions & other liabilities	12,341		(20,577)	
			(10,380)		(8,258)
	Cash Generated from operating activities before taxes		4,167		7,292
	Income Tax Paid, net		(6,465)		(7,908)
	Net cash used in operating activities		(2,298)		(616)
	Net Increase / (Decrease) in Cash and Cash Equivalents		(2,298)		(616)
	Cash and Cash Equivalents at the beginning of the year		80,707		81,323
	Cash and Cash Equivalents at the end of the year(refer note 4)		**78,408**		**80,707**

Cash and Cash Equivalents at the end of the year Comprises of		**Balance as at March 31, 2020**	**Balance as at March 31, 2019**
Balances with Banks :			
In Current Accounts		78,408	80,707
Total		**78,408**	**80,707**
See accompanying notes forming part of the financial statements	(1-25)		

As per our report of even date attached

For B S R & Co. LLP	**For TechM IT-Services GmbH**
Chartered Accountants	
Firm Registration No.101248W/W-100022	
Ashish Gupta	Marcel Buchner
Partner	Director
Membership No.: 215165	
Place : Pune	Place : Wiesbaden
Date: May 15, 2020	Date: May 15, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information

The Company was incorporated on August 08, 2014, with principal place of business at Albertgasse 35, 1080 Vienna, Austria. The financial statements are expressed in Euro.

The principal activities of the Company are providing consultancy and services relating to information technology and development of software solutions and products for banking and finance industry which include activities such as retail,corporate,investment, wealth management and micro finance.

The Company's immediate holding company is Tech Mahindra GmbH, incorporated in Dusseldorf, Germany and ultimate parent company is Tech Mahindra Limited incorporated in India.

The special purpose financial statements of the Company for the year ended March 31, 2020 were authorised for issue by the Board of Directors on May 15, 2020.

2 Significant accounting policies:

2.1 Statement of Compliance

The special purpose financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, as amended from time to time. This is the first year in which the Company has prepared these special purpose Ind AS financial statements. Hence, the previous year figures represent unaudited numbers.

2.2 Basis of preparation of financial statements

These financial statements have been presented in Euro (EUR) which is the functional currency of the Company. These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The functional currency of the Company is EURO (EUR). The Financial statements have been prepared as per section 129 (1) of the Act to assist the Tech Mahindra Limited (Parent Company) for preparation of consolidated financial statements and for the purpose of compliance with the provision of section 129 and Section 136 read with Schedule III of the Companies Act, 2013 .

2.3 Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from cost plus contracts are recognised based on the terms of the contract over the service period.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability arises when there is Company's obligation to transfer goods or services to a customer for which the entity has received consideration ("Advances from Customer") or the amount is due from the customer ("Unearned Revenue")

2.7 Leases

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Since the Company had no long term leased premises as on April 1, 2019, there was no effect of adoption of Ind AS 116 on the Company.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment, including assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.8 Foreign currency transactions:

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 Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised 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 and 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 using the effective interest method less impairment losses, if these financial assets are held within a business model 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 assets not measured at amortised cost are 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.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. 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.

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 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit 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.

For calculating diluted earnings per share, the net profit 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 dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

2.12 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.

2.13 Recent Indian Accounting Standards (Ind AS):

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Company from April 1, 2020.

Note 3 : Trade Receivables

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Unsecured - Considered Good	27,602	9,884
Credit impaired	-	-
	27,602	**9,884**
Less: Allowance for expected credit losses	-	-
Total	**27,602**	**9,884**

Note 4 : Cash and Cash Equivalents

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Balances with banks		
- In Current Account	78,408	80,707
Total	**78,408**	**80,707**

Note 5: Other Financial Assets

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Security Deposits		
- Unsecured, considered good	9,407	9,407
Total	**9,407**	**9,407**

Note 6 : Other Current Assets

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
a) Balance with Government Authorities	14,889	5,886
b) Advance to employees	-	4,000
Total	**14,889**	**9,886**

Note 7: Equity Share Capital

Particulars	31 March , 2020		31 March , 2019	
	Number	Amount in Euro	Number	Amount in Euro
Authorised Share Capital				
Equity shares of Euro 10/- each fully paid up	3,500	35,000	3,500	35,000
Issued Subscribed and Paid up share Capital as at beginning of reporting period				
Equity shares of Euro 10/- each fully paid up	500	5,000	500	5,000
Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the reporting year:				
Shares outstanding at the beginning of the year	500	5,000	500	5,000
Shares issued during the year	0	0	0	0
Shares outstanding at the end of the year	**500**	**5,000**	**500**	**5,000**

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of Shareholder	As at 31 March , 2020		As at 31 March , 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Tech Mahindra GmbH	500	100	500	100

i) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

ii) The Company has not issued any shares during the year.

iii) The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the equity balance. The Company is not subject to any externally imposed capital requirements. The Company's Board reviews the capital structure of the Company on an ongoing basis.

Note 8 : Other Equity

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Surplus in Statement of Profit and Loss		
Opening balance	84,199	72,051
Add : Profit for the year	10,683	12,148
Closing Balance	**94,882**	**84,199**

Note 9 : Trade Payables

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Trade Payables	15,898	11,755
Closing Balance	**15,898**	**11,755**

Note 10: Other Financial Liabilities

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Salary payable	13,195	7,299
Total	**13,195**	**7,299**

Note 11: Provisions

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Provision for leave encashment	5,309	3,007
Total	**5,309**	**3,007**

Note 12: Current Tax Liabilities

Amount in Euro

Particulars	As at 31-March-2020	As at 31-March-2019
Provision for tax (net)	1,218	1,218
Total	**1,218**	**1,218**

Note 13 : Revenue from Operations

Amount in Euro

Particulars	Year ended	
	31-March-2020	31-March-2019
Sale of Services	224,569	226,719
Total	**224,569**	**226,719**

Note 14 : Other Income

Amount in Euro

Particulars	Year ended	
	31-March-2020	31-March-2019
Other Operating Income	-	719
Total	**-**	**719**

Note 15 : Expenses for employee benefits

Amount in Euro

Particulars	Year ended	
	31-March-2020	31-March-2019
Salaries and wages	133,332	116,186
Contribution to social security	27,201	32,246
Total	**160,533**	**148,433**

Note 16 : Other Expenses

Amount in Euro

Particulars	Year ended	
	31-March-2020	31-March-2019
Insurance charges	1,145	4,045
Legal and professional fees	11,515	24,245
Miscellaneous expenses	3,820	1,459
Rent expense	32,771	33,285
Travelling expenses	238	421
Total	**49,489**	**63,455**

Note 17:

As required under Indian Accounting Standard 24 (“”Ind AS 24””) , Related Party Disclosures, following are the transactions during the year ended March 31, 2020 and outstanding balances as of that date:

Note Particulars

17 Related party transactions

17a. Details of related parties:

Description of relationship	Names of Related Party
Ultimate Holding Company	Tech Mahindra Limited
Holding Company	Tech Mahindra GmbH

17b. Details of related party transactions during the year ended 31 March, 2020 and balances outstanding as at 31 March, 2020:

Amount in Euro

Particulars	Tech Mahindra Limited	Tech Mahindra GmbH	Total
Transactions for the year ended March 31, 2020:			
Revenue from sale of services	224,569	-	224,569
	(226,719)		(226,719)
Balances outstanding at the end of the year:			
Trade receivables- Considered good	27,602	-	27,602
	(9,884)		(9,884)
Trade payables	2,279		2,279
	(7,682)		(7,682)

Note : Figures in bracket relate to the previous year

18 Current Tax and Deferred Tax:

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

Amount in Euro

Particulars	Year ended	
	31-March-2020	31-March-2019
Profit before Tax	14,547	15,550
(-) Temporary differences	-419	-5,058
Taxable income	14,128	10,492
Tax at the domestic income tax rate at 25%	3,532	2,623
Deferred tax expense	332	779
Income tax expense recognised in profit or loss	3,864	3,402

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in Austria on taxable profits under the Austrian tax laws.

Domestic income tax is calculated at 25% of the estimated assessable profit for the year.

19 Earnings Per Share is calculated as follows:

Amount in Euro

Particulars	Year ended	
	31-March-2020	31-March-2019
Profit after taxation	10,683	12,148
Equity Shares outstanding as at the end of the year (in nos.)	500	500
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	500	500
Nominal Value per Equity Share (in Euro)	10	10
Earnings Per Share		
Earnings Per Share (Basic) (in Euro)	21.37	24.30
Earnings Per Share (Diluted) (in Euro)	21.37	24.30

20 Financial Instruments and Risk Review

The Company’s activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company operates a risk management policy and program that performs close monitoring of and responding to each risk factors.Following are the financial risk factors.

(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

(b) 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 analyzing 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.

Trade Receivable

Trade receivables consist of a single related party customer. Average credit period ranges from 20-30 days and no interest is charged on overdue receivables. The Company uses a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking experience. As there is no history of defaults, no allowance for doubtful trade receivables based on the expected credit loss model is made.

Age of receivables — Amount in Euro

Particulars	**As at**	
	31-March-2020	**31-March-2019**
Within the credit period	27,602	9,884
90-180 days past due	0	0
180- 365 days past due	0	0
More than 365 days past due	0	0

Cash and Bank Balances:

The Company maintains its cash and cash equivalents with bank having good reputation and high quality credit rating.

Credit Risk Exposure:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was EUR 115,417 and EUR 99,998 as of March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of balances with banks, trade receivables and other financial assets.

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 requirement.

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2020:

Amount in Euro

Particulars	**Less than 1 year**	**1-3 years**	**3-5 years**	**5 years and above**
Trade Payables	15,898	-	-	-
Other Financial Liabilities	13,195			
Total	**29,093**	**-**	**-**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2019:

Amount in Euro

Particulars	**Less than 1 year**	**1-3 years**	**3-5 years**	**5 years and above**
Trade Payables	11,755	-	-	-
Other Financial Liabilities	7,299			
Total	**19,054**	**-**	**-**	**-**

Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets:

Amount in Euro

Particulars	Less than 1 year	1-3 years	3-5 years	5 years and above
Non-derivative financial assets				
31-Mar-20				
Trade Receivables	27,602			
Cash & cash equivalents	78,408	-	-	-
Other financial assets	9,407			
Total	**115,417**	**-**	**-**	**-**
Non-derivative financial assets				
31-Mar-19				
Trade Receivables	9,884			
Cash & cash equivalents	80,707	-	-	-
Other financial assets	9,407			
Total	**99,998**	**-**	**-**	**-**

21A Capital Management

The Company's capital management objectives are to ensure that company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services, commensurate with the level of risk.

The company sets the amount of capital in proportion to its overall financing structure i.e. capital and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic condition and risks, characteristics of the underlying assets.

(a) The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

Amount in Euro

Particulars	Amortised cost	Total carrying value	Total fair value
Assets:			
Trade Receivables	27,602	27,602	27,602
Cash and cash equivalents	78,408	78,408	78,408
Other financial assets	9,407	9,407	9,407
	115,417	**115,417**	**115,417**
Liabilities:			
Trade and other payables	15,898	15,898	15,898
Other financial liabilities	13,195	13,195	13,195
	29,093	**29,093**	**29,093**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

Particulars	Amortised cost	Total carrying value	Total fair value
			Amount in Euro
Assets:			
Trade Receivables	9,884	9,884	9,884
Cash and cash equivalents	80,707	80,707	80,707
Other financial assets	9,407	9,407	9,407
	99,998	**99,998**	**99,998**
Liabilities:			
Trade and other payables	11,755	11,755	11,755
Other financial liabilities	7,299	7,299	7,299
	19,054	**19,054**	**19,054**

22 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 Company’s performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

The Company is engaged in the business of providing consultancy and services relating to information technology and development of software solutions. As the Company is engaged in only one business segment, the balance sheet and statement of profit and loss pertain to only one business segment.

23 The Company had no contingent liabilities outstanding as on the balance sheet date.

24 The Company does not foresee any material impact on its revenue and customer’s ability to pay due to the prolonged lock down and other impacts of the COVID-19 pandemic. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration.

25 Previous year’s figures for these special purpose financial statements represent unaudited numbers.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: May 15, 2020

For TechM IT-Services GmbH

Marcel Buchner
Director

Place : Wiesbaden
Date: May 15, 2020

TECH MAHINDRA NORWAY AS

Board of Directors
Mr. Gaurav Gupta
Mr. Greger Lundstrom –upto 30th April 2020

RegisteredOffice
Capus TS
Martin Linges Vei 25
1364 Fornebu
Oslo, Norway

Bankers
Citibank PLC

Auditors
KPMG AS
Postboks 7000 Majorstua, 0306 OSLO

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

TECH MAHINDRA NORWAY AS

Adress: , Capus T S, Martin Linges vei 25, 1364 Fornebu, 0219 Bærum

Organisation Number. 918 324 941

The business

Tech Mahindra Norway AS provides information technology services and information technology enabled services to enterprises in Norway. The services include Digital Transformation, IT infrastructure services, IT consulting among other services. The Company's head office is located in Bærum, Norway.

Financial performance

Turnover for the financial Year ended March 31, 2020 was NOK 37 733 301 which is an increase of 5 % as compared to previous year. The net profit for the year was NOK 2 990 549 as compared to NOK 3 395 176 for the previous year. The total capital at the end of the year was NOK 7 741 745 as compared to NOK 4 751 196 in the previous year.

The Board considers that the annual accounts give an accurate description of Tech Mahindra Norway AS's assets and liabilities, financial position and result.

A going concern

In accordance with the section 3-3 of the Accounting Act, we confirm that Tech Mahindra Norway AS meets the requirements for continuation as a going concern.

Risk Management

Risk management is a continuous process and an integrated part of the business. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes. When operating across multiple markets, it is exposed to a range of risks that may affect its business. The aim is to earn competitive returns at acceptable risk levels.

Commercial risks

Tech Mahindra Norway AS needs access to new customers that want to outsource IT-services.

Future development

The Company plans to be active in the Norwegian outsourcing market for the years to come. The Company will also provide IT-services locally to existing and future customers.

Financial risk

All financial risk is handled by its ultimate parent company, Tech Mahindra Limited.

Working environment

Management considers the work environment satisfactory and has not implemented any special projects in this area during financial year 2019-20. There have been no damages or accidents in 2019-20.

Equal opportunity

Tech Mahindra Norway AS has had 16 employees during the accounting year. The Company is led by Gaurav Gupta, male manager. None of the staff is women.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

Discrimination

The Company strives to offer equal opportunities to all, independent of gender and ethnic background.

The external environment

The Company does not engage in any activities which pollute the environment.

Oslo, 22 May 2020

Board of Tech Mahindra Norway AS

Gaurav Gupta

Styrets leder/ Deglig Leder

INDEPENDENT AUDITOR'S REPORT

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 2 990 549. The financial statements comprise the balance sheet as at 31 March 2020, 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 2020, 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.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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 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 these 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 the Board of 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.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

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, 28 May 2020
KPMG AS

Øyvind Skorgevik
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purpose*s only.*

TECH MAHINDRA NORWAY AS

PROFIT AND LOSS STATEMENT

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2019/2020	2018/2019
	Revenue	37,733,301	35,945,500
	Other income	1,761,129	2,332,395
	Total income	**39,494,430**	**38,277,895**
2, 4	Payroll and related costs	13,446,476	11,343,237
5	Depreciation and amortisation of fixed and intangible assets	6,843,857	3,983,774
2	Other operating expenses	15,233,033	18,567,151
	Total operating expenses	**35,523,366**	**33,894,162**
	Operating profit/(loss)	**3,971,064**	**4,383,733**
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
	Other financial income	-	347
	Other financial expenses	80,419	113,782
	Financial items, net	**80,419**	**113,435**
	Profit/(loss) on ordinary activities before taxation	**3,890,645**	**4,270,297**
7	Tax on ordinary income	**900,096**	**875,121**
	Profit/(loss) on ordinary activities	**2,990,549**	**3,395,176**
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	2,990,549	3,395,176
	ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
8	Transferred to other equity	2,990,549	3,395,176
	Total allocations and equity transfers	2,990,549	3,395,176

BALANCE SHEET AS AT 31 MARCH 2020

NOTE	ASSETS	31-03-20	31-03-19
	Non-current assets		
	Tangible fixed assets		
5	Computers	8,541,449	13,221,040
5	Plant and equipment	2,701,719	933,547
	Total tangible fixed assets	**11,243,168**	**14,154,587**
	Total non-current assets	**11,243,168**	**14,154,587**
	Current assets		
	Receivables		
6	Accounts receivable	12,668,546	8,478,041
6	Other receivables	4,111,442	9,657,917
	Total receivables	**16,779,988**	**18,135,958**
	Cash and cash equivalents		
9	Cash and cash equivalents	5,572,081	3,217,211
	Total cash and cash equivalents	**5,572,081**	**3,217,211**
	Total current assets	**22,352,069**	**21,353,169**
	TOTAL ASSETS	**33,595,237**	**35,507,755**

NOTE	SHAREHOLDERS EQUITY AND LIABILITIES	31-03-20	31-03-19
	Shareholders equity		
	Paid-in equity		
3, 8	Share capital (30.000 shares at NOK 1)	30,000	30,000
	Total paid-in capital	**30,000**	**30,000**
	Retained earnings		
8	Other equity	7,711,745	4,721,196
	Total retained earnings	**7,711,745**	**4,721,196**
	Total shareholders equity	**7,741,745**	**4,751,196**
	Liabilities		
	Provisions for liabilities and charges		
7	Deferred tax	89,531	529,326
	Total provisions for liabilities and charges	89,531	529,326
	Current liabilities		
6	Accounts payable	8,516,991	18,739,737
7	Current income taxes payable	2,089,849	749,958
	Other taxes and withholdings	3,989,009	1,050,658
6	Other current liabilities	11,168,112	9,686,879
	Total current liabilities	**25,763,961**	**30,227,232**
	Total liabilities	**25,853,492**	**30,756,558**
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	**33,595,237**	**35,507,755**

Oslo, 22 May 2020

Board of Tech Mahindra Norway AS

Gaurav Gupta
Styrets leder/Daglig leder

NOTE TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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 thecarrying 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.

Change in presentation during the year and comparative figures

During the current year, Management changed the presentation of revenue and other operating expenses, from 'gross' presentation in the previous year to 'net' presentation in the current year.

The Company and its Parent Company act as sub-contractors to Tech Mahindra Limited (the 'Ultimate Parent Company') with respect to revenue contracts with external customers, where the risks are borne by the Ultimate Parent Company. Remuneration for such sub-contracting activities is based on the reimbursement of costs incurred plus a mark-up in accordance with a service agreement with the Ultimate Parent Company.

Until the previous year, the revenue from external customers and equivalent sub-contracting charges from the Ultimate Parent Company were shown on a gross basis in the financial statements of the Company under ‘Revenue’ and ‘Other operating expenses’ respectively. During the current year, in order to be consistent with the presentation followed by the Parent Company, the revenue from external customers has been presented net of such sub-contracting charges. The previous year presentation has also been revised accordingly.

Note 2 Number of employees, benefits, loan to employees etc.

	2019/2020	2018/2019
Average number of employees during the year:	15	13

Directors' remuneration

	Salaries, fees	Pensions	Other benefits	Salaries, fees	Pensions	Other benefits
	2019/2020	2019/2020	2019/2020	2018/2019	2018/2019	2018/2019
Managing Director/Chief Executive Officer	1,229,402	16,670	-	709,004	4,210	-
Board of Directors	-	-	-	-	-	-

The CEO was paid by Tech Mahindra Limited Branch upto December 2018. The director is paid by Tech Mahindra Limited Branch.

	2019/2020	2018/2019
Remuneration to KPMG (exclusive of VAT)		
Audit Fees	153,926	-
Other Services	-	-
Remuneration to Deloitte AS and their associates (exclusive of VAT)		
Audit Fees	-	131,150
Other Services	-	65,000

Note 3 Share capital and shareholder information

The share capital in the company at 31 March 2020 consists of the following classes:

Ownership structure

All shares are owned by Tech Mahindra GMBH.

	Number of Shares	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	2019/2020	2018/2019
Wages and salaries	11,266,022	9,779,354
Social security tax	1,490,157	1,282,475
Pension costs	690,297	263,556
Other benefits	-	17,852
Total	**13,446,476**	**11,343,237**

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 17 employees. The contribution for employee services rendered in the period is recognised as pension costs.

TECH MAHINDRA NORWAY AS

Note 5 Tangible fixed assets

	Computers	Plant & Equipment	Construction in progress	Total
Cost at 1 April 2019	18,097,806	1,034,780	-	19,132,586
Additions	1,588,093	2,344,344	3,932,437	7,864,874
Disposals	-	-	(3,932,437)	(3,932,437)
Cost at 31 March 2020	19,685,899	3,379,124	-	23,065,023
Acc. amortisation at 1 April 2019	4,876,766	101,233	-	4,977,999
Ordinary amortisation	6,267,684	576,172	-	6,843,856
Ordinary impairment	-	-	-	-
Accumulated and reversed amortisation and impairment at 31 March. 2020	11,144,450	677,405	-	11,821,855
Balance at 31 March 2020	**8,541,449**	**2,701,719**	**-**	**11,243,168**
Current year amortisation charge	6,267,684	576,172	-	6,843,856
Current year impairment charge	-	-	-	-
Current year reversal of impairment charges	-	-	-	-
Economic life	3 years	5 years		
Amortisation method	straight-line	straight-line		

	Computers	Plant & Equipment	Construction in progress	Total
Cost at 1 April 2018	8,785,463	-	-	8,785,463
Additions	9,312,343	1,034,780	10,347,123	20,694,246
Disposals	-	-	(10,347,123)	(10,347,123)
Cost at 31 March 2019	18,097,806	1,034,780	-	19,132,586
Acc. amortisation at 1 April 2018	994,225	-	-	994,225
Ordinary amortisation	3,882,541	101,233	-	3,983,774
Ordinary impairment	-	-	-	-
Accumulated and reversed amortisation and impairment at 31 March. 2019	4,876,766	101,233	-	4,977,999
Balance at 31 March 2019	**13,221,040**	**933,547**	**-**	**14,154,587**
Previous year amortisation charge	3,882,541	101,233	-	3,983,774
Previous year impairment charge	-	-	-	-
Previous year reversal of impairment charges	-	-	-	-
Economic life	3 years	5 years		
Amortisation method	straight-line	straight-line		

Note 6 Inter-company balances

	Accounts receivable 2019/2020	Accounts receivable 2018/2019	Other receivables 2019/2020	Other receivables 2018/2019
Group companies	4,885,060	4,074,228	-	-
Total	**4,885,060**	**4,074,228**	**-**	**-**

	Accounts payable 2019/2020	Accounts payable 2018/2019	Other current liabilities 2019/2020	Other current liabilities 2018/2019
Group companies	8,257,001	18,421,427	6,559,423	6,187,486
Total	**8,257,001**	**18,421,427**	**6,559,423**	**6,187,486**

Note 7 Income tax expense

Specification of income tax expense:

	2019/2020	2018/2019
Current income tax expense	1,339,891	749,958
Changes in deferred tax	(439,795)	125,163
Effect of changes in tax rules	-	-
Tax on ordinary profit/(loss)	**900,096**	**875,121**

Specification of tax payable

	2019/2020	2018/2019
Current year income tax payable	1,339,891	749,958
Income tax payable for previous years (refer note i)	749,958	
Prior year adjustments	-	-
Current income tax payable in Balance Sheet	**2,089,849**	**749,958**

i. Income tax payable for previous year refers to income tax payable for the period 1 April 2018 to 31 March 2019, for which the due date for filing of return is 31 May 2020.

Specification of the tax effect of temporary differences and losses carried forward:

	2019/2020		2018/2019	
	Benefit	Liability	Benefit	Liability
Fixed assets	-	89,531	-	529,326
Total	**-**	**89,531**	**-**	**529,326**

Note 8 Equity transactions

This year's change in equity:	Share capital	Other paid-in equity	Other equity	Total equity
Equity at 1 April 2019	30,000	-	4,721,196	4,751,196
Profit/(loss) of the year		-	2,990,549	2,990,549
Received/given group contribution		-	-	-
Equity at 31 March 2020	**30,000**	**-**	**7,711,745**	**7,741,745**

This year's change in equity:	Share capital	Other paid-in equity	Other equity	Total equity
Equity at 1 April 2018	30,000	-	1,326,020	1,356,020
Profit/(loss) of the year		-	3,395,176	3,395,176
Received/given group contribution		-	-	-
Equity at 31 March 2019	**30,000**	**-**	**4,721,196**	**4,751,196**

Note 9 Bank deposits

Bank deposits, cash etc. include restricted tax deduction funds of NOK 1,208,497 (March 2019: NOK 409.609).

Note 10 Subsequent events

The Company does not foresee any material impact on its revenue and customer's ability to pay due to the prolonged lock down and other impacts of the COVID-19 pandemic. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration.

Note 11

Previous year numbers have been re-grouped or re-classified as required.

TECH MAHINDRA SERVICOS DE INFORMATICA S.A.

Board of Directors
Mr. Arvind Malhotra
Mr. Anil Joshi
Mr. Alexandre de Castro

Registered Office
Avenida Maria Coelho de Aguiar, 215, Bl C, 5th Floor,
Jardim São Luiz,
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ZIP 05804-000

Bankers
Citibank
Itaú Bank
Santander
Bradesco
Caixa Econômica Federal

Auditors
Padrão Auditoria S/S, Brazil

INDEPENDENT AUDITOR´S REPORT ON FINANCIAL STATEMENTS

To
Shareholders, Board of Directors and Officers
Tech Mahindra Serviços de Informática S.A.
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, 2020, 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, 2020, 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 30, 2020.

PADRÃO AUDITORIA S/S

CRC-2SP 016.650/O-7

YUKIO FUNADA

Accountant CRC-1SP 043.351/O-8

BALANCE SHEETS AS OF MARCH 31, 2020 AND MARCH 31, 2019

(In Thousands of Reais)

	Note	31.03.2020	31.03.2019
CURRENT ASSETS		**75,828**	81,729
Cash and cash equivalentes	4	**303**	22,179
Trade accounts receivable	5	**67,373**	51,332
Taxes recoverable		**1,277**	2,126
Related parties	10	**3,315**	2,383
Financial instruments derivatives	13.2 (b)	**730**	25
Other receivables		**2,830**	3,684
NON-CURRENT ASSETS		**47,058**	48,950
Related parties	10	**1**	1
Property & equipment	6	**5,425**	7,877
Intangible assets	7	**37,589**	37,911
Judicial deposits		**2,008**	2,195
Long term investments		**903**	966
Rights of use	=8	**1,132**	-
TOTAL ASSETS		**122,886**	130,679
CURRENT LIABILITIES		**141,846**	**88,608**
Trade accounts payable		**1,395**	2,715
Salary and social charges		**11,980**	12,334
Taxes liabilities		**466**	503
Loans and financing	9	**18,703**	17,238
Related parties	10	**95,312**	46,968
Leases	8	**1,761**	-
Other liabilities		**12,229**	8,850
NON-CURRENT LIABILITIES		**28,881**	35,946
Provision for contingencies	11	**13,754**	20,849
Related parties	10	**13,751**	10,697
Leases	8	**853**	-
Other liabilities		**523**	4,400
EQUITY	12	**(47,841)**	6,125
Capital		**118,270**	118,270
Other equity		**(1,489)**	-
Retained losses		**(164,622)**	(112,145)
TOTAL LIABILITIES AND EQUITY		**122,886**	130,679

See accompanying notes.

INCOME STATEMENTS FOR THE YEAR ENDED AS OF MARCH 31, 2020 AND 2019

(In Thousands of Reais)

	Note	31.03.2020	31.03.2019
Net operating revenue		**184,268**	172,083
Cost of services rendered		**(172,353)**	(162,931)
Gross profit		**11,915**	9,152
Operating income (expenses)		**(42,296)**	
General and administrative expenses			(36,793)
Other operating income		**7,027**	(16,809)
		(35,269)	(53,602)
Financial result			
Financial income		**11,455**	11,564
Financial expenses		**(39,298)**	(20,577)
		(27,843)	(9,013)
Loss before income and social contribution taxes		**(51,197)**	(53,463)
Income tax and social contribution		**(1,280)**	(317)
Total of income tax and social contribution		**(1,280)**	(317)
		(52,477)	(53,780)
Losses per unit of interest – R$	16	**(0.444)**	(0.455)

See accompanying notes.

OTHER COMPREHENSIVE INCOME AS OF MARCH 31, 2020 AND 2019

(In Thousands of Reais)

EVENTS	**31.03.2020**	31.03.2019
Loss for the year	**(52,477)**	(53,780)
Other comprehensive income	**-**	-
Total	**(52,477)**	(53,780)

See accompanying notes.

STATEMENTS OF CHANGES IN EQUITY AS OF MARCH 31, 2020 AND 2019

	(In Thousands of Reais)			
EVENTS	**CAPITAL**	**OTHER EQUITY**	**RETAINED LOSSES**	**TOTAL**
Balances at 31.03.2018	**63,117**	**-**	**(58,365)**	**4,752**
Capital increase	55,153	-	-	55,153
Loss for the year	-	-	(53,780)	(53,780)
Balances at 31.03.2019	**118,270**	**-**	**(112,145)**	**6,125**
CPC 06 – R2 / IFRS 16 adjustments (Note 8)	-	(1,489)	-	(1,489)
Loss for the year	-	-	(52,477)	(52,477)
Balances at 31.03.2020	**118,270**	**(1,489)**	**(164,622)**	**(47,841)**

See accompanying notes.

TECH MAHINDRA SERVICOS DE INFORMATICA S.A.

CASH FLOW STATEMENTS AS OF MARCH 31, 2020 AND 2019

(In Thousands of Reais)

Cash flow from operating activities	**31.03.2020**	31.03.2019
Losses before income and social contribution taxes	**(52,477)**	(53,780)
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities:	**3,119**	2,405
Depreciation and amortization		
Allowance for doubtful accounts	**1,005**	(416)
Provisions	**(7,095)**	17,423
Net book value of fixed asset disposals	**7**	11
Decrease (increase) in assets:		
Trade accounts receivable	**(17,046)**	(1,652)
Taxes recoverable	**849**	(668)
Other receivables	**917**	(1,613)
Related parties	**(932)**	9,755
Financial instruments derivatives	**(705)**	(128)
Judicial deposits	**187**	859
Increase (decrease) in liabilities:		
Trade accounts payable	**(1,320)**	(1,108)
Taxes payable and others	**(391)**	437
Related parties	**51,398**	(7,118)
Leases	**(7)**	-
Other liabilities	**(498)**	(3,493)
Net cash provided by operating activities	**(22,989)**	(39,086)
Cash flow from investing activities		
Fixed asset and intangible purchases	**(352)**	(6,148)
Net cash used in investing activities	**(352)**	(6,148)
Cash flow from financing activities		
Increase (decrease) in loans and financing	**1,465**	10,212
Increase of social capital	**-**	55,153
Net cash provided by financing activities	**1,465**	65,365
Increase (decrease) in cash and cash equivalents	**(21,876)**	20,131
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	**22,179**	2,048
Cash and cash equivalents at the end of the year	**303**	22,179

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS AS OF MARCH 31, 2020 AND 2019

(In Thousands of Reais)

1. Operations

Tech Mahindra Serviços de Informática S.A. former Tech Mahindra Serviços de Informática S.A. ("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 30, 2020.

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) 0,65%;
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) 3,00%;
- 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

3.14.1 New and revised standards already issued

The Company has adopted the following new and revised CPCs / IFRSs already issued:

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

The Company adhered to IFRS 16 as of its adoption on January 1st, 2019, according to an approach cumulative effect where assets, liabilities and equity were impacted at the date of initial application. As of April 1st, 2019, the Company recognized the amount of R$1,847 related to rights of use assets (ROU), R$4,548 related to liabilities with rental contracts and R$2,701 on equity (Note 8).

3.15 Reclassification

The Company made the following reclassification in relation to the March 31, 2019 financial statements:

- R$1,785 from “unbilled trade receivables” to “related parties”, both in current assets.

4. **Cash and cash equivalents**

	31.03.2020	31.03.2019
Cash and Banks	**140**	21,772
Short term investments	**163**	407
	303	22,179

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

	31.03.2020	31.03.2019
Accounts receivable – invoiced	**39,338**	18,343
Accounts receivable – invoices to be issued	**29,424**	33,373
(-) Provision for doubtful accounts	**(1,389)**	(384)
	67,373	51,332

	31.03.2020	31.03.2019
Balances at the beginning of the year	**(384)**	(1,458)
Provision set up (+)	**(1,005)**	(425)
Write-off (-)	**-**	9
Recovered amounts (-)	**-**	1,490
Balance at the end of the year	**(1,389)**	(384)

6. Property and equipment

The details of fixed assets are disclosed as follows:

	Improvements	**Machines and equipments**	**Furniture and fixtures**	**Vehicles**	**Others**	**Total**
Cost						
Balances at March 31, 2018	236	4,407	1,063	63	25	5,794
Additions	2,958	2,093	688	-	18	5,757
Disposals	-	(83)	-	-	-	(83)
Balances at March 31, 2019	3,194	6,417	1,751	63	43	11,468
Additions	**-**	**221**	**10**	**-**	**-**	**231**
Disposals	**-**	**(64)**	**(13)**	**-**	**-**	**(77)**
Balances at March 31, 2020	**3,194**	**6,574**	**1,748**	**63**	**43**	**11,622**
Depreciation						
Balances at March 31, 2018	(107)	(1,290)	(320)	(9)	(17)	(1,743)
Depreciation for the year	(621)	(1,132)	(148)	(13)	(6)	(1,920)
Disposals	-	72	-	-	-	72
Balances at March 31, 2019	(728)	(2,350)	(468)	(22)	(23)	(3,591)
Depreciation for the year	**(1,232)**	**(1,251)**	**(175)**	**(12)**	**(6)**	**(2,676)**

	Improvements	Machines and equipments	Furniture and fixtures	Vehicles	Others	Total
Disposals	**-**	**64**	**6**	**-**	**-**	**70**
Balances at March 31, 2020	**(1,960)**	**(3,537)**	**(637)**	**(34)**	**(29)**	**(6,197)**
Net value						
Balances at March 31, 2018	129	3,117	743	54	8	**4,051**
Balances at March 31, 2019	2,466	4,067	1,283	41	20	**7,877**
Balances at March 31, 2020	**1,234**	**3,037**	**1,111**	**29**	**14**	**5,425**
Average rate of annual depreciation	**4%**	**10%**	**10%**	**20%**	**5% to 20%**	

7. 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. The remaining amount is composed by software license an amount of R$761 (R$1,083 as of March 31, 2019).

8. Leases

As of April 1st, 2019, the Company adopted the CPC06 (R2) / IFRS 16, with effect on shareholders' equity.

	Adoption 01.04.2019	Amortization	31.03.2020
Rights of use			
Offices - ~ 36 months	1,847	(715)	**1,132**
Total assets	**1,847**	**(715)**	**1,132**

Liabilities	01.04.2019	Adoption NPV (i)	Payments	31.03.2020
Offices - ~ 36 months	4,548	168	(2,102)	**2,614**
Total liabilities	**4,548**	**168**	**(2,102)**	**2,614**
Current liabilities				**1,761**
Non-current liabilities				**853**

Other equity	Adoption 01.04.2019	Amortization and NPV	Payments	31.03.2020
Offices - ~ 36 months	2,701	890	(2,102)	**1,489**
Total other equity	**2,701**	**890**	**(2,102)**	**1,489**

(i) The average discount rate defined by the Company was 6.5%.

9. Loan and financing

	Average annual interest	Beginning Date	Maturity Date	31.03.2020	31.03.2019
Current liabilities					
Bank Citibank (K Giro)	9.34%	23/01/2019	23/01/2020	**-**	4,070
Bank Citibank (Garantida)	-	-	-	**-**	10,063
Bank Itaú (i)	5.04%	21/02/2019	23/08/2019	**-**	3,105
Bank Citibank (Garantida)	-	-	-	**10,388**	-
Bank Citibank (K Giro)	7.20%	23/01/2020	23/01/2021	**4,054**	-
Bank Itaú (i)	9.79%	02/03/2020	04/09/2020	**4,261**	-
				18,703	17,238

(i) The loans are indexed by derivative financial instruments. Refer to note 13.2 (b).

10. Related parties

Operation with related party refers to consulting services rendered to Tech Mahindra Limited. As of March 31, 2020 and 2019, the amounts are summarized as follows:

	31.03.2020	31.03.2019
Tech Mahindra Limited – billed	**932**	598
Tech Mahindra Limited – unbilled	**2,383**	1,785
Total current assets	**3,315**	2,383
Tech Mahindra America Inc.	-	-
Tech Mahindra Limited	1	1
Total non-current assets	**1**	1
Tech Mahindra Limited	**20,523**	13,416
Tech Mahindra Americas Inc.	**16,733**	12,112
Mahindra Engineering Services (Europe) Ltd – UK	**58,056**	21,440
Total current liabilities	**95,312**	46,968
Tech Mahindra Limited	**13,754**	10,697
Total non-current liabilities	**13,754**	10,697

Remuneration of key management

Expenses related to remuneration of key management personnel of the Company, recognized in P&L an amount of R$4,143 at March 31, 2020 (R$4,091 at March 31, 2019).

11. 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$13,754 (R$20,849 as of March 31, 2019) related to labor and tax causes classified as probable loss risk assessment.

12. Equity

As of March 31, 2020 and 2019, the capital is represented by 118,270,118 (One hundred and eighteen million, two hundred and seventy thousands, one hundred and eighteen) shares related to social capital amounts to R$1.00 recorded as follows:

Shareholders	**Nº Quotas**	**%**
Tech Mahindra Limited	118,270,118	100,00
	118,270,118	**100,00**

13. Financial instrument and risk management

13.1 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.

13.2 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	**31.03.2020 Book value**	31.03.2019 Book value	**31.03.2020 Fair value**	31.03.2019 Fair value
Cash and cash equivalents	**303**	22,179	**303**	22,179
Trade accounts receivable	**67,373**	51,332	**67,373**	51,332
Taxes recoverable	**1,277**	2,126	**1,277**	2,126
Related parties	**3,316**	2,384	**3,316**	2,384
Financial instruments derivatives	**730**	25	**730**	25
Other receivables	**2,830**	3,684	**2,830**	3,684
	75,829	81,730	**75,829**	81,730

Financial liabilities	**31.03.2020 Book value**	31.03.2019 Book value	**31.03.2020 Fair value**	31.03.2019 Fair value
Trade accounts payable	**1,395**	2,715	**1,395**	2,715
Salary and social charges	**11,980**	12,334	**11,980**	12,334
Taxes liabilities	**466**	503	**466**	503
Loans and financing	**14,442**	17,238	**14,442**	17,238
Related parties	**109,063**	57,665	**109,063**	57,665
Other liabilities	**12,752**	12,750	**12,752**	12,750
	150,098	103,205	**150,098**	103,205

(b) Derivatives

In accordance with the accounting policies as set out in CPC 48 (IFRS 9) 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, 2020 and 2019, outstanding contracts Non-Deliverable Forwards (NDFs) were:

Type		**31.03.2020**	
	Nominal Amount	**Fair value (market value - R$)**	**Gain (Unrealized) 31.03.2020**
NDF – Assets			
Foreign currency – US$	**820**	**3,531**	**730**
Current assets			**730**
Non-current assets			**-**

Type		31.03.2019	
	Nominal Amount	Fair value (market value - R$)	Gain (Unrealized) 31.03.2019
NDF – Liabilities			
Foreign currency - US$	810	3,105	25
			25
Current assets			25
Non-current assets			-

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, 2020 and 2019 in the "Financial results" line.

14. Insurance coverage (unaudited)

At March 31, 2020 and 2019, insurance coverage taken out is considered sufficient by management to cover losses, if any. As these refer to immaterial amounts, they were not audited.

15. 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.

16. 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:

	31.03.2020	31.03.2019
Basic and diluted earnings per unit of interest		
Numerator		
Loss for the year attributed to Company unit of interest holders (in thousands of reais)	**(52,477)**	(53,780)
Denominator (in units of interest)		
Weighted average number of units of interest	118,270,118	118,270,118
Basic and diluted earnings (losses) per units of interest (in R$)	**(0.444)**	(0.455)

17. Commitments

a) **Guarantee letters**

At March 31 2020, the Company has a guarantee letter with Citibank an amount of KBRL23,959.

CITISOFT PLC

Directors
V N Nair
L Chidambaram
B B Pal
P V Migliore - appointed on 20 August 2019
T J Secaur - appointed on 20 August 2019

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

Business review

At a group level Citisoft comprises Citisoft Plc, its UK trading entity, and Citisoft Inc, a subsidiary company conducting business in North America. Citisoft Inc has maintained the strong growth over the last few years and has achieved revenue in 2020 of US$ 19,994,892 and loss of US$ 253,566 (2019: Revenue: US$ 20,359,319 and Loss of US$ 165,056) respectively for the same year end. Citisoft group accounts, however, are consolidated at the parent company level so the accounts herein reflect Citisoft Plc on a stand-alone basis. The final results show a consolidation of its position given the circumstances that prevailed during the year to 31st March 2020.

Citisoft in the UK continued to struggle to win new clients due to a combination of challenging market conditions, limitations presented by its current scale and lack of local senior management. The profile of the business currently limits its opportunities to win new deals over a certain size and where skill sets outside our current pool are required.

A number of significant focus areas for client discretionary spend in 2019 were outside the scope of services that Citisoft provided in the UK. This included the two significant regulatory initiatives in the UK and one global initiative. Namely Brexit (legal, regulatory, organisational, fund structure and re-domiciliation initiatives), the Senior Manager Certification Regime which affected all senior managers within the industry, and the LIBOR Transition. In addition, UK Investment Managers in this period experienced record levels of fund outflows (£17bn in 2019) which, when combined with pre-existing pressures on fees, impacted their revenues and resulted in lower overall allocations of investment spend to projects and, therefore, limited the opportunities for Citisoft.

The COVID-19 pandemic is ongoing, and all of the major UK Investment Management businesses are currently operating under Business Continuity Planning scenarios. This means that for at least the short-term, Investment Managers focus will be on maintaining a controlled Business As Usual environment. However, many UK Investment Managers have carried on with their project work where already in-flight. Opportunities remain for Citisoft to place resources into these initiatives. As businesses get used to working remotely, it is further anticipated that the appetite of Investment Managers to launch new projects will increase. Investment spend will start to be released. The gap between now and this happening is the ideal opportunity for Citisoft plc to renew and position itself for growth.

Citisoft has placed itself in a position to respond to the opportunities presented above by appointing David Higgins as Managing Director for Citisoft Plc, with the remit to lead and reinvigorate the UK practice. David has over 20 years' experience in Investment Management and Management Consulting, and joins with a significant UK based network.

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. The duration of the Covid-19 pandemic is unknown. However, this will build up a demand and need to tackle regulatory and market changes when it comes to an end. This, combined with changes to the vendor landscape, lead us to believe that the market will become increasingly active with more strategic change being instigated. The lack of previous investment in Citisoft Plc has led to a shrinkage in scale. However, we will look to reverse that trend to take advantage of the opportunities. 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.

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 in the short term, given the growing challenges in this market, we will be adding to our permanent headcount in advance of demand for our services.

Citisoft Plc and Citisoft Inc operates as a global firm and under the continued leadership of Paul Migliore as the Global CEO and Thomas Secaur as the Global COO. Significant progress has been made 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 28 April 2020 and signed on its behalf.

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P V Migliore
Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

The company's principal activity during the year continued to be that of providing advisory and delivery 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 and Canada. Citisoft operates worldwide from these three major financial jurisdictions with a primary focus on North America and the UK/EMEA.

Going concern

The company has sufficient 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 resulting from the emergence of Covid-19. The current economic conditions do create uncertainty over the level of demand for the company's services. However, with the appointment of David Higgins as Managing Director for Citisoft Plc with the remit to lead and reinvigorate the UK practice, 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 £47,099 (2019: profit of £88,452).

The results for the company for the year show a pre-tax loss of £57,855 (2019: profit of £108,269) on a turnover of £966,382 (2019: £1,282,690).

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 (2019: 30 days).

Directors

The directors who served during the year were:

V N Nair
L Chidambaram
B B Pal
P V Migliore (appointed 20 August 2019)
T J Secaur (appointed 20 August 2019)

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 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 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 2020 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 28 April 2020 and signed on its behalf.

....
P V Migliore
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITISOFT PLC

Opinion

We have audited the financial statements of Citisoft plc (the 'company') for the year ended 31 March 2020, 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 2020 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 300, 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.

Independent Auditors' Report to the Members of Citisoft plc (continued)

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.

As part of an audit in accordance with ISAs (UK), 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 of 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 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 audit.

Use of our report

This report is made solely to the company's members 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 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
1 May 2020

Statement of Income and Retained Earnings For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	**966,382**	1,282,690
Cost of sales		**(864,775)**	(1,003,755)
Gross profit		**101,607**	278,935
Administrative expenses		**(162,316)**	(171,511)
Operating (loss)/profit	5	**(60,709)**	107,424
Interest receivable and similar income	7	**2,989**	845
Interest payable and expenses	8	**(135)**	-
(Loss)/profit before tax		**(57,855)**	108,269
Tax on (loss)/profit	9	**10,756**	(19,817)
(Loss)/profit after tax		**(47,099)**	88,452
Retained earnings at the beginning of the year		**708,526**	620,074
		708,526	620,074
(Loss)/profit for the year		**(47,099)**	88,452
Retained earnings at the end of the year		**661,427**	708,526

See accompanying notes forming part of these financial statements

BALANCE SHEET

As at 31 March 2020	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	10		**4,057**		5,590
Investments	11		**505,793**		505,793
			509,850		511,383
Current assets					
Debtors: amounts falling due within one year	12	**167,889**		192,052	
Cash at bank and in hand		**576,830**		630,706	
		744,719		822,758	
Creditors: amounts falling due within one year	13	**(111,026)**		(143,499)	
Net current assets			**633,693**		679,259
Total assets less current liabilities			**1,143,543**		1,190,642
Net assets			**1,143,543**		1,190,642
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		**661,427**		708,526
			1,143,543		1,190,642

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2020.

....

P V Migliore
Director

See accompanying notes forming part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. 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 judgement 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 11.42, 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 2020 and these financial statements may be obtained from Tech Mahindra Limited at the address set out in note 17.

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.

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:

Office 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 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.

2.10 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.

2.11 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.

2.12 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 or loss.

2.13 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.

2.14 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.

2.15 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.

2.16 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. Judgements 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 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.

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.

Impact of Covid-19

During the year the incidence of Covid-19 developed into a global pandemic. The directors have assessed the impact of Covid-19 on the business at the balance sheet date and consider that the company's assets are expected to realise their carrying value in the ordinary course of business and that all known liabilities have been included. The company has not experienced any adverse impact on the demand for its services which continue to be provided to its customers with minimal disruption. Despite the worldwide uncertainty caused by Covid-19, and its potential to impact the company, the directors are confident that due to the nature of the company's customer base and its current financial strength, any potential detrimental effect on its business is not expected to be significant, and, indeed, could result in further business opportunities.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Rendering of services	**966,382**	1,282,690
	966,382	1,282,690

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	**225,450**	500,072
Europe	**232,050**	245,154
Rest of world	**508,882**	537,464
	966,382	1,282,690

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020	2019
	£	£
Exchange differences	**3,860**	(21,282)
Auditor's remuneration - The audit of the company's annual accounts	**9,200**	9,600
Auditor's remuneration - Other assurance and taxation services	**6,562**	4,085
Depreciation of tangible fixed assets	**1,533**	451

6. Employees

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	**270,709**	313,977
Social security costs	**30,140**	37,080
Cost of defined contribution scheme	**40,467**	43,016
	341,316	394,073

The average monthly number of employees, including the directors who are also employees, during the year was as follows:

	2020	2019
	No.	No.
Production	**2**	2
Administration and support	**1**	1
	3	3

7. Interest receivable

	2020	2019
	£	£
Interest income on bank deposits	**2,989**	785
Other interest receivable	**-**	60
	2,989	845

8. Interest payable and similar expenses

	2020	2019
	£	£
Other interest payable	**135**	-
	135	-

9. Taxation

Corporation tax

	2020	2019
	£	£
Current tax on profits for the year	**(10,756)**	19,775
Adjustments in respect of previous periods	-	42
	(10,756)	19,817
Total current tax	**(10,756)**	19,817
Deferred tax		
Total deferred tax	**-**	-
Taxation on (loss)/profit on ordinary activities	**(10,756)**	19,817

Factors affecting tax charge for the year

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

	2020	2019
	£	£
(Loss)/profit on ordinary activities before tax	**(57,855)**	108,269
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(10,992)**	20,571
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**368**	340
Capital allowances for year in excess of depreciation	**(700)**	(1,083)
Adjustments to tax charge in respect of prior periods	**-**	42
Non-taxable income	**568**	(11)
Other differences leading to an increase (decrease) in the tax charge	**-**	(42)
Total tax charge for the year	**(10,756)**	19,817

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 2019	**113,441**
At 31 March 2020	**113,441**
Depreciation	
At 1 April 2019	**107,851**
Charge for the year on owned assets	**1,533**
At 31 March 2020	**109,384**
Net book value	
At 31 March 2020	**4,057**
At 31 March 2019	**5,590**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	**505,793**
At 31 March 2020	**505,793**

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	**Principal activity**	**Class of shares**	**Holding**
Citisoft Inc*	Provision of management consultancy and implementation services to the asset management industry.	Ordinary	100%

*Citisoft Inc. is a company incorporated in the United States of America.

12. Debtors

	2020 £	2019 £
Trade debtors	**23,100**	71,070
Amounts owed by group undertakings	**109,967**	111,725
Other debtors	**33,782**	7,787
Prepayments and accrued income	**1,040**	1,470
	167,889	192,052

13. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	**53,334**	64,620
Amounts owed to group undertakings	**21,757**	21,757
Corporation tax	**-**	19,775
Other taxation and social security	**9,871**	15,276
Accruals and deferred income	**26,064**	22,071

	111,026	143,499

14. Share capital

Authorised, allotted, called up and fully paid	**2020** £	2019 £
8,430,752 (2019 - 8,430,752) Ordinary shares of £0.01 each	**84,308**	84,308
2,810,248 (2019 - 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. Related party transactions

The company has taken advantage of the exemption in Section 33 of FRS 102 from disclosing transactions with other wholly owned members of the group.

17. 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. Vikram Nair
Mr. Lakshmanan Chidamvaram
Mr. Thomas J. Secaur

Registered Office
343 Congress Street,
Boston, MA 02210 USA

Bankers
Bank of America

Auditors
Mocera, Hamlin Associates CPAs LLP

DIRECTORS' REPORT

TO THE SHAREHOLDERS

This report together with the audited accounts of Citisoft, Inc. for the year ended March 31, 2020 is given below.

Review of Operations:

During the year under review, Citisoft, Inc. has recorded an income of US$ 19,994,892 and Profit /(loss) after tax was US$ (270,707) excluding affiliates revenue and cost of revenue. 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, 2020.

Directors:

The directors who served during the year were as follows:

Mr. Vikram Nair

Mr. Lakshmanan Chidamvaram

Mr. Thomas J. Secaur

Outlook for the current year:

Business has been encouraging in US and the Company is cautiously optimistic of the future.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

Acknowledgements:

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

Mr. Thomas J. Secaur
Director
Place: Boston, SA
Date: 22-April-2020

INDEPENDENT AUDITOR'S REPORT

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, 2020 and 2019, and the related statements of operations, comprehensive loss 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, 2020 and 2019, 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 Hamlin Associates CPAs LLP
April 22, 2020

CITISOFT INC

BALANCE SHEETS AS AT MARCH 31, 2020 AND 2019

		2020		2019
Assets				
Current assets:				
Cash	$	2,502,707	$	3,291,207
Accounts receivable, trade, net of allowance for doubtful accounts of $297,000 and $15,000 in 2020 and 2019, respectively		3,730,548		3,369,144
Other receivables		5,380		3,450
Investments		651,074		689,901
Prepaid expenses		60,632		65,358
Refundable income taxes		329,109		199,576
Total current assets		**7,279,450**		**7,618,636**
Property and equipment, net of accumulated depreciation		157,449		204,396
Other assets:				
Deferred income taxes		270,043		365,756
Goodwill, net of accumlated amortization of $54,663 in 2020		491,970		546,633
Total other assets		**762,013**		**912,389**
Total assets	**$**	**8,198,912**	**$**	**8,735,421**
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	$	97,111	$	212,434
Accounts payable, affiliates		136,392		145,577
Accrued expenses		1,665,216		1,733,409
Total current liabilities		**1,898,719**		**2,091,420**
Deferred income taxes		186,673		221,622
Total liabilities		**2,085,392**		**2,313,042**
Stockholders' equity				
Common stock, $0.01 par value; 1,000 shares authorized and 1,000 shares issued and outstanding		10		10
Additional paid in capital		683,895		683,895
Accumulated other comprehensive income		30,900		69,052
Retained earnings		5,398,715		5,669,422
Total stockholders' equity		**6,113,520**		**6,422,379**
Total liabilities and stockholders' equity	**$**	**8,198,912**	**$**	**8,735,421**

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
Revenue		
Consulting revenue	$ 19,994,892	$ 20,359,319
Consulting revenue - affiliates	643,787	702,703
	20,638,679	**21,062,022**
Cost of revenue		
Cost of revenue	13,567,303	13,700,851
Cost of revenue - affiliates	643,787	702,703
	14,211,090	**14,403,554**
Gross profit	6,427,589	6,658,468
Selling, general and administrative expenses	6,767,382	6,881,687
Loss from operations	(339,793)	(223,219)
Other income (expense)		
Interest income, net	34,706	19,666
Realized gains on sale of investments	16,465	27,656
Goodwill impairment	-	(61,000)
Realized loss on foreign currency exchange	(12,849)	(5,051)
Total other income (expense), net	**38,322**	**(18,729)**
Loss before benefit from income taxes	(301,471)	(241,948)
Benefit from income taxes, net of ($17,140) and $7,446 for tax (benefit) provision on other comprehensive income in 2020 and 2019, respectively	(30,764)	(84,338)
Net loss	(270,707)	(157,610)
Other Comprehensive (loss) income		
Realized and unrealized (loss) gains on investments	(38,827)	51,676
Less: reclassification adjustment for realized loss (gain) included in net (loss) gain	(16,465)	(27,656)
Other comprehensive (loss) income	(55,292)	24,020
(Benefit from) provision for income tax on items related to other comprehensive (loss) income	(17,140)	7,446
Other comprehensive (loss) income, net of tax	(38,152)	16,574
Net comprehensive loss	$ (308,859)	$ (141,036)

STATEMENTS OF CHANGES IN STOCKHOLDERS ’ EQUITY YEARS ENDED MARCH 31, 2019 AND 2018

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at March 31, 2018	1,000	$ 10	$ 683,895	$ 52,478	$ 5,827,032	$ 6,563,415
Net loss	-	-	-	-	(157,610)	(157,610)
Other comprehensive income, net of tax	-	-	-	16,574	-	16,574
Balance at March 31, 2019	1,000	10	683,895	69,052	5,669,422	6,422,379
Net loss	-	-	-	-	(270,707)	(270,707)
Other comprehensive loss, net of tax	-	-	-	(38,152)	-	(38,152)
Balance at March 31, 2020	**1,000**	**$ 10**	**$ 683,895**	**$ 30,900**	**$ 5,398,715**	**$ 6,113,520**

STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2020 AND 2019

		2020		2019
Operating activities				
Net loss	$	**(270,707)**	$	(157,610)
Other comprehensive (loss) income, net of tax		**(38,152)**		16,574
Adjustments to reconcile net loss to net cash (used in)				
provided by operating activities:				
Depreciation and amortization		**111,365**		54,947
Bad debt expense		**282,000**		497,000
Goodwill impairment		**-**		61,000
Deferred income taxes		**60,764**		(86,756)
Realized loss (gains) from investments		**(16,465)**		(27,656)
Unrealized gains on investments		**55,292**		(24,020)
Changes in operating assets and liabilities:				
Accounts receivable, trade		**(643,404)**		(1,159,504)
Other receivables		**(1,930)**		23,569
Prepaid expenses		**4,726**		(3,906)
Accounts payable		**(115,323)**		141,704
Accounts payable, affiliate		**(9,185)**		35,185
Income taxes refundable		**(129,533)**		53,069
Accrued expenses		**(68,193)**		653,147
Net cash (used in) provided by operating activities		**(778,745)**		76,743
Investing activities				
Purchases of property and equipment		**(9,755)**		(26,513)
Net cash used in investing activities		**(9,755)**		(26,513)
(Decrease) increase in cash		**(788,500)**		50,230
Cash, beginning of period		**3,291,207**		3,240,977
Cash, end of period	$	**2,502,707**	$	3,291,207

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. as of and for the years ended March 31, 2020 and 2019. 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.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

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.

Recently Adopted Authoritative Guidance

During the year ended March 31, 2020, the Company adopted ASC Topic 606. "Revenue from Contracts with Customers", using the retrospective method. Management has analyzed the provisions of the FASB's ASC Topic 606 and have concluded that no changes are necessary to conform to the new standard.

Note 1 – Nature of Business, Basis of Presentation, and Summary of Significant Accounting Policies (Continued)

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.

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, 2020 and 2019.

The Company places its temporary cash investments in high credit financial institutions. However, portions of temporary cash investments may exceed FDIC insured levels. 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.

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 $297,000 and $15,000 was warranted as of March 31, 2020 and 2019, respectively.

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.

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, five years for furniture and fixtures and fifteen years for leasehold improvements. 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, 2020 and 2019, property and equipment, at cost, and accumulated depreciation consisted of the following:

		2020		2019
Cost	**$**	**562,345**	$	552,590
Less: accumulated depreciation		**(404,896)**		(348,194)
Net book value	**$**	**157,449**	$	204,396

Depreciation expense for the years ended March 31, 2020 and 2019 amounted to $56,702 and $54,947, 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, 2020 and 2019 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, 2019, 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 10% impairment charge totaling $61,000 was warranted. During the year ended March 31, 2020, the Company started amortizing goodwill on a straight line basis over a period of ten (10) years in accordance with ASC 350. For the year ended March 31, 2020, amortization expense amounted to $54,663.

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.

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 statements of operations and comprehensive loss.

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. The timing of revenue recognition is entirely over time as services are provided. Generally, billing occurs subsequent to revenue recognition, resulting in billed receivables, which have been recorded under accounts receivable, trade on the accompanying balance sheets.

Revenue by performance obligation for the years ended March 31, 2020 and 2019 is as follows:

Services Transferred Over Time	**2020**		2019	
	Consulting Revenue	**Consulting Revenue-Affiliates**	Consulting Revenue	Consulting Revenue-Affiliates
Strategic Assessment	**$ 1,992,262**	**$ -**	$ 1,882,576	$ -
Systems Strategy & Selection	**1,665,695**	**-**	2,089,310	
Systems Implementation	**9,328,585**	**643,787**	12,434,089	702,703
Program & Project Management	**3,408,085**	**-**	993,128	
Outsourcing Evaluation	**295,875**	**-**	309,115	
Outsourcing Transition	**1,289,824**	**-**	401,694	
Other Consulting Fees	**2,014,566**	**-**	2,249,407	
	$ 19,994,892	**$ 643,787**	$ 20,359,319	$ 702,703

Advertising Costs

The Company expenses the costs of advertising as incurred. Advertising costs for the years ended March 31, 2020 and 2019 amounted to approximately $137,000 and $148,000, respectively, and are included in selling, general and administrative expenses in the accompanying statements of operations and comprehensive loss.

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.

Note 1 – Nature of Business, Basis of Presentation, and Summary of Significant Accounting Policies (Continued)

Variable Interest Entities (continued)

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, 2020 and 2019.

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.

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. Accordingly, the Company has classified the deferred tax assets and liabilities as noncurrent in the accompanying balance sheets.

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, 2020 and 2019, 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, 2020 and 2019. 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.

Note 2 – Investments

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, 2020 and 2019. In addition, the Company did not have any transfers of assets and liabilities between levels 1, 2 and 3 during the years ending March 31, 2020 and 2019.

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, 2019	$ 689,901	$ 530,000	$ 159,901
March 31, 2020	**$ 651,074**	**$ 530,000**	**$ 121,074**

Note 3 – Accrued Expenses

Accrued expenses as of March 31, 2020 and 2019 consisted of the following:

	2020	2019
Employee bonus and vacation	**$ 752,778**	$ 909,124
Executive plan benefit	**590,657**	496,984
Canadian tax accrued on sales and services	**248,011**	247,436
Payroll taxes	**41,270**	48,265
Professional fees	**32,500**	31,600
	$ 1,665,216	$ 1,733,409

Note 4 – Income Taxes

The benefit from income taxes for the years ended March 31, 2020 and 2019 is comprised of the following:

	2020	2019
Current (benefit)provision:		
Federal	**$ (91,977)**	$ -
State	**(16,691)**	9,864
	(108,668)	9,864
Deferred provision (benefit):		
Federal	**49,556**	(66,765)
State	**11,208**	(19,991)
	60,764	(86,756)
Total	**$ (47,904)**	$ (76,892)

At March 31, 2019, the Company had net operating loss carry-forwards of approximately $551,000 and $296,000 for federal and state income tax purposes, respectively. As of March 31, 2020, net operating loss carryforwards for federal and state income tax purposes were either utilized in full or became available for carry-back to prior years with taxable income.

Note 4 – Income Taxes (Continued)

Significant components of activities that gave rise to the deferred tax assets and liabilities included in the financial statements are as follows:

		2020		2019
Deferred tax assets (liabilities) :				
Accrued expenses and allowance for doubtful accounts Net operating loss and charitable	**$**	**254,563**	$	195,894
contribution carryforward		**15,480**		169,862
		270,043		365,756
Depreciation and amortization		**(186,673)**		(221,622)
Net deferred tax assets	**$**	**83,370**	$	144,134

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon generating future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible.

As of March 31, 2020 and 2019, management believes a valuation allowance for any deferred tax assets is not necessary as the value of deferred tax assets are expected be realized through profitability in subsequent years.

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, 2020 and 2019 totaling $643,787 and $702,703, 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, 2020 and 2019, the Company was indebted to its parent company Citisoft Plc in the amount of $136,392 and $145,577 in connection with consulting support services.

Note 6 – Contingencies and Commitments

Real Estate Lease Agreement

The Company has an operating lease for its office premises 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 including maintenance costs for the years ended March 31, 2020 and 2019 amounted to approximately $269,000 and $264,000, respectively.

During the year ended March 31, 2019, the Company entered into an agreement to lease office space in Canada through October, 2019. As of March 31, 2020 the Company is a tenant-at-will and makes monthly rental payments of approximately $2,000. For the years ended March 31, 2020 and 2019, total rent expense amounted to $23,300 and $10,000, respectively.

The following is a schedule by years of future minimum rental payments required under the real estate lease agreement as of March 31, 2020:

Year Ended March 31,		**Amount**
2021	$	274,200
2022		45,850
Total minimum payments	$	320,050

Note 7 – Common Stock

As of March 31, 2020 and 2019, 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 and Vendors

During the years ended March 31, 2020 and 2019, approximately $6,790,000 and $5,400,000 of the Company's sales, excluding amounts billed for consulting revenue by affiliate, were to two customers. Amounts due from these customers and included in accounts receivable, trade, at March 31, 2020 and 2019 amounted to approximately $838,000 and $897,000, respectively.

As of March 31, 2020, the Company had incurred fees from one significant service provider amounting to approximately $411,600. Amounts due to this vendor and included in accounts payable, trade at March 31, 2020, amounted to approximately $19,950. As of March 31, 2019, the Company did not incur fees from significant service providers.

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, 2020 and 2019, there were no amounts contributed to the plan by the Company. Contributions accumulated under the Plan are invested in marketable securities and are carried at fair market value, which as of March 31, 2020 and 2019 amounted to $651,074 and $689,901, 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 (the "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 (received) for income taxes during the years ended March 31, 2020 and 2019 consists of the following:

	2020	2019
Income taxes, net	**$ 13,156**	$ (58,075)

Note 11 – Subsequent Event

In December 2019, a strain of coronavirus ("COVID-19") was reported and was declared a "Public Health Emergency of International Concern" by the World Health Organization. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and speed of the outbreak, impact on customers, employees, and vendors, all of which are uncertain and cannot be predicted. At the date the financial statements were available to be issued, the extent to which COVID-19 may impact the Company's financial conditions or results of operations was uncertain.

NTH DIMENSION LIMITED

DIRECTORS
Vikram Narayanan Nair
Vivek Agarwal
Sujit Baksi

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MK9 1AQ

AUDITORS
Butler & Co LLP
Chartered Accountants
Third Floor
126-134 Baker Street
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DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

The directors' report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies exemption.

Principal Activity

The company's principal activity is to provide IT Services to the Healthcare and Government sectors in the UK.

Dividends And Transfers To Reserves

No dividend was paid in the year. The directors do not recommend the payment of any final dividend in respect of the current financial year.

Directors

The directors who served throughout the year and to the date of this report, unless otherwise stated, were:

Sujit Baksi

Vikram Narayanan Nair

Vivek Agarwal

Going Concern

The Board of Directors reviewed the projected cash flow statement and also the letter of support received from its parent company viz., Tech Mahindra Limited. Based on these, the financial statements have been prepared on a going concern basis.

Directors' Responsibilities Statement

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), 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 accounting estimates that are reasonable and prudent; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the 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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

COVID 2019

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

Approved by the Board of Directors and signed on behalf of the Board

Vivek Agarwal
Director
Date:1st June, 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NTH DIMENSION LIMITED

Opinion

We have audited the financial statements of Nth Dimension Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and loss account, Balance Sheet, 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 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 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.

The impact of uncertainties due to the COVID19 pandemic on our audit

Uncertainties related to the effects of COVID19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future property and performance.

COVID19 is one of the most significant public health, social and economic event and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardise firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for the company and this is particularly the case in relation to COVID19.

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.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 327, 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 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sanjeev Phadke (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
Chartered Accountants & Statutory Auditor
Third Floor
126-134 Baker Street
London
W1U 6UE
Date:1st June, 2020

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Note	**Year Ended 31-Mar-20 £**	Year Ended 31-Mar-19 £
Turnover		**3,993,255**	4,021,747
Other Income		**63,626**	3,585
Cost of Sales		**-3,328,008**	-3,715,482
Gross Profit		**728,873**	309,850
Administrative Expenses		**-88,855**	-883,480
Operating Profit/ (Loss)		**640,018**	-573,630
Interest Payable		**-**	-12,054
Loss on ordinary activities before tax		**-640,018**	-585,684
Tax on ordinary activities / deferred tax		**120,725**	98,609
Profit /(Loss) on ordinary activities after tax		**519,293**	-487,075

BALANCE SHEET AS AT 31 MARCH 2020

Particulars	Note	**As at Mar-2020 £**	As at Mar-2019 £
NON-CURRENT ASSETS			
Deferred tax asset	4	**3,375**	3,375
Debtors	5	**204,000**	664,187
		207,375	667,562
CURRENT ASSETS			
Debtors	5	**808,828**	1,327,152
Prepayments	5	**221,486**	621,709
Cash at bank and in hand		**587,355**	137,572
		1,617,669	2,086,433
CREDITORS: amounts falling due within one year	6	**-1,018,354**	-2,037,598
NET CURRENT ASSETS		**599,315**	48,835
TOTAL ASSETS LESS CURRENT LIABILITIES		**806,690**	716,397
CREDITORS: amounts falling after one year	6	**-2,703,990**	-3,132,990
TOTAL ASSETS LESS LIABILITIES		**-1,897,300**	-2,416,593
CAPITAL AND RESERVES			
Called up share capital		**22**	22
Profit and loss account		**-1,897,322**	-2,416,615
SHAREHOLDERS' (DEFICIT) FUNDS		**-1,897,300**	-2,416,593

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.

The financial statements of Nth Dimension Limited, registered number 09593983, were approved by the board of directors and authorised for issue as on June 1, 2020

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Vivek Agarwal
1st June, 2020

Vikram Nair
1st June, 2020

NTH DIMENSION LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020

	Called up share capital £	Profit and loss account £	Total £
At 01 Apr 2019	22	(2,416,615)	(2,416,593)
Profit for the period	-	519,293	519,293
At 31 March 2020	22	(1,897,322)	(1,897,300)

NOTES TO THE FINANCIAL STATEMENTS FOR THW YEAR ENDED 31 MARCH 2020

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 326.

The average monthly number of employees (including executive directors) was 13 (Previous year 2017 – 18 – 16).

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.

Going concern

The financial statements have been prepared on a going concern basis which assumes that adequate resources will be available to the company in the foreseeable future.

The Board reviewed the latest cash flow forecast for the immediate 12 months and they do not foresee any cash flow issues. The financial statements therefore do not include the adjustments that would result if the company was unable to continue as a going concern.

Since the financial year end, there are uncertainties relating to the COVID19 pandemic. The directors have analysed how the risk might affect the company financial resources and ability to continue operations and have nothing to report in this respect. No provisions have been made in the financial statements.

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.

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.

Share Capital

Ordinary shares are classified as equity. Mandatorily redeemable Preference shares are classified as liabilities.

Borrowings

Redeemable Preference shares

Preference shares which are mandatorily reedemable on a specific date are classified as liabilities. The dividends on these shares are taken to Profit and loss acccount as finance expense.

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 2020 £	Year ended 31 March 2019 £
(Loss) profit before taxation is stated after charging:		
Auditor's remuneration for audit related assurance services	6,460	6,200
Foreign currency profit / (losses)	(31,428)	(16,920)

4. DEFERRED TAX ASSET

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
At 1 April 2019	3,375	3,375
Deferred tax charged to profit and loss account for the year	-	-
At 31 March 2020	3,375	3,375

The amounts of deferred tax provided in the accounts are as follows:

	2020 £	2019 £
Temporary timing differences	**3,375**	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.

5. DEFERRED TAX ASSET

There is a potential deferred tax asset of £8,640 (2019 - £312,215) 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.

6. DEBTORS

	2020 £	2019 £
Due within one year:		
Trade debtors	798,998	1,290,792
Other debtors	9,830	36,360
Prepayments and accrued income	221,486	621,709
	1,030,314	**1,948,861**
Due after one year:		
Trade debtors	204,000	633,000
Prepayments and accrued income	0	31,187
	204,000	**664,187**

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.

7. CREDITORS

Amounts falling due within one year:

	2020 £	2019 £
Trade creditors	15,615	242,182
Amounts owed to group undertakings	435,843	1,231,061
Corporation tax	306,950	186,225
Other taxes and social security	112,817	13,478
Accruals and deferred income	147,129	364,652
	1,018,354	**2,037,598**

Amounts due after more than one year:

	2020 £	2019 £
Amounts owed to group undertakings	204,000	633,000
Redeemable preference shares **(Note 7)**	2,499,990	2,499,990
	2,703,990	**3,132,990**

8. CREDITORS (continued)

Amounts owed to group undertakings are not secured against any assets. Amounts owed to group undertakings relate to £204,000 (2019: £ 633,000) for trading activities with the balance due to financing arrangements. Interest is payable on the amounts owed to group undertakings at a fixed rate of 3% (2018: LIBOR +1.00%) on the principal amount.

9. PREFERENCE SHARES

On 15 May 2017, the company filed with UK Companies House for allotment of 2,499,990 Preference Shares of £1 each, amounting to £ 2,499,990. The preference shares were issued to Tech Mahindra Limited, holding company. The preference shares were not paid up as on 31st March 2018. The preference shared were fully paid up on 5th July 2018.

The preference shares carry a fixed cumulative cash preferential dividend at annual rate of 3% of the issue price per preference share in issue and to be paid on 31 December. The shares may be redeemed by the Investor, upon serving of Investor Redemption notice to the company, on or after the date of the fifth anniversary of the issue.

10. 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 £Nil (Previous year - £386,215) 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 £Nil (Previous year - £191,986).

11. CONTINGENT LIABILITY

In March /April 2019, 3 ex directors and employees of the company filed a claim of unfair dismissal against the company with the London Central Employment tribunal. They have claimed an amount to the tune of ~ £780,000 from the company towards compensation. As of date, detailed particulars of the claim have not been communicated to the company.

The directors of the company are of the view that the company had valid reasons for termination of employment of the persons concerned and as such do not acknowledge that the claim has any merit and that any debt arises for the company. The directors have decided to contest the claims as when the details of the proceedings are received.

Therefore, in the opinion of the directors, no provision is required in the accounts in respect of the amount of claim, legal costs and damages.

12. 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

VCUSTOMER PHILIPPINES, INC.

Board of Directors
Mr. Anand Achuthan
Mr. Narinder Singh Sethi
Ms. Lynette De Guzman
Ms. Jeane R.T Montes

Registered Office
3rd Floor eCommerce Plaza,
Eastwood City Cyberpark, Bagumbayan,
Quezon City Philippines 1110

Bankers
UNION BANK OF THE PHILIPPINES

Auditors
R.G. MANABAT & CO.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of vCustomer Philippines, Inc. (vCPI) for the year ended March 31, 2020.

Financial Results (PHP):

For the years ended	**March 31, 2020**	March 31, 2019
Revenue	**396,719,029**	393,817,830
Profit	**26,330,390**	29,314,511

Review of Operations:

For the fiscal year ended March 31, 2020, vCPI reported revenue amounted to PHP 396,719,029, an increase of PHP 2,901,199 over the last reporting year ended March 31, 2019. Profit/Loss for the fiscal year ended March 31, 2020 amounted to PHP 26,330,390, 11% decrease over the last reporting year.

Future Plans and Appropriations:

vCPI made a reversal of the Appropriated Retained Earnings of PHP 260,000,000 million intended for the expansion projects due to the completion of the said projects. Additional appropriation of PHP 285,000,000 million from its current retained earnings as at March 31, 2020 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2019 until 2021. vCPI is expecting engagement of additional account/clients and increase and employee headcount.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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
Director/Chief Finance Officer

Date: May 15, 2020

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
vCustomer Philippines, Inc. and a Subsidiary
3rd Floor, eCommerce Plaza, Eastwood Cyberpark
Quezon City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **vCustomer Philippines, Inc. and a Subsidiary** (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with 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 consolidated 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.

Other Matters

The accompanying consolidated financial statements of the Group as at and for the year ended March 31, 2019 were audited by another auditor who expressed an unqualified opinion on those statements on May 14, 2019.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 the Group's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 PSAs 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 consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. We remain solely responsible for our audit opinion.

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.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 1387-AR-1, Group A, valid until May 31, 2020
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8116763
Issued January 2, 2020 at Makati City

May 29, 2020
Makati City, Metro Manila

VCUSTOMER PHILIPPINES, INC.

REPORT OF INDEPENDENT AUDITORS

TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING

WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and Board of Directors
vCustomer Philippines, Inc. and a Subsidiary
3rd Floor, eCommerce Plaza, Eastwood Cyberpark

Quezon City

We have audited the accompanying consolidated financial statements of vCustomer Philippines, Inc. and a Subsidiary (the Group) as at and for the year ended March 31, 2020, on which we have rendered our report dated May 29, 2020.

In compliance with Revised Securities Regulation Code (SRC) Rule 68, we are stating that the said Group has one (1) stockholder owning more than one hundred (100) shares each.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 1387-AR-1, Group A, valid until May 31, 2020
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8116763
Issued January 2, 2020 at Makati City

May 29, 2020
Makati City, Metro Manila

CONSOLIDATED STATEMENT OF FINANCIAL POSITION MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	6, 21	**P412,193,780**	P527,723,231
Trade and other receivables	7, 13, 21	**155,185,304**	86,688,630
Refundable deposits - current portion	11, 21	**118,000**	70,000
Prepaid expenses and other current assets	8	**21,075,205**	16,909,611
Total Current Assets		**588,572,289**	631,391,472
Noncurrent Assets			
Property and equipment - net	9	**271,415,546**	67,125,271
Right-of-use assets - net		**405,788,630**	-
Intangible assets - net	10	**7,778**	234,479
Refundable deposits - net of current portion	11, 21	**40,604,028**	22,809,195
Other noncurrent asset	8	**17,819,895**	5,410,963
Total Noncurrent Assets		**735,635,877**	95,579,908
		P1,324,208,166	P726,971,380
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12, 21	**P137,225,315**	P96,237,745
Lease liabilities - current portion	17, 21	**91,657,165**	-
Income tax payable		**6,782,230**	4,774,746
Total Current Liabilities		**235,664,710**	101,012,491
Noncurrent Liabilities			
Lease liabilities - net of current portion	17, 21	**345,216,410**	-
Retirement benefits obligation	18	**28,302,129**	9,805,355
Deferred tax liability	20	**68,379**	286,636
Total Noncurrent Liabilities		**373,586,918**	10,091,991
Total Liabilities		**609,251,628**	111,104,482
Equity			
Share capital	14	**9,500,000**	9,500,000
Additional paid-in capital	14	**156,044**	156,044
Retained earnings		**659,074,652**	567,436,008
Cumulative remeasurement gain on retirement benefits	18	**46,225,842**	38,774,846
Total Equity		**714,956,538**	615,866,898
		P1,324,208,166	P726,971,380

See Notes to the Consolidated Financial Statements.

VCUSTOMER PHILIPPINES, INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	**2020**	2019
SERVICE REVENUE	13	**P1,440,158,143**	P1,066,180,176
COST OF SERVICES	15	**884,863,487**	650,655,586
GROSS INCOME		**555,294,656**	415,524,590
OPERATING EXPENSES	16	**391,340,535**	319,641,284
INCOME FROM OPERATIONS		**163,954,121**	95,883,306
OTHER INCOME (CHARGES)			
Foreign exchange gain (loss)		**(18,020,024)**	6,122,380
Interest expense	3, 17	**(17,699,304)**	-
Interest income	6	**386,049**	366,795
Others	9, 12	**12,669,644**	7,194,631
		(22,663,635)	13,683,806
INCOME BEFORE INCOME TAX		**141,290,486**	109,567,112
PROVISION FOR INCOME TAXES	19	**15,499,643**	14,164,176
NET INCOME		**125,790,843**	95,402,936
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement gain (loss) on retirement benefits	18	**7,450,996**	(1,072,998)
TOTAL COMPREHENSIVE INCOME		**P133,241,839**	P94,329,938

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	2020	2019
SHARE CAPITAL	14	**P9,500,000**	P9,500,000
ADDITIONAL PAID-IN CAPITAL	14	**156,044**	156,044
RETAINED EARNINGS			
Appropriated			
Balance at beginning of year		**561,000,000**	464,000,000
Appropriation for business expansion	14	**655,000,000**	561,000,000
Reversal of appropriation	14	**(561,000,000)**	(464,000,000)
Balance at end of year		**655,000,000**	561,000,000
Unappropriated			
Balance at beginning of year		**6,436,008**	8,033,072
Effect of adoption of PFRS 16	4	**(34,152,199)**	-
Adjusted balance as at April 1, 2019		**(27,716,191)**	8,033,072
Net income during the year		**125,790,843**	95,402,936
Appropriation for business expansion	14	**(655,000,000)**	(561,000,000)
Reversal of appropriation	14	**561,000,000**	464,000,000
Balance at end of year		**4,074,652**	6,436,008
		659,074,652	567,436,008
CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS			
Item that will not be reclassified subsequently to profit or loss			
Balance at beginning of year		**38,774,846**	39,847,844
Remeasurement gain (loss) during the year	18	**7,450,996**	(1,072,998)
Balance at end of year		**46,225,842**	38,774,846
		P714,956,538	P615,866,898

See Notes to the Consolidated Financial Statements.

VCUSTOMER PHILIPPINES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P141,290,486**	P109,567,112
Adjustments for:			
Depreciation and amortization	9, 10	**158,218,964**	58,239,070
Retirement benefits cost	18	**27,200,441**	3,348,844
Interest expense on lease liabilities		**17,699,304**	-
Write-off of payables	12	**(12,669,644)**	(7,194,631)
Unrealized foreign exchange gain - net		**(1,368,342)**	(5,732,717)
Interest income	6	**(386,049)**	(366,795)
Operating profit before working capital changes		**329,985,160**	157,860,883
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables		**(68,496,674)**	19,745,878
Prepaid expenses and other current assets		**(4,165,594)**	10,169,260
Refundable deposits		**(17,842,833)**	34,014,580
Other noncurrent asset		**(12,408,932)**	-
Increase in trade and other payables		**57,684,992**	4,690,073
Cash generated from operations		**284,756,119**	226,480,674
Income taxes paid		**(13,710,416)**	(14,118,107)
Retirement benefits paid		**(1,252,671)**	(11,857,624)
Interest received	6	**386,049**	366,795
Net cash generated from operating activities		**270,179,081**	200,871,738
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisitions of property and equipment	9	**(283,609,571)**	(60,096,996)
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of lease liabilities	17	**(103,467,303)**	-
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**1,368,342**	5,747,477
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(115,529,451)**	146,522,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	**527,723,231**	381,201,012
CASH AND CASH EQUIVALENTSAT END OF YEAR	6	**P412,193,780**	P527,723,231

See Notes to the Consolidated Financial Statements.

1. Reporting Entity

vCustomer Philippines, Inc. (the "Parent Company") was registered with the Securities and Exchange Commission (SEC) on February 24, 2010. The primary purpose of the Parent 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; and, 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 programs, direct marketing activities, database management, back office support and all internet and web related work.

The Parent Company is a wholly-owned subsidiary of Tech Mahindra Limited (the "Ultimate Parent"), a corporation organized and existing under the laws of India. The Parent Company's registered business address is at 3rd Floor, eCommerce Plaza, Eastwood Cyberpark, Quezon City.

The consolidated financial statements include the accounts of the Parent Company and its wholly-owned subsidiary, vCustomer Philippines (Cebu), Inc. (the "Subsidiary"), which is incorporated in the Philippines (collectively referred to as "the Group"). The Subsidiary is engaged in the same business as the Parent Company.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

Details of the Group's accounting policies are included in Note 4.

This is the first set of the Group's consolidated financial statements in which PFRS 16, Leases has been applied.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis of accounting except for retirement benefits obligation which is recognized at the present value of the defined benefits obligation.

Functional and Presentational Currency

These consolidated financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Group operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

Authorization for the Issuance of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as of and for the year ended March 31, 2020 was authorized for issue by the Board of Directors (BOD) on May 15, 2020.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group'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 consolidated financial statements.

Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has determined to be the Philippine Peso.

The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the Group's cost of operation, and in effect, its revenue.

Determination of Term and Discount Rate of Lease Arrangements

Where the Group is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Group as lessee, management uses the incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

The Group normally considers in the assessment whether there are significant penalties to terminate, significant remaining value of leasehold improvements and historical lease durations, the costs and business disruption for replacing the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control.

Key Sources of Estimation Uncertainties

The following are 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.

Impairment of Property and Equipment

The Group assesses at the end of each reporting period whether there is any indication that its property and equipment is impaired. The factors that the Group considers important which could trigger an impairment review include the following:

§ significant underperformance relative to the expected historical or projected future operating results;

§ significant changes in the manner of use of the acquired assets or the strategy for overall business; and

§ significant negative industry or economic trends.

Management assessed that there are no indicators of impairment affecting the noncurrent financial assets as at March 31, 2020 and 2019.

As at March 31, 2020 and 2019, the carrying amount of property and equipment amounted to P271,415,546 and P67,125,271, respectively (see Note 9).

Estimating Retirement Benefits Obligation

The present value of the retirement benefits obligation depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits liability. Other key assumptions include future salary, mortality and attrition. Additional information is disclosed in Note 18.

Retirement benefits obligation amounted to P28,302,129 and P9,805,355 as at March 31, 2020 and 2019, respectively.

Provisions and Contingencies

The recognition of provisions on claims requires estimates and judgment regarding the timing and the amount of outflow of resources. Assessment's supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

As at March 31, 2020 and 2019, the Group's provision for probable losses amounted to nil and P27,267,629, respectively (see Note 11).

4. Adoption of New Standards, Amendments to Standards and Interpretations

Adoption of New Standards and Interpretations

The Group has adopted the following new standards and amendments to standards starting April 1, 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- PFRS 16 supersedes PAS 17, Leases and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were also introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019 with several transition approaches and individual options and practical expedients that can be elected independently of each other. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

  The Group applied PFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019. Accordingly, the comparative information presented for the prior year is not restated - i.e. it is presented, as previously reported, under PAS 17 and related interpretations. The disclosure requirements of PFRS 16 have not generally been applied to comparative information.

  The impact of the changes are as follows:

  Definition of a Lease

  Previously, the Group determined at contract inception whether an arrangement contained a lease under IFRIC 4, Determining Whether and Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on a definition of a lease, under PFRS 16.

  On transition to PFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied PFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under PAS 17 and IFRIC 4 were not reassessed for whether there is a lease under PFRS 16. Therefore, the definition of lease under PFRS 16 was applied only to contracts entered or changed on or after April 1, 2019.

  As a Lessee

  Previously, the Group classified its leases as operating leases under PAS 17 wherein leases are classified as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. On transition of these leases, the Group recognize right-of-use (ROU) assets and lease liabilities - i.e. these leases are on-balance sheet. The lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019. ROU assets are measured retrospectively using transition discount rate.

  The Group has tested its ROU assets for impairment on the date of transition and has concluded that there is no indication that the ROU assets are impaired.

  The Group use a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Group:

  - did not recognize ROU assets and liabilities for leases which the lease term ends within 12 months from the date of initial application;
  - did not recognize ROU assets and liabilities for leases of low value assets;
  - excluded initial direct costs from the measurement of ROU assets at the date of initial application; and
  - use hindsight when determining the lease term.

The table below summarizes the impact of transition to PFRS 16 on April 1, 2019.

	Impact of Adopting PFRS 16 at April 1, 2019
ROU assets	P206,794,700
Lease liabilities	240,946,899
Retained earnings	34,152,199

When measuring lease liability for lease that was classified as operating lease, the Group discounted lease payments using the average incremental borrowing rate of 5% at April 1, 2019.

	April 1, 2019
Operating lease commitment at March 31, 2019 as disclosed in the Group's financial statements	P264,545,626
Discounted using the incremental borrowing rate at April 1, 2019	P240,946,899
Recognition exemption for:	
- short-term leases	-
- leases of low-value assets	-
Lease liabilities recognized as at April 1, 2019	P240,946,899

The following table summarizes the impact of adopting PFRS 16 on the Group's consolidated statement of financial position as at March 31, 2020 and consolidated statement of comprehensive income for the year then ended for each of the line items affected.

Consolidated Statement of Financial Position

	Note	**Amounts Without Adoption of PFRS 16**	**Adjustments**	**As Reported**
Assets				
ROU assets		P -	P488,489,375	**P488,489,375**
Accumulated depreciation			(82,700,745)	**(82,700,745)**
ROU - net	17		P405,788,630	**P405,788,630**
Liabilities				
Lease liabilities	17	P -	P436,873,575	**P436,873,575**

Consolidated Statement of Comprehensive Income

	Note	**Amounts Without Adoption of PFRS 16**	**Adjustments**	**As Reported**
Assets				
Depreciation and amortization	15, 16	P64,460,924	P93,758,040	**P158,218,964**
Interest expense	17	-	17,699,304	**17,699,304**
Rent expense		81,479,955	(81,479,955)	**-**
Total effect on net income		P145,940,879	P29,977,389	**P175,918,268**

Consolidated Statement of Cash Flows

On transition to PFRS 16, the Group has classified:

- Cash payments for the principal portion of lease payments as financing activities;
- Cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group;
- Short-term lease payments and payments for leases of low value assets as operating activities.

- Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments clarifies how to apply the recognition and measurement requirements in PAS 12, Income Taxes when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Group's chosen tax treatment. If it is not probable that the tax authority will accept the Group's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change – e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

- Prepayment Features with Negative Compensation (Amendments to PFRS 9, Financial Instruments)

  The amendments cover the following areas:

  - Prepayment features with Negative Compensation. The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or fair value through other comprehensive income irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for that early termination.
  - Modification of Financial Liabilities. The amendment to the Basis for Conclusions on PFRS 9, Financial Instruments, clarifies that the standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e. the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in profit or loss.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after April 1, 2019. However, the Group has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

Effective January 1, 2020

- Amendments to References to Conceptual Framework in PFRS Standards sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

  These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

d) clarifying the explanatory paragraphs accompanying the definition; and

e) aligning the wording of the definition of material across PFRS Standards and other publications.

The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

5. Significant Accounting Policies

The Group has consistently applied the accounting policies to all years presented in these consolidated financial statements, unless otherwise stated.

Consolidation

The consolidated financial statements incorporate the financial amounts of the Parent Company and its subsidiary. A subsidiary is an entity over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Unrealized losses on intragroup transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

The significant accounting policies and practices applied in the preparation of these consolidated financial statements are set forth to facilitate the understanding of data presented in these consolidated financial statements. These policies have been consistently applied to all years presented unless otherwise stated.

Financial Instruments

Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Group transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date that the asset is delivered to or by the Group). At initial recognition, the Group measures its financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as fair value through profit or loss, includes transaction costs.

After initial recognition, the Group classifies its financial assets as subsequently measured at either i) amortized cost, ii) fair value through other comprehensive income or iii) fair value through profit or loss on the basis of both:

The Group's business model for managing the financial assets.

The contractual cash flow characteristics of the financial asset.

Subsequent to initial recognition, financial assets are measured as described below. At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses.

If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) 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.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

Financial assets at amortized cost are classified as current assets when the Group expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents, trade and other receivables and refundable deposits are generally included in this category.

Cash includes cash on hand, cash in banks and cash equivalents.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Group classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition.

Financial Liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Group's obligations specified in the contract expire or are discharged or cancelled.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group generally classifies all financial liabilities as subsequently measured at amortized cost.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables and lease liabilities are generally included in this category.

Prepaid Expenses and Other Current Assets

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.

Other current assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Prepaid expenses and other current assets are classified in the statements of financial position as current asset when the cost of services related to the prepaid expenses and other current assets are expected to be incurred within one year or the Group'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 Group. 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	3 or lease term, whichever is shorter

Leasehold improvements are amortized 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 the profit or loss.

At the end of each reporting period, the Group assesses whether there is any indication that any of its property and equipment is impaired. 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 Group 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.

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.

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.

Share Capital

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 Group. Retained earnings and deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group 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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Employee Benefits

Short-Term Benefits

The Group 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 Group 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), are reflected immediately in the consolidated 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 benefits liability or asset.

Defined benefits 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 Group presents the first two components of defined benefits costs in profit or loss in the line item ‘retirement benefits costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefits obligation recognized in the consolidated statements of financial position represents the liability of the Group for its post-employment benefits.

Compensated Leave Credits

The Group’s net obligation in respect of accumulated leaves is the amount of future benefit that employees have earned in return for their services in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Revenue Recognition

The Group identifies each distinct performance obligation to transfer services. The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring the control of services to the customer. The transaction price is the amount of consideration the Group expects to receive under the arrangement. The Group concluded that it is acting as principal for its revenue arrangement.

Sale of Services

The Group provides services assistance to its Parent Group in the ordinary course of business. Such services are recognized as a performance obligation satisfied over time.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or increase of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Leases

The Group has applied PFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under PAS 17 and IFRIC 4. The details of accounting policies under PAS 17 and Philippine Interpretation IFRIC 4 are disclosed separately if they are different from those under PFRS 16, including the impact of changes.

Policy Applicable from April 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

As a Lessee

The Group recognizes a ROU assets and a lease liabilities at the lease commencement date. The ROU assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove or restore the underlying asset or the site on which it is located, less any incentives received.

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

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. This are remeasured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU assets or is recorded in profit or loss if the carrying amount of the ROU assets has been reduced to zero.

Policy Applicable before April 1, 2019

For contracts entered into before April 1, 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether fulfilment of the arrangement was dependent on the use of a specific asset or assets, and the arrangement had conveyed a right to use the asset.

Under PAS 17

In the comparative period, as a lessee the Group classified leases that retain substantially all of the risks and rewards of ownership as operating leases. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense over the term of the lease.

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 Group and a related party, regardless of whether a price is charged.

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. In considering each possible related party relationships, attention is directed to the substance of the relationship, and not merely the legal form.

Income Taxes

Income tax expense recognized in the consolidated statements of comprehensive income of the Group represents the current tax expense and deferred tax expense.

Under the Group's registration with the PEZA pursuant to the provisions of R.A. No. 7916, The Special Economic Zone Act of 1995, the Group is subject to 5% final tax on gross income from PEZA-registered activities in lieu of payment of national and local taxes.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, Provisions, Contingent Liabilities and Contingent Assets unless they are dealt with specifically in another standard.

If there is uncertainty about an income tax treatment, then the Group considers whether it is probable that a tax authority will accept the Group's tax treatment included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information.

Current Tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated 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 Group'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% or exempt when the activities are included under income tax holiday.

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.

Events After the Reporting Period

The Group 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 consolidated financial statements are authorized for issue. The consolidated financial statements of the Group 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 consolidated notes to financial statements when material.

6. Cash and Cash Equivalents

This account consists of:

	Note	2020	2019
Cash on hand	5	**P120,000**	P90,000
Cash in banks	5, 21	**184,463,780**	213,723,231
Time deposits	5, 21	**227,610,000**	313,910,000
		P412,193,780	P527,723,231

Interest income on cash in banks and time deposits amounted to P386,049 in 2020 and P366,795 in 2019.

7. Trade and Other Receivables

This account consists of:

	Note	2020	2019
Trade receivables	13, 21	**P152,039,122**	P85,460,229
Advances to employees		**3,146,182**	1,228,401
		P155,185,304	P86,688,630

Trade receivables have an average credit terms of 60 days.

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2020	2019
Prepaid insurance	**P14,782,450**	P9,324,745
Advances to suppliers	**-**	2,355,495
Prepaid management services	**2,405,605**	2,405,605
Others	**3,887,150**	2,823,766
	P21,075,205	P16,909,611

Prepaid insurance pertains to the unamortized payments for the Health Maintenance Organization (HMO) coverage of the Group's employees. As at March 31, 2020, the HMO coverage is until November 30, 2021 and the noncurrent portion amounting to P11,863,007 is presented under "Other noncurrent assets" account in the consolidated statement of financial position.

Advances to suppliers mainly pertains to advance payment for payroll software.

Prepaid management services pertain to the payments made in advance by the Parent Company to Cloudwave for services such as recording of calls, media storage, multimedia work routing, etc. As at March 31, 2020 and 2019, the noncurrent portion amounting to P3,005,358 and P5,410,963, respectively, is presented under "Other noncurrent assets" account in the consolidated statement of financial position.

Others include payment for the Group's program management services, advance payment for maintenance, advertising, subscription, transportation and travel, and membership fees of the Group.

9. Property and Equipment

The movements in this account are as follows:

2020	Note	**Leasehold Improvements**	**Office Equipment**	**Communication Equipment**	**Furniture and Fixtures**	**Total**
Cost						
Balance at beginning of year		**P171,581,226**	**P174,431,905**	**P112,933,281**	**P24,248,267**	**P483,194,679**
Additions		**173,353,356**	**93,708,316**	**16,171,064**	**376,835**	**283,609,571**
Derecognition	18	**(5,000,000)**	**-**	**-**	**-**	**(5,000,000)**
Balance at end of year		**339,934,582**	**268,140,221**	**129,104,345**	**24,625,102**	**761,804,250**
Accumulated Depreciation						
Balance at beginning of year		**165,693,442**	**138,985,306**	**87,765,895**	**23,624,765**	**416,069,408**
Depreciation		**24,626,621**	**35,613,733**	**14,655,032**	**396,132**	**75,291,518**
Derecognition	18	**(972,222)**	**-**	**-**	**-**	**(972,222)**
Balance at end of year		**189,347,841**	**174,599,039**	**102,420,927**	**24,020,897**	**490,388,704**
Net Carrying Value		**P150,586,741**	**P93,541,182**	**P26,683,418**	**P604,205**	**P271,415,546**

2019	Leasehold Improvements	Office Equipment	Communication Equipment	Furniture and Fixtures	Total
Cost					
Balance at beginning of year	P165,607,954	P143,658,544	P90,018,336	P23,812,849	P423,097,683
Additions during the year	5,973,272	30,773,361	22,914,945	435,418	60,096,996
Balance at end of year	171,581,226	174,431,905	112,933,281	24,248,267	483,194,679
Accumulated Depreciation					
Balance at beginning of year	146,603,713	116,635,416	71,869,591	22,989,993	358,098,713
Depreciation	19,089,729	22,349,890	15,896,304	634,772	57,970,695
Balance at end of year	165,693,442	138,985,306	87,765,895	23,624,765	416,069,408
Net Carrying Value	P5,887,784	P35,446,599	P25,167,386	P623,502	P67,125,271

The depreciation is presented as part of the following:

	Note	**2020**	2019
Cost of services	15	**P64,714,712**	P50,077,183
Operating expenses	16	**10,576,806**	7,893,512
		P75,291,518	P57,970,695

10. Intangible Assets

Intangible assets pertain to capitalized computer software. The movements in the intangible assets account are as follows:

	Note	**2020**	2019
Cost			
Balance at beginning and end of year		**P2,483,438**	P2,483,438
Accumulated Depreciation			
Balance at beginning of year		**2,248,959**	1,980,584
Amortization during the year	16	**226,701**	268,375
Balance at end of year		**2,475,660**	2,248,959
Net Carrying Value		**P7,778**	P234,479

The amortization is presented as part of the following:

	Note	2020	2019
Cost of service	15	**P147,605**	P -
Operating expense	16	**79,096**	268,375
		P226,701	P268,375

11. Refundable Deposits

This account consists of:

	Note	2020	2019
Rental deposits	17	**P40,246,548**	P22,403,715
Utility deposits		**475,480**	475,480
Guaranty deposit		**27,267,629**	27,267,629
		67,989,657	50,146,824
Allowance for probable losses	16	**(27,267,629)**	(27,267,629)
		40,722,028	22,879,195
Current portion		**(118,000)**	(70,000)
		P40,604,028	P22,809,195

Guaranty deposit pertains to the surety bond made to Department of Labor and Employment - National Labor Regulations Commission.

12. Trade and Other Payables

This account consists of:

	Note	2020	2019
Trade payable	21	**P35,211,571**	P20,345,558
Salaries payable	21	**66,195,754**	57,342,419
Accrued expenses	21	**22,720,198**	12,116,313
Payable to government agencies		**7,802,240**	4,928,346
Withholding taxes		**5,125,911**	1,470,043
Sales tax payable		**169,641**	-
Fringe benefit tax payable		**-**	35,066
		P137,225,315	P96,237,745

Trade payables are normally on a 30-to-90-day credit terms.

The Group derecognized portion of salaries payable relating to long-outstanding unclaimed last pay of separated employees which the legal right to claim prescribed amounting to P12,669,644 in 2020 and P7,194,631 in 2019. These are presented as “Other income (charges)” in the consolidated statements of comprehensive income.

Accrued expenses consist of electricity, legal fees, security services, consultancy, outside services, provision for leave encashment, etc. which are individually insignificant.

13. Related Party Transactions

The summary of the Group’s transactions and outstanding balances with related parties as at and for the years ended March 31, 2020 and 2019 are as follows:

			Outstanding Balance			
Category/ Transaction	**Year**	**Note**	**Amount**	**Trade Receivables**	**Terms**	**Conditions**
Ultimate Parent						
Service revenue	2020	7	P1,440,158,143	P152,039,122	60 days; non- interest bearing	Unsecured; no impairment
	2019	7	P1,066,180,176	P85,469,229		

The Group entered into Service Agreements 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); telephone 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 through contact center representatives and such other functions as may be required in relation to the performance of its support function. 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.

Compensation of key management for the years ended March 31, 2020 and 2019 is as follows:

	2020	2019
Salaries	**P79,252,401**	P47,403,540
Allowance	**2,240,158**	1,233,500
Other employee benefits	**15,196,035**	12,197,432
	P96,688,594	P60,834,472
Retirement benefits costs	**P11,373,216**	P1,258,274

Other employee benefits include 13th month pay, performance bonus, leave encashment and other short-term benefits.

There are no other related party transactions.

14. Equity

Components of share capital are as follows:

	2020	2019
Authorized 1,000,000, issued, fully paid and outstanding: 950,000 ordinary shares - P10 par value	**P9,500,000**	P9,500,000

On March 31, 2020, the BOD approved an additional appropriation of P655,000,000 from the current retained earnings as at March 31, 2020 for business expansion projects from 2020 until 2023. Also, on the same date, the BOD approved the reversal of the P561,000,000 appropriation in 2019.

On March 31, 2019, the BOD approved the additional appropriation of P561,000,000 from the current retained earnings as at March 31, 2019 for business expansion projects from 2019 until 2022. Also, on the same date, the BOD approved the reversal of the P464,000,000 appropriation in 2018.

15. Cost of Services

This account consists of:

	Note	**2020**	2019
Personnel costs		**P699,862,041**	P460,949,434
Depreciation and amortization	9, 18	**131,003,088**	50,077,183
IT Infrastructure		**19,814,366**	53,015,809
Electricity		**34,183,992**	26,737,196
Rent	17	**-**	59,875,964
		P884,863,487	P650,655,586

Details of personnel costs are as follows:

	Note	**2020**	2019
Salaries and wages		**P476,703,480**	P315,721,727
Allowances and staff welfare costs		**126,995,594**	88,548,136
13th month pay		**45,379,580**	28,515,832
SSS, PHIC and HDMF premium contributions		**39,170,457**	26,711,275
Retirement benefits costs	18	**11,612,930**	1,452,464
		P699,862,041	P460,949,434

Depreciation and amortization are broken down as follow:

	Note	2020	2019
Property and equipment	9	**P64,714,712**	P50,077,183
ROU assets	17	**66,140,771**	-
Intangible asset	10	**147,605**	-
		P131,003,088	P50,077,183

16. Operating Expenses

This account consists of:

	Note	2020	2019
Personnel costs		**P208,654,520**	P157,477,067
Facility management services		**41,565,341**	26,485,547
Depreciation and amortization	9, 10	**27,215,876**	8,161,887
Security services		**18,764,971**	13,193,647
Trainings and recruitments		**15,566,065**	9,137,474
Transportation and travel		**14,241,803**	12,246,778
Outside services		**13,449,774**	9,736,198
Communication, light and water		**11,883,186**	7,057,886
Insurance		**11,723,036**	6,957,788
Repairs and maintenance		**6,729,666**	12,382,466
Professional fees		**5,760,337**	4,555,267
Office supplies		**3,282,435**	2,360,440
IT infrastructure		**1,867,055**	5,824,810
Taxes and licenses		**502,355**	720,399
Bank service charges		**56,005**	135,446
Rent	17	**180,000**	12,443,773
Provision for probable losses	11	**-**	27,267,629
Miscellaneous		**9,898,110**	3,496,782
		P391,340,535	P319,641,284

Miscellaneous includes donation, freight, postage and courier, membership, office management, guest house expenses and corporate apartment expense.

Details of personnel costs are as follows:

	Note	2020	2019
Salaries and wages		**P123,376,675**	P105,928,946
Allowances and staff welfare costs		**42,328,960**	30,602,710
13th month pay		**13,057,685**	10,124,523
SSS, PHIC and HDMF premium contributions		**14,303,689**	8,924,508
Retirement benefits costs	18	**15,587,511**	1,896,380
		P208,654,520	P157,477,067

Depreciation and amortization are broken down as follow:

	Note	2020	2019
ROU assets	17	**P16,559,974**	P -
Property and equipment	9	**10,576,806**	7,893,512
Intangible assets	10	**79,096**	268,375
		P27,215,876	P8,161,887

17. Lease Agreements

Parent Company

Office Space

3rd Floor, Ecommerce Plaza Building

On June 12, 2008, vCustomer Services India Pvt. Ltd.("vCustomer India") entered into a lease agreement for office space located at 3rd Floor, eCommerce Plaza Building Eastwood City Cyberpark, 188 E. Rodriguez Jr. Avenue, Bagumbayan Quezon City. The lease term is 5 years from September 10, 2008 to September 10, 2013 with a free fitting out period of 3 months and an option to renew for an additional 2 lease terms of 5 years each.

Effective April 1, 2010 the vCustomer India subsequently assigned its rights and interest on the lease to the Parent Company.

In 2013, the Parent Company renewed the lease for 5 years from September 10, 2013 to September 9, 2018 and renewed it further in 2018 for another five years from September 10, 2018 to September 9, 2023.

2nd Floor, Ecommerce Plaza Building

On September 15, 2018, the Parent Company entered into a lease agreement for an additional office space. The lease term is for 5 years from September 16, 2018 to November 15, 2023.

The Parent Company and the lessor mutually agreed to cancel this lease effective March 31, 2019. As a result, the Parent Company derecognized the carrying amount of the leasehold improvements. Also, the Parent Company derecognized the related obligation to the lessor amounting to P5,000,000, which represents the cost of leasehold improvements that the Company would pay the lessor under the lease agreement.

Subsidiary

JESA Building, Cebu City

The Subsidiary entered into lease agreements for the corporate office unit it occupies in Cebu City. 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. The lease term is from April 1, 2011 to March 31, 2021. Future payments under these lease agreements are subject to escalation rate of fifteen percent (15%) after the first five years. The Subsidiary 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 Subsidiary entered into a new lease agreement to occupy additional office unit in the same building. The lease term for the unit is from July 1, 2014 to March 31, 2021 with a rent-free construction period from July 1, 2014 to August 31, 2014.

The lease agreements in JESA Building are renewable upon mutual agreement of both the lessor and the lessee.

EBLOC Tower 3, Cebu IT Park, Cebu City

In 2015, the Subsidiary entered into a lease agreement for the office unit and parking spaces for its expansion project located in EBLOC Tower 3, Cebu IT Park, Cebu City. The lease term for office unit is from January 6, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting January 1, 2016.

On the same year, the Subsidiary entered into a new lease agreement to occupy additional office unit and parking spaces in the same building. The lease term is from May 14, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting May 14, 2016.

Another lease agreement was entered by the Subsidiary on the same building for the lease of additional office units and parking spaces. The lease term is from October 15, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting October 15, 2016.

In 2019, the Subsidiary entered into a new lease agreement to occupy additional office unit and parking spaces located on the same building. The lease term is from June 15, 2019 to June 14, 2024. The lease payment is fixed for the entire duration of the lease.

The lease agreements in EBLOC Tower 3 are renewable upon mutual agreement of both the lessor and the lessee.

Filinvest Cebu, Cyberzone Tower 2, Cebu City

In 2019, the Subsidiary entered into a new lease agreement to occupy office units located in Filinvest Cebu, Cyberzone Tower 2, Cebu City. The lease term is from September 1, 2019 to August 31, 2025 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting September 1, 2020.

During the year, the Subsidiary also entered into two new lease agreements on the same building for the lease of additional office units. One lease agreement has a lease term from October 1, 2019 to August 31, 2025 while the other lease agreement has a lease term from December 1, 2019 to August 25, 2025. Both the lease agreements have free rent for the first three months of the actual handover date and escalation of five percent (5%) per year effective October 1, 2020 and December 1, 2020, respectively.

The Subsidiary will have the right to renew the lease for two (2) further five-year (5) lease terms by sending a written notice to the lessor not less than six (6) months prior to expiry of the initial term of these lease agreements.

Previously, these leases were classified as operating leases under PAS 17.

In 2019, as a result of the adoption of PFRS 16, the Group recognized ROU assets and lease liabilities for these leases as shown below.

I. ROU Assets

The movements as at March 31, 2020 are as follows:

	Note	**Amount**
Cost:		
Balance at beginning of year	3	**P206,794,700**
Additions during the year		**281,694,675**
		488,489,375
Amortization for the year	15, 16	**(82,700,745)**
Net carrying value	3	**P405,788,630**

II. Lease Liabilities

The movements in lease liabilities as at March 31, 2020 are as follows:

	Note	**Amount**
Balance at the beginning	3	**P240,946,899**
Additions		**281,694,675**
Accretion of interest expense	3	**17,699,304**
Repayments		**(103,467,303)**
Net carrying value	3	**436,873,575**
Current portion		**(91,657,165)**
Noncurrent portion		**P345,216,410**

III. Amounts in Profit or Loss

Amounts recognized in statement of comprehensive income are as follows:

2020 - Leases under PFRS 16	Note	**Amount**
Amortization on ROU assets	15, 16	**P82,700,745**
Accretion of interest		**17,699,304**
Rent expense relating to short-term leases	16	**180,000**
2019 - Leases under PFRS 17		
Rent expense	16	**P72,319,737**

IV. Future Minimum Lease Payments

The maturity analysis on the undiscounted lease liabilities as at March 31 is as follows:

	2020
Maturity Analysis - Contractual Undiscounted Cash Flows	
Not more than 1 year	**P123,591,442**
More than 1 year but less than 5 years	**352,936,180**
Total undiscounted lease liabilities at March 31, 2020	**P476,527,622**

Under PAS 17	2019
Due within one year	P140,491,849
Due beyond one year but less than five years	124,053,777
	P264,545,626

18. Retirement Benefits

The Group does not have an established formal retirement plan as at March 31, 2020 and 2019. It recognizes retirement benefits costs in accordance with the minimum regulatory benefit under Republic Act No. 7641, which is a 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 was made for the year ended March 31, 2020. The principal actuarial assumptions used to determine retirement benefits were as follows:

Regulatory Framework in which the Retirement Plan Operates

In accordance with the provisions of the RA 7641, the Group 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 Group 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 Group.

Amounts Recognized in the Consolidated Financial Statements

The principal actuarial assumptions used to determine retirement benefits were as follows:

	2020	2019
Discount rate	**5.00%**	6.88%
Salary increase rate	**6.00%**	6.00%

Maturity Profile of Expected Future Benefit Payments

The Group's expected future benefit payments is shown below:

	2020	2019
Beyond one year not later than 5 years	**P1,753,776**	P9,624
Beyond 5 years (6 to 10 years)	**20,840,213**	1,422,590

The movement of present value of defined benefits obligation (DBO) follows:

	2020	2019
Balance at beginning of year	**P9,805,355**	P5,383,513
Current service cost	**14,305,811**	2,971,999
Past service cost	**11,807,414**	-
Remeasurement (gains)/losses:		
Actuarial gains arising from liability assumption changes	**5,074,222**	-
Actuarial gains arising from changes in financial assumptions	**-**	1,072,998
Actuarial loss arising from liability experience	**(12,525,218)**	-
Interest cost	**1,087,216**	376,845
Benefits paid	**(1,252,671)**	-
Balance at end of year	**P28,302,129**	P9,805,355

The retirement benefits costs recognized as part of “Cost of services” and “Operating expenses” accounts in the consolidated statement of comprehensive income for the years ended March 31, 2020 and 2019 were determined as follows

	Note	**2020**	2019
Current service cost		**P14,305,811**	P2,971,999
Interest cost		**1,087,216**	376,845
Past service cost		**11,807,414**	-
Component of retirement benefits costs recognized in profit or loss	15, 16	**P27,200,441**	P3,348,844

Retirement benefits costs are broken down as follows:

	Note	**2020**	2019
Cost of services	15	**P11,612,930**	P1,452,464
Operating expenses	16	**15,587,511**	1,896,380
		P27,200,441	P3,348,844

The movement of cumulative remeasurement gain presented in the consolidated statement of changes in equity follows:

	2020	2019
Balance at beginning of year	**P38,774,846**	P39,847,844
Actuarial gain (loss):		
Due to liability assumption changes	**(5,074,222)**	(704,553)
Due to liability experience	**12,525,218**	(368,445)
Balance at end of year	**P46,225,842**	P38,774,846

Amount, Timing and Uncertainty of Future Cash Flows

Sensitivity analysis on the defined benefit obligation is as follows:

2020		**Sensitivity Analysis**	**Effect on DBO**
Discount rate	**6.00%**	**1% increase**	**(16.51%)**
Discount rate	**4.00%**	**1% decrease**	**21.01%**
Salary increase rate	**7.00%**	**1% increase**	**20.57%**
Salary increase rate	**5.00%**	**1% decrease**	**(16.51%)**

2019		Sensitivity Analysis	Effect on DBO
Discount rate	6.00%	1% increase	(16.01%)
Discount rate	4.00%	1% decrease	19.82%
Salary increase rate	7.00%	1% increase	19.41%
Salary increase rate	5.00%	1% decrease	(16.01%)

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 Group when they become due.

Duration of Retirement Benefits Obligation

The average duration of the retirement benefit obligation is 26.90 years.

19. Income Taxes

Components of provision for income taxes charged to profit or loss are as follows:

	2020	2019
Current tax expense	**P15,717,900**	P13,919,752
Deferred tax expense (benefit)	**(218,257)**	244,424
	P15,499,643	P14,164,176

	2020	2019
Income before income tax	**P141,290,486**	P109,567,112
Less: Other income subject to RCIT	**12,669,644**	7,194,631
Gross income subject to GIT	**128,620,842**	102,372,481
Tax expense at 5%	**6,431,042**	5,118,624
Non-deductible expense	**19,743,512**	15,995,773
Non-taxable income:		
Interest income	**(19,303)**	(18,340)
Income subject to tax holiday	**(15,094,451)**	(9,147,361)
Unrecognized tax related to OCI	**-**	(89,665)
Movement on unrecognized deferred tax asset	**637,950**	146,755
Tax expense at 30% RCIT	**3,800,893**	2,158,390
	P15,499,643	P14,164,176

The tax rate used for the 2020 and 2019 reconciliation above is the 5% special rate whose tax base is the gross income under the PEZA registered activities. Any income earned outside the PEZA registered activities are subject to 30% Regular Corporate Income Tax Rate (RCIT).

Registration with Philippine Economic Zone Authority (PEZA)

PEZA Registration of Parent Company

On March 29, 2010, the Parent Company was registered with Philippine Economic Zone Authority (PEZA) as an Ecozone IT enterprise. The Parent 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 a 4-year corporate Income Tax Holiday (ITH) for the original project in the eCommerce Plaza Building effective from the date of start of commercial operations. After the lapse of ITH, the Parent Company is subject to a 5% Gross Income Tax (5% GIT) incentive, in lieu of all national and local taxes.

On December 28, 2011, the PEZA approved the Parent Company's application for the ITH extension 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. The ITH extension covered the period of November 1, 2012 to October 31, 2013.

Starting November 1, 2013, the Parent Company is subject to the 5% GIT incentive.

PEZA Registration of the Subsidiary

JESA Building, Cebu City (2nd, 4th, 5th and 6th Floors)

On February 8, 2011, the Subsidiary was registered with the PEZA as an Ecozone IT enterprise. The Subsidiary is entitled to incentives granted to non-pioneer projects under RA 7916 and the PEZA IT Guidelines, which include a 4-year corporate ITH for the original project in the JESA Building effective from the date of start of commercial operations. After the lapse of ITH, the Subsidiary is subject to a 5% GIT incentive, in lieu of all national and local taxes. The Subsidiary started its commercial operations on July 1, 2011 and enjoyed the ITH up to June 30, 2015.

On February 20, 2015, the PEZA approved the Subsidiary's application for the ITH extension based on 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. The ITH extension covered the period of July 1, 2015 to June 30, 2016.

On October 18, 2016, the PEZA approved the Subsidiary's application for the additional ITH extension 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. The additional ITH extension covered the period of July 1, 2016 to June 30, 2017. Effective July 1, 2017, the Subsidiary's ITH lapsed.

Starting July 1, 2017, the JESA Building site is subject to the 5% GIT incentive.

EBLOC Tower 3, Cebu IT Park, Cebu City (7th, 8th and 9th Floors)

Under the Supplemental Agreement (SA) dated February 26, 2015, the PEZA approved a new non-pioneer project located at 7th and 8th Floor, EBLOC Tower 3, Cebu IT Park, Cebu City. The Subsidiary amended the SA dated August 17, 2015 to include the Subsidiary's application for its additional sales, customer, technical and shared service support activities at the 9th floor EBLOC Tower 3. On March 7, 2016, the entitlement to the 4-year ITH was validated and confirmed/approved. The Subsidiary started its commercial operations on April 1, 2015 and enjoyed the ITH up to March 31, 2019.

On September 05, 2019, PEZA approved the Subsidiary's application for ITH extension 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. The ITH extension covered the period of April 1, 2019 to March 31, 2020.

EBLOC Tower 3, Cebu IT Park, Cebu City (6th Floor)

Under Supplemental Agreement (SA) dated July 23, 2019, the PEZA approved the Subsidiary's expansion project on sales support, customer support, technical support and shared service located at 6th Floor, EBLOC Tower 3, Cebu IT Park, Cebu City. On April 22, 2020, PEZA approved the date of Start of Commercial Operation (SCO) of its expansion project which gave the Subsidiary an ITH entitlement from September 1, 2019 to August 31, 2022. The Subsidiary is still waiting for the approval of its ITH Certificate of Entitlement from PEZA.

Filinvest Cebu, Cyberzone Tower 2, Cebu City (14th, 15th, 16th and 17th Floors)

Under Supplemental Agreement (SA) dated July 23, 2019, the PEZA approved the Company's application for registration of new activity, particularly to engage in sales support, customer support, technical support and shared services at the 14th, 15th, 16th and 17th Floors of Filinvest Cebu Cyberzone Tower 2. The Subsidiary is still waiting for the approval of its SCO and its ITH Certificate of Entitlement from PEZA.

20. Deferred Tax Liability

The deferred tax recognized by the Group is composed of the following:

	Balance in 2020	**Charged to Profit or Loss**	**Balance in 2020**
Deferred Tax Liability			
Unrealized foreign exchange gain/(loss)	P286,636	(P218,257)	P68,379

	Balance in 2019	Charged to Profit or Loss	Balance in 2019
Deferred Tax Liability			
Unrealized foreign exchange gain	P42,212	P244,424	P286,636

Deferred tax assets arising from various provisions amounting to P1,423,835 and P880,535 in 2020 and 2019, respectively, were not recognized by the Group as the Management does not expect that there will be sufficient taxable profits against which the assets can be utilized before their expiration.

21. Financial Risk Management

Financial Risk Management Objectives and Policies

The main purpose of the Group's financial instruments is to fund the Group'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 Group 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 Group's financial assets, which comprise of cash and cash equivalents, trade receivables and refundable deposits, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these Instruments.

The Group 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.

The table below presents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	Note	2020	2019
Cash in banks and time deposits	6	**P412,073,780**	P527,633,231
Trade receivables	7	**152,039,122**	85,460,229
Refundable deposits	11	**67,989,657**	22,879,195
		P632,102,559	P635,972,655

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

ECLs are a probability-weighted estimate of credit losses (i. e. the present value of all cash shortfalls) over the expected life of the financial instrument.

The Group's current credit risk grading framework comprises the following categories:

Categorv	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have anv past-due amounts	Lifetime ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL- not credit- impaired
In default	Amount is >90 days past due or there is evidence indicate in the asset is credit-impaired	Lifetime ECL- credit impaired
Write-off	There is evidence indication that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

The following table details the credit quality of the Group's financial assets and other items, as well as the Group's maximum credit exposure to credit risk by credit risk rating grades as at March 31, 2020 and 2019:

2020	Note	**Internal Credit Rating**	**12 Months Lifetime ECL**	**Gross Carrying Amount**	**Less Allowance**	**Net Carrying Amount**
Cash in banks and time deposits	6	Performing	12 Month ECL	P412,073,780	P -	P412,073,780
Trade receivables	7	Performing	Lifetime ECL	152,039,122	-	152,039,122
Refundable deposits	11	Performing	12 Month ECL	67,989,657	27,267,629	40,722,028
				P632,102,559	P27,267,629	P604,834,930

2019	Note	Internal Credit Rating	12 Months Lifetime ECL	Gross Carrying Amount	Less Allowance	Net Carrying Amount
Cash in banks and time deposits	6	Performing	12 Month ECL	P527,633,231	P -	P527,633,231
Trade receivables	7	Performing	Lifetime ECL	85,460,229	-	85,460,229
Refundable deposits	11	Performing	12 Month ECL	50,146,824	27,267,629	22,879,195
				P663,240,284	P27,267,629	P635,972,655

For trade and other receivables, the Group has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Liquidity Risk

Liquidity is the risk arising from the shortage of funds due to unexpected events or transactions.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash deemed sufficient to finance operations. To cover its financing requirements, the Group obtains advances from its related parties, when necessary. As part of its liquidity risk management, the Group regularly evaluates its project ed and actual cash flows.

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at March 31, 2020 and 2019 on undiscounted contractual cash flows.

2020	Note	**On Demand**	**Due Within 30 Days**	**Due Within 1 Year**	**Due Beyond 1 Year but not More than 5 Years**	**Total**
Cash and cash equivalents	6	P184,463,780	P227,610,000	P -	P -	P412,073,780
Trade and other receivables	7	-	152,039,122	-	-	152,039,122
Refundable deposits	11	-	-	-	40,722,028	40,722,028
		P184,463,780	P379,649,122	P -	P40,722,028	P604,834,930
Trade and other payables*	12	P55,547,880	P68,579,643	P -	P -	P124,127,523
Lease liabilities	17	-	-	123,591,442	352,936,180	476,527,622
		P55,547,880	P68,579,643	P123,591,442	P352,936,180	P600,655,145

*Excluding non-financial liabilities amounting to P13,097,792.

2019	Note	On Demand	Due Within 30 Days	Due Within 1 Year	Due Beyond 1 Year but not More than 5 Years	Total
Cash and cash equivalents	6	P213,723,231	P313,910,000	P -	P -	P527,633,231
Trade and other receivables	7	-	85,460,229	-	-	85,460,229
Refundable deposits	11	-	-	-	22,879,195	22,879,195
		P213,723,231	P399,370,229	P -	P22,879,195	P635,972,655
Trade and other payables*	12	P89,804,290	P -	P -	P -	P89,804,290

*Excluding non-financial liabilities amounting to P6,433,455.

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 primary source of the Group's interest rate risk relates to cash in banks and lease liabilities. The interest rates on these assets is disclosed in Notes 6 and 17.

The Group has a policy in place in managing interest rate risk and is monitored on an ongoing basis.

Foreign Currency Risk

Foreign exchange risk arises when an investment's value changes due to variations in the currency exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Group's functional currency. The Group undertakes certain transactions denominated in Philippine Peso. Hence, exposures to exchange rate fluctuations arise with respect to such transactions.

Significant fluctuation in the exchange rates could significantly affect the Group's financial position. The Group has a policy in place in managing foreign currency risk and is monitored on an ongoing basis.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	2020	2019
Cash and cash equivalents	**P213,138,034**	P223,840,336
Trade receivables	**149,174,531**	85,460,229
Trade and other payables	**(1,150,625)**	(2,477,881)
Net exposure	**P361,161,940**	P306,822,684

The following table details the Group's sensitivity to a 7% increase and decrease in the functional currency of the Group against the relevant foreign currencies. The sensitivity rates used in reporting foreign currency risk internally to key management personnel is 7% in both years which represent Management's assessment of the reasonably possible change in foreign exchange rates based on historical trends. The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit and other equity when the functional currency of the Group's weakens 7% in both years against the relevant currency. For a 7% in both years strengthening of the functional currency of the Group against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	Effect on Income for the Year	
	2020	2019
Cash and cash equivalents	**P14,919,663**	P15,668,824
Trade receivables	**10,442,217**	5,982,216
Trade and other payables	**(80,543)**	(173,452)
	P25,281,337	P21,477,588

The above sensitivity analysis is applicable in determining the effect on equity of the changes in foreign exchange rates.

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

22. Fair Value Information

The fair value of the Group's financial assets and liabilities:

		2020		2019	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	6	**P412,073,780**	**P412,073,780**	P527,723,231	P527,723,231
Trade and other receivables	7	**152,039,122**	**152,039,122**	85,460,229	85,460,229
Refundable deposits	11	**40,722,028**	**40,722,028**	22,879,195	22,879,195
		P604,834,930	**P604,834,930**	P636,062,655	P636,062,655
Financial Liabilities					
Trade and other payables	12	**P133,402,900**	**P133,402,900**	P89,804,290	P89,804,290
Lease liabilities		**436,873,575**	**436,873,575**	-	-
		P570,276,475	**P570,276,475**	P89,804,290	P89,804,290

The difference between the carrying amount of trade and other receivables and trade and other payables disclosed in the consolidated statements of financial position and the amount disclosed in this note pertains to advances to suppliers, officers and employees and government payables, respectively, since these are not considered as financial assets or liabilities.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables and Trade and Other Payables

The carrying amounts of approximate their fair values due mainly to the relatively short-term maturities of these financial instruments.

Refundable deposits

The carrying amount approximates it fair value as the effect of discounting is not considered material.

Lease Liabilities

The carrying amount approximates its fair value because the difference between the interest rate of this instrument and the prevailing market rate for a similar instrument is not considered significant.

23. Capital Risk Management

The primary objective of the Group'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 Group 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 Group 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 Group has not been subjected to externally imposed capital requirements. No major changes were made in the objectives, policies and procedures in 2020 and 2019.

The Group considers the following as its capital:

	2020	2019
Share capital	**P9,500,000**	P9,500,000
Additional paid-in capital	**156,044**	156,044
Retained earnings	**659,074,652**	567,436,008
Cumulative remeasurement gain on retirement benefits	**46,225,842**	38,774,846
	P714,956,538	P615,866,898

The debt to equity ratio at year-end was as follows:

	2020	2019
Debt	**P609,251,628**	P111,104,482
Equity	**714,956,538**	615,866,898
	0.85:1	0.18:1

24. Events After Reporting Period

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation No. 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease 2019 (COVID-19). To manage the spread of the disease, the entire Luzon has been placed under Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. On April 7, 2020, the President approved the Inter-Agency Task Force Resolution No. 20 which extended the ECQ until April 30, 2020. On April 24, 2020, the national government issued a proclamation extending the Enhanced Community Quarantine (ECQ) to selected areas including Metro Manila, Cebu and Iloilo until 15 May 2020. On May 12, 2020, the government announced that only Metro Manila, Laguna and Cebu City would be under modified ECQ or MECQ from May 16 to May 31, 2020. On May 15, 2020 a resolution by the IATF-EID declared additional areas in Luzon under MECQ from May 16 to May 31, 2020 namely Bataan, Bulacan, Nueva Ecija, Pampanga including Angeles City and Zambales.

The Group was not significantly affected by these events as the Group is still able to continue its operations using the work-from-home arrangement. In addition, the Management has assessed that despite the reduction of its revenue due to ECQ, the Group foresee that its business will be back as usual on the third quarter of 2020 and the Group would be able to catch-up for its lost revenue during the first half of 2020.

Despite or amidst this event, the financial statements have been prepared on a going concern basis of accounting as of reporting date since the Group implemented all measures to mitigate the risks on their business operations.

25. Reclassification of Accounts

In 2019, the Group has changed the presentation of certain accounts in the statements of financial position in line with the Group's review of its long-term prepayment and trade and other receivables accounts. Certain amounts in prior year have been reclassified for consistency with the current period. The reclassification has no effect on the reported results of operations.

The following summarizes the changes made to the 2019 financial statements.

	March 31, 2019		
	As Previously Stated	Reclassification Adjustments	As Restated
Consolidated Statement of Financial Position			
Trade and other receivables	P89,044,125	(P2,355,495)	P86,688,630
Prepayments and other current assets	19,965,079	(3,055,468)	16,909,611
Other noncurrent asset	-	5,410,963	5,410,963

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	0	0	2	7	2	0

Company Name

vCUSTOMER PHILIPPINES, INC.
AND A SUBSIDIARY

Principal Office (No. / Street / Barangay / City / Town / Province)

3rd Floor, eCommerce Plaza
Eastwood Cyberpark
Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N/A

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
lynette.deguzman@techmahindra.com	894-4876	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	March 30th	March 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lynette De Guzman	lynette.deguzman@ techmahindra.com	+6396662821	+639225169711

CONTACT PERSON's ADDRESS

Third Floor, eCommerce Plaza, Eastwood Cyberpark, Bagumbayan, Quezon City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

VCUSTOMER PHILIPPINES (CEBU), INC.

Board of Directors

Mr. Anand Achuthan

Mr. Narinder Singh Sethi

Ms. Lynette De Guzman

Ms. Jeane R.T Montes

Registered Office

3rd Floor eCommerce Plaza, Eastwood City Cyberpark,

Bagumbayan, Quezon City Philippines 1110

Bankers

UNION BANK OF THE PHILIPPINES

Auditors

R.G. MANABAT & CO.

VCUSTOMER PHILIPPINES (CEBU), INC.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of vCustomer Philippines (Cebu), Inc. (vCPCI) for the year ended March 31, 2020.

Financial Results (PHP):

For the years ended	**March 31, 2020**	March 31, 2019
Revenue	**1,043,438,347**	672,362,346
Profit	**99,350,043**	65,015,427

Review of Operations:

For the fiscal year ended March 31, 2020, vCPCI reported revenue amounted to PHP **1,043,438,347,** an increase of PHP **371,076,00** over the last reporting year ended March 31, 2019. Profit for the fiscal year ended March 31, 2020 amounted to PHP **99,350,043,** 35% increase over the last reporting year. Certain project of vCPCI is still entitled to Income Tax Holiday (ITH).

Future Plans and Appropriations:

vCPCI made a reversal of the Appropriated Retained Earnings of PHP **301,000,000** million intended for the expansion projects. Additional appropriation of the amount of PHP **370,000,000** million from its current retained earnings as at March 31, 2020 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2019 until 2021. vCPCI is expecting engagement of additional account/clients and increase and employee headcount.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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
Director/Chief Finance Officer

Date: 15-May-2020

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
vCustomer Philippines (Cebu), Inc.
90 General Maxilom Avenue
Cebu City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **vCustomer Philippines (Cebu), Inc.** (the "Company"), a wholly owned subsidiary of vCustomer Philippines, Inc., which comprise the statement of financial position as at March 31, 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, including 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, 2020, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). 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 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.

Other Matters

The accompanying financial statements of the Company as at and for the year ended March 31, 2019 were audited by another auditor who expressed an unqualified opinion on those statements on May 14, 2019.

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 PFRSs, 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.

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 PSAs 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 PSAs, 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 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 audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was 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. The supplementary information 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.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 1387-AR-1, Group A, valid until May 31, 2020
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8116763
Issued January 2, 2020 at Makati City

May 29, 2020
Makati City, Metro Manila

REPORT OF INDEPENDENT AUDITORS

TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING

WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and Board of Directors
vCustomer Philippines (Cebu), Inc.
90 General Maxilom Avenue
Cebu City

We have audited the accompanying financial statements of **vCustomer Philippines (Cebu), Inc.** (the "Company"), a wholly owned subsidiary of vCustomer Philippines, Inc., as at and for the year ended March 31, 2020, on which we have rendered our report dated May 29, 2020.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 1387-AR-1, Group A, valid until May 31, 2020
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8116763
Issued January 2, 2020 at Makati City

May 29, 2020
Makati City, Metro Manila

VCUSTOMER PHILIPPINES (CEBU), INC.

STATEMENT OF FINANCIAL POSITION MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	6, 21	**P135,510,615**	P280,804,169
Trade and other receivables	7, 21	**112,224,193**	55,882,171
Prepaid expenses and other current assets	8	**14,513,338**	10,046,712
Total Current Assets		**262,248,146**	346,733,052
Noncurrent Assets			
Property and equipment - net	9	**259,542,684**	44,194,513
Right-of-use assets - net	3	**338,853,381**	-
Intangible assets - net	10	**-**	158,368
Refundable deposits	11, 21	**28,756,827**	10,961,994
Other noncurrent asset	8	**7,169,348**	-
Total Noncurrent Assets		**634,322,240**	55,314,875
		P896,570,386	P402,047,927
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12, 21	**P110,305,441**	P63,136,207
Lease liabilities - current portion		**73,333,680**	-
Income tax payable		**3,414,323**	2,545,686
Total Current Liabilities		**187,053,444**	65,681,893
Noncurrent Liabilities			
Retirement benefits obligation	18	**12,471,980**	3,485,321
Lease liabilities - net of current portion		**290,161,143**	-
Deferred tax liability	19	**44,793**	155,204
Total Noncurrent Liabilities		**302,677,916**	3,640,525
Total Liabilities		**489,731,360**	69,322,418
Equity			
Share capital	14	**9,500,000**	9,500,000
Retained earnings	14	**372,383,282**	303,855,974
Cumulative remeasurement gain on retirement benefits	18	**24,955,744**	19,369,535
		406,839,026	332,725,509
		P896,570,386	P402,047,927

See Notes to the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	2020	2019
SERVICE REVENUE	13	**P1,043,438,347**	P672,362,346
COST OF SERVICES	15	**674,704,397**	420,377,659
GROSS PROFIT		**368,733,950**	251,984,687
OPERATING EXPENSES	16	**250,427,143**	190,867,927
INCOME FROM OPERATIONS		**118,306,807**	61,116,760
OTHER INCOME (CHARGES) - Net			
Interest expense	17	**(13,579,695)**	-
Foreign exchange gain (loss)		**(9,870,978)**	3,558,559
Interest income	6	**164,691**	164,704
Others	12	**10,114,897**	5,820,987
		(13,171,085)	9,544,250
INCOME BEFORE INCOME TAX		**105,135,722**	70,661,010
PROVISION FOR INCOME TAX	19	**5,675,269**	5,389,807
NET INCOME		**99,460,453**	65,271,203
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain (loss) on retirement benefits	18	**5,586,209**	(255,776)
TOTAL COMPREHENSIVE INCOME		**P105,046,662**	P65,015,427

See Notes to the Financial Statements.

VCUSTOMER PHILIPPINES (CEBU), INC.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	2020	2019
SHARE CAPITAL	14	**P9,500,000**	P9,500,000
RETAINED EARNINGS			
Appropriated			
Balance at beginning of year	14	**301,000,000**	236,000,000
Appropriation for business expansion	14	**370,000,000**	301,000,000
Reversal of appropriation	14	**(301,000,000)**	(236,000,000)
Balance at end of year		**370,000,000**	301,000,000
Unappropriated			
Balance as at April 1, 2019		**2,855,974**	2,584,771
Adjustment on initial application of PFRS 16	3	**(30,933,145)**	-
Adjusted balance as at April 1, 2019		**(28,077,171)**	2,584,771
Net income during the year		**99,460,453**	65,271,203
Appropriation for business expansion		**(370,000,000)**	(301,000,000)
Reversal of appropriation		**301,000,000**	236,000,000
Balance at end of year		**2,383,282**	2,855,974
Total retained earnings		**372,383,282**	303,855,974
CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS			
Item that will not to be reclassified subsequently to profit or loss			
Balance at beginning of year		**19,369,535**	19,625,311
Remeasurement gain (loss) during the year	18	**5,586,209**	(255,776)
Balance at end of year		**24,955,744**	19,369,535
		P406,839,026	P332,725,509

See Notes to the Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figures for 2019)

	Note	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P105,135,722**	P70,661,010
Adjustments for:			
Depreciation and amortization	9, 10,17	**127,725,420**	45,544,996
Retirement benefits costs	18	**15,453,319**	1,555,538
Interest expense on lease liabilities	3, 17	**13,579,695**	-
Interest income	6	**(164,691)**	(164,704)
Unrealized foreign exchange gain		**(895,856)**	(3,104,079)
Write off of payables	12	**(10,114,897)**	(5,820,987)
Net profit before working capital changes		**250,718,712**	108,671,774
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables		**(56,342,022)**	4,505,375
Prepaid expenses and other current assets		**(4,466,626)**	7,088,062
Refundable deposits		**(17,794,833)**	27,267,629
Other noncurrent asset		**(7,169,348)**	-
Increase (decrease) in trade and other payables		**57,284,131**	(947,253)
Cash generated from operations		**222,230,014**	146,585,587
Income tax paid		**(4,917,043)**	(4,536,210)
Retirement benefits paid	9	**(880,451)**	-
Interest received	6	**164,691**	164,704
Net cash generated flows from operating activities		**216,597,211**	142,214,081
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	9	**(279,650,727)**	(43,236,708)
Additions to refundable deposit		**-**	(10,423)
Net cash used in investing activities		**(279,650,727)**	(43,247,131)
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of lease liabilities	17	**(83,135,894)**	-
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	6	**895,856**	3,118,149
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(145,293,554)**	102,085,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**280,804,169**	178,719,070
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**P135,510,615**	P280,804,169

See Notes to the Financial Statements.

1. Reporting Entity

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 including assimilation, sorting, processing and communication of date ang 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 a wholly owned subsidiary of Tech Mahindra Limited (the "Ultimate Parent"), a corporation organized and existing under the laws of India.

The Company's registered business address is at 90 General Maxilom Avenue, Cebu City and the Parent Company's registered principal office address is at 3rd Floor, eCommerce Plaza, Eastwood Cyberpark, Quezon City, Philippines.

Registration with the Philippine Economic Zone Authority (PEZA)

JESA Building, Cebu City (2nd, 4th, 5th and 6th Floors)

On February 8, 2011, the Company was registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone IT 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 a 4-year corporate Income Tax Holiday (ITH) for the original project in the JESA Building effective from the date of start of commercial operations. After the lapse of ITH, the Company is subject to a 5% Gross Income Tax (5% GIT) incentive, in lieu of all national and local taxes. The Company started its commercial operations on July 1, 2011 and enjoyed the ITH up to June 30, 2015.

On February 20, 2015, the PEZA approved the Company's application for the ITH extension 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. The ITH extension covered the period of July 1, 2015 to June 30, 2016.

On October 18, 2016, the PEZA approved the Company's application for the additional ITH extension 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. The additional ITH extension covered the period of July 1, 2016 to June 30, 2017. Effective July 1, 2017, the Company's ITH lapsed.

Starting July 1, 2017, the JESA Building site is subject to the 5% GIT incentive.

EBLOC Tower 3, Cebu IT Park, Cebu City (7th, 8th and 9th Floors)

Under the Supplemental Agreement (SA) dated February 26, 2015, the PEZA approved a new non-pioneer project located at 7th and 8th Floor, EBLOC Tower 3, Cebu IT Park, Cebu City. The Company amended the SA dated August 17, 2015 to include the Company's application for its additional sales, customer, technical and shared service support activities at the 9th floor EBLOC Tower 3. On March 7, 2016, the entitlement to the 4-year ITH was validated and confirmed/approved. The Company started its commercial operations on April 1, 2015 and enjoyed the ITH up to March 31, 2019.

On September 05, 2019, PEZA approved the Company's application for ITH extension 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. The ITH extension covered the period of April 1, 2019 to March 31, 2020.

EBLOC Tower 3, Cebu IT Park, Cebu City (6th Floor)

Under Supplemental Agreement (SA) dated July 23, 2019, the PEZA approved the Company's expansion project on sales support, customer support, technical support and shared service located at 6th Floor, EBLOC Tower 3, Cebu IT Park, Cebu City. On April 22, 2020, PEZA approved the date of Start of Commercial Operation (SCO) of its expansion project which gave the Company an ITH entitlement from September 1, 2019 to August 31, 2022. The Company is still waiting for the approval of its ITH Certificate of Entitlement from PEZA.

Filinvest Cebu, Cyberzone Tower 2, Cebu City (14th, 15th, 16th and 17th Floors)

Under Supplemental Agreement (SA) dated July 23, 2019, the PEZA approved the Company's application for registration of new activity, particularly to engage in sales support, customer support, technical support and shared services at the 14th, 15th, 16th and 17th Floors of Filinvest Cebu Cyberzone Tower 2. The Company is still waiting for the approval of its SCO and its ITH Certificate of Entitlement from PEZA.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

Details of the Company's accounting policies are included in Note 4.

This is the first set of the Company's annual financial statements in which PFRS 16, Leases, has been applied

Basis of Measurement

The financial statements have been prepared on a historical cost basis of accounting except for retirement benefits obligation which is recognized at the present value of the defined benefits obligation.

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.

Authorization for the Issuance of the Financial Statements

The accompanying financial statements of the Company as of and for the year ended March 31, 2020 was authorized for issue by the Board of Directors (BOD) on May 15, 2020.

3. Adoption of New Standards, Amendments to Standards and Interpretations

Adoption of New Standards and Interpretations

The Company has adopted the following new standards and amendments to standards starting April 1, 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amendments to standards did not have any significant impact on the Company's financial statements. These are as follows:

- PFRS 16 supersedes PAS 17, Leases and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were also introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019 with several transition approaches and individual options and practical expedients that can be elected independently of each other. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

  The Company applied PFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019. Accordingly, the comparative information presented for the prior year is not restated – i.e. it is presented, as previously reported, under PAS 17 and related interpretations. The disclosure requirements of PFRS 16 have not generally been applied to comparative information.

  The impact of the changes are as follows:

  Definition of a Lease

  Previously, the Company determined at contract inception whether an arrangement contained a lease under IFRIC 4, Determining Whether and Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on a definition of a lease, under PFRS 16.

On transition to PFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied PFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under PAS 17 and IFRIC 4 were not reassessed for whether there is a lease under PFRS 16. Therefore, the definition of lease under PFRS 16 was applied only to contracts entered or changed on or after April 1, 2019.

As a Lessee

Previously, the Company classified its leases as operating leases under PAS 17 wherein leases are classified as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. On transition of these leases, the Company recognize right-of-use (ROU) assets and lease liabilities – i.e. these leases are on-balance sheet. The lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 1, 2019. ROU assets are measured retrospectively using transition discount rate.

The Company has tested its ROU assets for impairment on the date of transition and has concluded that there is no indication that the ROU assets are impaired.

The Company use a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Company:

- did not recognize ROU assets and liabilities for leases which the lease term ends within 12 months from the date of initial application;
- did not recognize ROU assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of ROU assets at the date of initial application; and
- use hindsight when determining the lease term.

The table below summarizes the impact of transition to PFRS 16 on April 1, 2019.

	Impact of Adopting PFRS 16 at April 1, 2019
ROU assets	P120,423,202
Lease liabilities	151,356,347
Retained earnings	30,933,145

When measuring lease liability for lease that was classified as operating lease, the Company discounted lease payments using the average incremental borrowing rate of 5% at April 1, 2019.

	April 1, 2019
Operating lease commitment at March 31, 2019 as disclosed in the Company's financial statements	P165,066,779
Discounted using the incremental borrowing rate at,April 1,2019	P151,356,347
Recognition exemption for:	
- short-term leases	-
- leases of low-value assets	-
Lease liabilities recognized as at April 1, 2019	P151,356,347

The following table summarizes the impact of adopting PFRS 16 on the Company's statement of financial position as at March 31, 2020 and statement of comprehensive income for the year then ended for each of the line items affected.

Statement of Financial Position

	Note	Amounts Without Adoption of PFRS 16	Adjustments	As Reported
Assets				
ROU assets		P -	P402,117,877	P402,117,877
Accumulated depreciation		-	63,264,496	63,264,496
ROU - net	17	P -	338,853,381	338,853,381
Liabilities				
Lease liabilities	17	P -	P363,494,823	P363,494,823

Statement of Comprehensive Income

	Note	Amounts Without Adoption of PFRS 16	Adjustments	As Reported
Expenses				
Depreciation and amortization	15, 16, 17	P64,460,924	P63,264,496	P127,725,420
Rent expense		70,422,660	(70,422,660)	-
Interest expense	17	-	13,579,695	13,579,695
Total effect on net income		P134,883,584	P6,421,531	P141,305,115

Statement of Cash Flows

On transition to PFRS 16, the Company has classified:

- Cash payments for the principal portion of lease payments as financing activities;
- Cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company;
- Short-term lease payments and payments for leases of low value assets as operating activities.

- Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments clarifies how to apply the recognition and measurement requirements in PAS 12, Income Taxes when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment. If it is not probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

  The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

- Prepayment Features with Negative Compensation (Amendments to PFRS 9, Financial Instruments).

  The amendments cover the following areas:

  · Prepayment features with negative compensation. The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or fair value through other comprehensive income irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for that early termination.

  · Modification of financial liabilities. The amendment to the Basis for Conclusions on PFRS 9, Financial Instruments, clarifies that the standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e. the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in profit or loss.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after April 1, 2019. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

Effective January 1, 2020

- Amendments to References to Conceptual Framework in PFRS Standards sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  · a new chapter on measurement;

  · guidance on reporting financial performance;

  · improved definitions of an asset and a liability, and guidance supporting these definitions; and

  · clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

  These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

  c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  d) clarifying the explanatory paragraphs accompanying the definition; and

  e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

4. Significant Accounting Policies

The significant accounting policies and practices applied in the preparation of these financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all years presented unless otherwise stated.

Financial Instruments

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date that the asset is delivered to or by the Company). At initial recognition, the Company measures its financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as fair value through profit or loss, includes transaction costs.

After initial recognition, the Company classifies its financial assets as subsequently measured at either i) amortized cost, ii) fair value through other comprehensive income or iii) fair value through profit or loss on the basis of both:

The Company's business model for managing the financial assets.

The contractual cash flow characteristics of the financial asset.

Subsequent to initial recognition, financial assets are measured as described below. At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses.

If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) 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.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

Financial assets at amortized cost are classified as current assets when the Company expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents, trade and other receivables and refundable deposits are generally included in this category.

Cash includes cash on hand, cash in banks and cash equivalents.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company generally classifies all financial liabilities as subsequently measured at amortized cost.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables and lease liabilities are generally included in this category.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses 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.

Other current assets pertain to resources controlled by the Company as a result of past events and from which future economic benefits are expected to flow to the Company.

Prepaid expenses and other current assets are classified in the statements of financial position as current asset when the cost of services related to the prepaid expenses and other current assets are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepaid expenses 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	3 or lease term whichever is shorter

Leasehold improvements are amortized 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 the profit or loss.

At the end of each reporting period, the Company assesses whether there is any indication that any of its property and equipment is impaired. 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.

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.

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.

Share Capital

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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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 benefits liability or asset. Defined benefits 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 benefits costs in profit or loss in the line item 'retirement benefits costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefits obligation recognized in the statements of financial position represents the liability of the Company for its post-employment benefits.

Compensated Leave Credits

The Company's net obligation in respect of accumulated leaves is the amount of future benefit that employees have earned in return for their services in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Revenue Recognition

The Company identifies each distinct performance obligation to transfer services. The C0mpany recognizes revenue when (or as) it satisfies a performance obligation by transferring the control of services to the customer. The transaction price is the amount of consideration the Group expects to receive under the arrangement. The Company concluded that it is acting as principal for its revenue arrangement..

Sale of Services. The Company provides services assistance to its Parent Company in the ordinary course of business. Such services are recognized as a performance obligation satisfied over time.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or increase of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Leases

The Company has applied PFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under PAS 17 and IFRIC 4. The details of accounting policies under PAS 17 and Philippine Interpretation IFRIC 4 are disclosed separately if they are different from those under PFRS 16, including the impact of changes.

Policy Applicable from April 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

As a Lessee

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

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

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. This are remeasured if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

Policy Applicable before April 1, 2019

For contracts entered into before April 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether fulfilment of the arrangement was dependent on the use of a specific asset or assets, and the arrangement had conveyed a right to use the asset.

Under PAS 17

In the comparative period, as a lessee the Company classified leases that retain substantially all of the risks and rewards of ownership as operating leases. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense over the term of the lease.

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.

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. In considering each possible related party relationships, attention is directed to the substance of the relationship, and not merely the legal form.

Income Taxes

Income tax expense recognized in the statements of comprehensive income of the Company represents the current tax expense and deferred tax expense.

Under the Company's registration with the PEZA pursuant to the provisions of Republic Act (R.A.) No. 7916, the Company is subject to 5% final tax on gross income from PEZA-registered activities in lieu of payment of national and local taxes.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, Provisions, Contingent Liabilities and Contingent Assets unless they are dealt with specifically in another standard.

If there is uncertainty about an income tax treatment, then the Company considers whether it is probable that a tax authority will accept the Company's tax treatment included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information.

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%. For income other than its registered activities, tax rate is 30% or exempt when the activities are included under income tax holiday.

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.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

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.

Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has 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 Company's cost of operation, and in effect, its revenue.

Determination of Term and Discount Rate of Lease Arrangements

Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

The Company normally considers in the assessment whether there are significant penalties to terminate, significant remaining value of leasehold improvements and historical lease durations, the costs and business disruption for replacing the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control.

Key Sources of Estimation Uncertainties

The following are 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.

Impairment of Property and Equipment

The Company assesses at the end of each reporting period whether there is any indication that its property and equipment is impaired. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Management assessed that there are no indicators of impairment affecting the noncurrent financial assets as at March 31, 2020 and 2019.

As at March 31, 2020 and 2019, the carrying amount of property and equipment amounted to P259,542,684 and P44,194,513, respectively (see Note 9).

Estimating Retirement Benefits Obligation

The present value of the retirement benefits obligation depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits liability. Other key assumptions include future salary, mortality and attrition. Additional information is disclosed in Note 18

Retirement benefits obligation amounted to P12,471,980 and P3,485,321 and as at March 31, 2020 and 2019, respectively.

Provisions and Contingencies

The recognition of provisions on claims requires estimates and judgment regarding the timing and the amount of outflow of resources. Assessment by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

As at March 31, 2020 and 2019, the Company has recognized provision for probable losses amounting to nil and P27,267,629, respectively (see Note 11).

6. Cash and Cash Equivalents

This account consists of:

	Note	2020	2019
Cash on hand		**P70,000**	P40,000
Cash in banks		**79,918,615**	102,418,169
Time deposits		**55,522,000**	178,346,000
	5, 21	**P135,510,615**	P280,804,169

Interest income on cash in banks and time deposits amounted to P164,691 in 2020 and P164,704 in 2019.

7. Trade and Other Receivables

This account consists of:

	Note	2020	2019
Trade receivables	5, 13, 21	**P110,099,505**	P55,139,520
Advances to employees		**2,124,688**	742,651
		P112,224,193	P55,882,171

Trade receivables have average credit terms of 60 days.

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2020	2019
Prepaid insurance	**P11,611,873**	P5,853,136
Advances to suppliers	**-**	2,355,495
Others	**2,901,465**	1,838,081
	P14,513,338	P10,046,712

Prepaid insurance pertains to the unamortized payments for the Health Maintenance Organization (HMO) coverage of the Company's employees. As at March 31, 2020, the HMO coverage is until November 30, 2021 and the noncurrent portion amounting to P6,999,068 is presented under “Other noncurrent asset” account in the statement of financial position.

Others consist of unamortized payments for maintenance fees and membership dues and advance payments for advertising.

9. Property and Equipment

The movements in this account are as follows:

2020	**Office Equipment**	**Communication Equipment**	**Leasehold Improvements**	**Furniture and Fixtures**	**Total**
Cost					
Balance at beginning of year	P135,519,595	P67,321,561	P141,403,822	P18,469,510	P362,714,488
Acquisitions	90,186,703	16,171,064	173,181,460	111,500	279,650,727
Balance at end of year	**225,706,298**	**83,492,625**	**314,585,282**	**18,581,010**	**642,365,215**
Accumulated Depreciation					
Balance at beginning of year	105,984,933	53,014,935	141,335,126	18,184,981	318,519,975
Depreciation	30,851,030	9,496,934	23,671,619	282,973	64,302,556
Balance at end of year	**136,835,963**	**62,511,869**	**165,006,745**	**18,467,954**	**382,822,531**
Net carrying value	**P88,870,335**	**P20,980,756**	**P149,578,537**	**P113,056**	**P259,542,684**

2019	**Office Equipment**	**Communication Equipment**	**Leasehold Improvements**	**Furniture and Fixtures**	**Total**
Cost					
Balance at beginning of year	P105,205,234	P54,450,064	P141,403,822	P18,418,660	P319,477,780
Acquisitions	30,314,361	12,871,497	-	50,850	43,236,708
Balance at end of year	**135,519,595**	**67,321,561**	**141,403,822**	**18,469,510**	**362,714,488**
Accumulated Depreciation					
Balance at beginning of year	89,018,587	42,757,311	123,784,052	17,615,071	273,175,021
Depreciation	16,966,346	10,257,624	17,551,074	569,910	45,344,954
Balance at end of year	**105,984,933**	**53,014,935**	**141,335,126**	**18,184,981**	**318,519,975**
Net carrying value	**P29,534,662**	**P14,306,626**	**P68,696**	**P284,529**	**P44,194,513**

The depreciation is presented as part of the following:

	Note	**2020**	2019
Cost of service	15	**P59,932,400**	P43,215,175
Operating expense	16	**4,370,156**	2,129,779
		P64,302,556	P45,344,954

10. Intangible Assets

Intangible assets pertain to capitalized computer software. The movements in this account are as follows:

	Note	**2020**	2019
Cost			
Beginning and end of year balance		**P680,468**	P680,468
Accumulated Amortization			
Balance at beginning of year		**522,100**	322,058
Amortization during the year	16	**158,368**	200,042
Balance at end of year		**680,468**	522,100
Net carrying value		**P -**	P158,368

The amortization is presented as part of the following:

	Note	2020	2019
Cost of service	15	**P147,605**	P -
Operating expense	16	**10,763**	200,042
		P158,368	P200,042

11. Refundable Deposits

This account consists of:

	Note	2020	2019
Rental deposits		**P28,281,347**	P10,486,514
Utilities deposits		**475,480**	475,480
Guaranty deposit		**27,267,629**	27,267,629
		56,024,456	38,229,623
Less allowance for probable losses		**27,267,629**	27,267,629
	5, 21	**P28,756,827**	P10,961,994

Guaranty deposit pertains to the surety bond made to Department of Labor and Employment - National Labor Regulations Commission.

12. Trade and Other Payables

This account consists of:

	Note	2020	2019
Trade payables	21	**P32,244,435**	P10,593,385
Salaries payable	21	**50,602,170**	42,509,351
Accrued expenses	21	**17,977,474**	6,590,358
Payable to government agencies		**5,865,193**	3,351,822
Withholding taxes		**3,616,169**	91,291
		P110,305,441	P63,136,207

Trade payables are normally on a 30-to-90-day credit terms.

The Company derecognized portion of salaries payable relating to long-outstanding unclaimed last pay of separated employees, which the legal right to claim has prescribed amounting to P10,114,897 in 2019 and P5,820,987 in 2018. These are presented as "Others" in the statement of comprehensive income.

Accrued expenses consist of electricity, legal fees, security services, consultancy, outside services, provision for leave encashment, etc. which are individually insignificant.

13. 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, 2020 and 2019 is as follows:

				Outstanding Balance		
Category/ Transaction	**Year**	**Note**	**Amount**	**Trade Receivables**	**Terms**	**Conditions**
Ultimate Parent						
Service revenue	2020	a, b, 7	P1,043,438,347	P110,099,505	60 days;	Unsecured;
	2019	a, b, 7	P672,362,346	P55,139,520	non-interest bearing	no impairment

(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.

(b) Compensation of key management personnel for the years ended March 31, 2020 and 2019 is as follows:

	Note	2020	2019
Salaries		**P45,619,183**	P20,383,119
Allowance		**1,585,158**	608,500
Other employee benefits		**9,745,430**	3,710,646
		56,949,771	P24,702,265
Retirement benefits costs	18	**P4,405,464**	P331,582

Other employee benefits include 13th month pay, performance bonus, leave encashment and other short-term benefits.

There are no other related party transactions.

14. Equity

Components of share capital are as follows:

	2020	2019
Authorized 1,000,000, issued, fully paid and outstanding: 950,000 ordinary shares - Php10 par value	**P9,500,000**	P9,500,000

On March 31, 2020, the Company's BOD approved the additional appropriation of P370,000,000 from its current retained earnings as at March 31, 2020 to be used by the Company for its business expansion projects for the year 2020 until 2023. Also, on the same date, the Company's BOD approved the reversal of the appropriated retained earnings in 2019 of P301,000,000 intended for the expansion projects.

On March 30, 2019, the Company's BOD approved the additional appropriation of P301,000,000 from its current retained earnings as at March 31, 2019 to be used by the Company for its business expansion projects for the year 2019 until 2022. Also, on the same date, the Company's BOD approved the reversal of the appropriated retained earnings in 2018 of P236,000,000 intended for the expansion projects.

15. Cost of Services

This account consists of:

	Note	2020	2019
Personal costs		**P514,881,305**	P291,727,311
Depreciation	9, 17	**118,225,961**	43,215,175
Electricity		**26,137,813**	15,894,112
IT infrastructure		**15,459,318**	28,515,910
Rent	17	**-**	41,025,151
		P674,704,397	P420,377,659

Details of personnel costs are as follows:

	Note	2020	2019
Salaries, wages and other employee benefits		**P348,878,291**	P194,681,250
Allowances and staff welfare costs		**96,888,728**	60,602,955
SSS, PHIC and HDMF premium contributions		**33,421,857**	18,126,792
13th month pay		**28,178,191**	17,506,310
Retirement benefits costs	18	**7,514,238**	810,004
		P514,881,305	P291,727,311

Depreciation and amortization are broken down as follow:

	Note	2020	2019
Property and equipment	9	**P59,932,400**	P43,215,175
ROU assets	17	**58,145,956**	-
Intangible assets	10	**147,605**	-
		P118,225,961	P43,215,175

16. Operating Expenses

This account consists of:

	Note	2020	2019
Personnel costs		**P128,167,359**	P85,795,481
Facility management services		**33,772,784**	17,430,964
Security services		**14,128,058**	9,070,291
Trainings and recruitment		**12,040,707**	6,139,118
Insurance		**11,480,345**	6,730,519
Outside services		**9,011,412**	5,705,858
Transportation and travel		**8,635,889**	6,638,017
Communication, light and water		**7,869,239**	2,912,553
Depreciation and amortization	9, 10, 17	**9,499,459**	2,329,821
Repairs and maintenance		**4,556,712**	10,435,271
Office supplies		**2,481,193**	1,822,887
IT infrastructure		**1,867,055**	2,924,520
Professional services		**1,458,368**	2,030,967
Taxes and licenses		**452,290**	200,680
Bank service charge		**56,005**	91,316
Rent	17	**-**	2,211,753
Provision for contingencies	11	**-**	27,267,629
Miscellaneous		**4,950,268**	1,130,282
		P250,427,143	P190,867,927

Facility management services pertains to the common usage expenses, housekeeping and maintenance dues incurred by the Company related on its lease facilities.

Details of personnel costs are as follow:

	Note	2020	2019
Salaries, wages and other employee benefits		**P75,947,233**	P58,283,691
Allowance and staff welfare costs		**25,435,247**	15,881,794
13th month pay		**8,620,781**	5,536,997
SSS, PHIC and HDMF premium contributions		**10,225,017**	5,347,465
Retirement benefits costs	18	**7,939,081**	745,534
		P128,167,359	P85,795,481

Depreciation and amortization are broken down as follow:

	Note	2020	2019
ROU assets	17	**P5,118,540**	P -
Property and equipment	9	**4,370,156**	2,129,779
Intangible assets	10	**10,763**	200,042
		P9,499,459	P2,329,821

17. Lease Agreements

All of the Company's leases are long term.

JESA Building, Cebu City

The Company entered into lease agreements for the corporate office unit it occupies in Cebu City. 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. The lease term is from April 1, 2011 to March 31, 2021. Future payments under these lease agreements are subject to escalation rate of fifteen percent (15%) after the first five years. 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 in the same building. The lease term for the unit is from July 1, 2014 to March 31, 2021 with a rent-free construction period from July 1, 2014 to August 31, 2014.

The lease agreements in JESA Building are renewable upon mutual agreement of both the lessor and the lessee.

EBLOC Tower 3, Cebu IT Park, Cebu City

In 2015, the Company entered into a lease agreement for the office unit and parking spaces for its expansion project located in EBLOC Tower 3, Cebu IT Park, Cebu City. The lease term for office unit is from January 6, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting January 1, 2016.

On the same year, the Company entered into a new lease agreement to occupy additional office unit and parking spaces in the same building. The lease term is from May 14, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting May 14, 2016.

Another lease agreement was entered by the Company on the same building for the lease of additional office units and parking spaces. The lease term is from October 15, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting October 15, 2016.

In 2019, the Company entered into a new lease agreement to occupy additional office unit and parking spaces located on the same building. The lease term is from June 15, 2019 to June 14, 2024. The lease payment is fixed for the entire duration of the lease.

The lease agreements in EBLOC Tower 3 are renewable upon mutual agreement of both the lessor and the lessee.

Filinvest Cebu, Cyberzone Tower 2, Cebu City

In 2019, the Company entered into a new lease agreement to occupy office units located in Filinvest Cebu, Cyberzone Tower 2, Cebu City. The lease term is from September 1, 2019 to August 31, 2025 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting September 1, 2020.

During the year, the Company also entered into two new lease agreements on the same building for the lease of additional office units. One lease agreement has a lease term from October 1, 2019 to August 31, 2025 while the other lease agreement has a lease term from December 1, 2019 to August 25, 2025. Both the lease agreements have free rent for the first three months of the actual handover date and escalation of five percent (5%) per year effective October 1, 2020 and December 1, 2020, respectively.

The Company will have the right to renew the lease for two (2) further five-year (5) lease terms by sending a written notice to the lessor not less than six (6) months prior to expiry of the initial term of these lease agreements.

Previously, these leases were classified as operating leases under PAS 17.

In 2019, as a result of the adoption of PFRS 16, the Company recognized ROU assets and lease liabilities for these leases as shown below.

I. ROU Assets

The movements as at March 31, 2020 are as follows:

	Note	
Cost		
Balance at beginning of year	3	**P120,423,202**
Additions during the year		**281,694,675**
		402,117,877
Less: amortization during the year	15, 16	**(63,264,496)**
Net carrying value	3	**P338,853,381**

II. Lease Liabilities

The movements in lease liabilities as at March 31, 2020 are as follows:

	Note	**2020**
Balance at the beginning	3	**P151,356,347**
Additions		**281,694,675**
Accretion of interest expense	3	**13,579,695**
Repayments		**(83,135,894)**
Net carrying value	3	**363,494,823**
Less: current portion		**73,333,680**
Noncurrent portion		**P290,161,143**

III. Amounts in Profit or Loss

Amounts recognized in statements of comprehensive income are as follows:

2020 - Leases under PFRS 16	Note	**Amount**
Depreciation on right-of-use assets	15, 16	**P63,264,496**
Accretion of interest expense	3	**13,579,695**
		P76,844,191

2019 - Leases under PAS 17	Note	Amount
Rent expense	15, 16	P43,236,904

IV. Future Minimum Lease Payments

The maturity analysis on the undiscounted lease liabilities is as follows:

	2020
Maturity Analysis - Contractual Undiscounted Cash Flows	
Not more than 1 year	**P102,037,702**
More than 1 year but less than 5 years	**294,370,672**
Total undiscounted lease liabilities at March 31, 2020	**P396,408,374**

	2019 Under PAS 17
Due within one year	P45,160,763
Due beyond one year but less than five years	119,906,016
	P165,066,779

There is no short-term lease for the year ended March 31, 2020.

18. Retirement Benefits Costs

The Company does not have an established formal retirement plan as at March 31, 2020 and 2019. It recognizes retirement benefits costs in accordance with the minimum regulatory benefit under Republic Act No. 7641, which is a 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 was made for the year ended March 31, 2020. The principal actuarial assumptions used to determine retirement benefits were as follows:

Regulatory Framework in which the Retirement Plan Operates

In accordance with the provisions of the RA 7641, the Company is required to pay eligible employees at least minimum regulatory benefit upon normal retirement, subject to age and service requirements.

Responsibilities of Trustee

Since the Company does not have a formal, trusteed Retirement Plan, there are no Trustees yet.

Description of Plan Characteristics and Associated Risks

The calculations were based on the provisions of the minimum mandated benefit under RA 7641. However, it should be noted that in the event a benefit claim arises, the benefit shall immediately be due and payable from the Company.

Amounts Recognized in the Financial Statements

The principal actuarial assumptions used to determine retirement benefits were as follows:

	2020	2019
Discount rate	**5.00%**	6.75%
Salary increase rate	**6.00%**	6.00%

Maturity Profile of Expected Future Benefit Payments

The company's expected future benefit payment is shown below:

	2020	2019
Beyond five years (6 to 10 years)	**P16,252,490**	P870,314

The movement of the present value of defines benefit obligation (DBO) follow:

	2020	2019
Balance at beginning of year	**P3,485,321**	P1,674,007
Current service cost	**7,914,672**	1,438,358
Past service cost	**7,067,207**	-
Interest cost	**471,440**	117,180
Benefits paid	**(880,451)**	-
Remeasurement gain (loss)	**(5,586,209)**	255,776
Balance at end of year	**P12,471,980**	P3,485,321

The retirement benefits costs recognized as part of "Cost of services" and "Operating expenses" accounts in the statement of comprehensive income for the years ended March 31, 2020 and 2019 were determined as follows

	Note	**2020**	2019
Current service cost		**P7,914,672**	P1,438,358
Past service cost		**7,067,207**	-
Interest cost		**471,440**	117,180
	15, 16	**P15,453,319**	P1,555,538

The retirement benefits costs are broken down as follows:

	Note	2020	2019
Costs of services	15	**P7,514,238**	P810,004
Operating expenses	16	**7,939,081**	745,534
		P15,453,319	P1,555,538

The movement of cumulative remeasurement gain presented in the statements of changes in equity follows:

	2020	2019
Balance at beginning of year	**P19,369,535**	P19,625,311
Actuarial gain (loss):		
Due to liability assumption changes	**(2,266,735)**	(149,725)
Due to liability experience	**7,852,944**	(106,051)
	5,586,209	(255,776)
Balance at the end of year	**P24,955,744**	P19,369,535

The movement of the retirement benefits obligation recognized in the statement of financial position is as follows:

	Note	2020	2019
Balance at beginning of year		**P3,485,321**	P1,674,007
Current service cost	15, 16	**7,914,672**	P1,438,358
Interest cost	15, 16	**471,440**	117,180
Past service cost	15, 16	**7,067,207**	-
Benefits paid		**(880,451)**	-
Remeasurement loss (gain)		**(5,586,209)**	255,776
Balance at end of year		**P12,471,980**	P3,485,321

Amount, Timing and Uncertainty of Future Cash Flows

Sensitivity analysis on the defined benefits obligation is as follows:

2020		**Sensitivity Analysis**	**Effect on DBO**
Discount rate	**6.00%**	**1% increase**	**(16.51%)**
Discount rate	**4.00%**	**1% decrease**	**21.01%**
Salary increase rate	**7.00%**	**1% increase**	**20.57%**
Salary increase rate	**5.00%**	**1% decrease**	**(16.51%)**

2019		Sensitivity Analysis	Effect on BDO
Discount rate	7.75%	1% increase	(18.97%)
Discount rate	5.75%	1% decrease	24.17%
Salary increase rate	7.00%	1% increase	24.11%
Salary increase rate	5.00%	1% decrease	(19.25)

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 Assets-liability Matching Strategies

Since the DBO is still unfunded, there are no plan assets to match against the DBO.

Description of Funding Arrangement and Policies

Since the DBO is still unfunded, benefit claims under the DBO are paid directly by the Company when they become due.

19. 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.

	2020	2019
Current income tax expense	**P5,785,680**	P5,258,011
Deferred tax expense	**(110,411)**	131,796
	P5,675,269	P5,389,807

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in the statements of comprehensive income for the years ended March 31 is as follows:

	2020	2019
Profit before income tax	**P105,135,722**	P70,661,010
Less: Other income subject to RCIT	**10,114,897**	5,820,987
Profit subject to GIT	**P95,020,825**	P64,840,023
Tax expense at 5%	**P4,751,041**	P3,342,001
Non-deductible expense	**12,576,292**	9,557,105
Movement on unrecognized DTA	**416,153**	-
Nontaxable income subject to final tax	**(8,235)**	(8,235)
Nontaxable income subject to tax holiday	**(15,094,451)**	(9,147,361)
Tax expense subject to 30% RCIT	**3,034,469**	1,746,297
Balance at end of year	**P5,675,269**	P5,389,807

The tax rate used for the 2020 and 2019 reconciliation above is the 5% special rate whose tax base is the gross income under the PEZA registered activities. Any income earned outside the PEZA registered activities are subject to 30% Regular Corporate Income Tax (RCIT).

The deferred tax assets arising from various provisions amounting to P416,153 in 2020 and P20,049 in 2019 were not recognized as the management does not expect that there will be sufficient taxable profits against which the assets can be utilized before the expiration.

The deferred tax liability arising from the unrealized foreign exchange gains amounting to P44,793 in 2020 and P155,204 in 2019 is recognized by the Company.

20. Fair Value Information

The fair value of Company's financial assets and liabilities:

	Note	**2020**		2019	
		Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	6	**P135,510,615**	**P135,510,615**	P280,804,169	P280,804,169
Trade receivables	7	**110,099,505**	**110,099,505**	55,139,520	55,139,520
Refundable deposits	11	**28,756,827**	**28,756,827**	10,961,994	10,961,994
		P274,366,947	**P274,366,947**	P346,905,683	P346,905,683
Financial Liabilities					
Trade and other payables*	12	**P100,824,079**	**P100,824,079**	P59,693,094	P59,693,094
Lease liabilities	17	**363,494,823**	**363,494,823**	-	-
		P464,318,902	**P464,318,902**	P59,693,094	P59,693,094

*Excluding non-financial liabilities amounting to P9,481,362.

The difference between the carrying amount of trade and other receivables and trade and other payables disclosed in the statement of financial position and the amount disclosed in this note pertains to advances to officers and employees and government payables since these are not considered as financial assets or liabilities.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables and Trade and Other Payables

The carrying amounts of approximate their fair values due mainly to the relatively short-term maturities of these financial instruments.

Refundable Deposits

The carrying amount approximates its fair value because it is stated at present value using an interest rate similar to the prevailing market rate for a similar instrument.

Lease Liabilities

The carrying amount approximates its fair value because the difference between the interest rate of this instrument and the prevailing market rate for a similar instrument is not considered significant.

21. Financial Risk Management

Financial Risk Management Objectives and Policies

The main purpose of the Company's financial instruments is to fund the Company's operation 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 contact, 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, trade receivables 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 procedure 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.

The table below presents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	Note	2020	2019
Cash and cash equivalents*	6	**P135,440,615**	P280,764,169
Trade receivables	7	**110,099,505**	55,139,520
Refundable deposits	11	**28,756,827**	10,961,994
		P274,296,947	P346,865,683

*Excluding Cash on hand amounting to P70,000 in 2020 and P40,000 in 2019.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

ECLs are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indication that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written-off

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at March 31, 2020 and 2019:

2020	**Note**	**Internal Credit-rating**	**12m or Lifetime ECL**	**Gross Carrying Amount**	**Loss Allowance**	**Net Carrying Amount**
Cash and cash equivalents*	6	**Performing**	**12m ECL**	**P135,440,615**	**P -**	**P135,440,615**
Trade receivables	7	**Performing**	**Lifetime ECL**	**110,099,505**	**-**	**110,099,505**
Refundable deposits	11	**Performing**	**12m ECL**	**56,024,456**	**27,267,629**	**28,756,827**
				P301,564,576	**P27,267,629**	**P274,296,947**

*Excluding Cash on hand amounting to P70,000.

2019	Note	Internal Credit-rating	12m or Lifetime ECL	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
Cash and cash equivalents*	6	Performing	12m ECL	P280,764,169	P -	P280,764,169
Trade receivables	7	Performing	Lifetime ECL	55,139,520	-	55,139,520
Refundable deposits	11	Performing	12m ECL	38,229,623	27,267,629	10,961,994
				P374,133,312	P27,267,629	P346,865,683

*Excluding Cash on hand amounting to P40,000.

For trade receivables, the Company has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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 Parent 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, 2020 and 2019 on undiscounted contractual cash flows.

2020	**Note**	**On Demand**	**Due Within 30 Days**	**Due Within 1 Year**	**Due Beyond 1 Year but not More than 5 Years**	**Total**
Cash and cash equivalents	6	**P79,988,615**	**P55,522,000**	**P -**	**P -**	**P135,510,615**
Trade receivables	7	**-**	**110,099,505**	**-**	**-**	**110,099,505**
Refundable deposits	11	**-**	**-**	**-**	**28,756,827**	**28,756,827**
		P79,988,615	**P165,621,505**	**P -**	**P28,756,827**	**P274,366,947**
Trade and other payables*	12	**P32,244,436**	**P68,579,643**	**P -**	**P -**	**P100,824,079**
Lease liabilities	17	**-**	**-**	**73,333,680**	**290,161,143**	**363,494,823**
		P32,244,436	**P68,579,643**	**P73,333,680**	**P290,161,143**	**P464,318,902**

*Excluding non-financial liabilities amounting to P9,481,362.

2019	Note	On Demand	Due Within 30 Days	Due Within1 Year	Due Beyond 1 Year but not More than 5 Years	Total
Cash and cash equivalents	6	P102,458,169	P178,346,000	P -	P -	P280,804,169
Trade receivables	7	-	55,139,520	-	-	55,139,520
Refundable deposits	11	-	-	-	10,961,997	10,961,994
		P102,458,169	P233,485,520	P -	P10,961,997	P346,905,683
Trade and other payables*	12	P10,593,387	P49,099,709	P -	P -	P59,693,044

*Excluding non-financial liabilities amounting to P3,443,113.

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 primary source of the Company's interest rate risk relates to cash in banks and lease liabilities. The interest rates on these assets is disclosed in Notes 6 and 17.

The Company has a policy in place in managing interest rate risk and is monitored on an ongoing basis.

Foreign Currency Risk

Foreign exchange risk arises when an investment 's value changes due to variations in the currency exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Company's functional currency. The Company undertakes certain transact ions denominated in Philippine Peso. Hence, exposures to exchange rate fluctuations arise with respect to such transactions.

Significant fluctuation in the exchange rates could significantly affect the Company's financial position. The Company has a policy in place in managing foreign currency risk and is monitored on an ongoing basis.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	2020	2019
Cash and cash equivalents	**P62,473,756**	P159,698,039
Trade and other receivables	**109,571,407**	55,169,520
	172,045,163	214,867,559
Trade and other payables	**(1,150,625)**	(1,927,561)
Net exposure	**P170,894,538**	P212,939,998

The following table details the Company's sensitivity to the exchange rate fluctuation of U.S. Dollar against Philippine Peso. The sensitivity rates used in reporting foreign currency risk internally to key management personnel is 3% in 2020 and 1% in 2019 which represent Management's assessment of the reasonably possible change in foreign exchange rates based on historical trends. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items as at the end of the reporting period. A negative number below indicates a decrease in profit when the US Dollar weakens by 3% in 2020 and 1% in 2019 against the relevant currency. For a 3% in 2020 and 1% in 2019 increase of the US Dollars against Philippine Peso, there would be an equal and opposite impact on profit and the balances below would be negative.

	Effect on Profit Before Tax for the Year	
	2020	2019
Cash and cash equivalents	**P4,373,163**	P11,178,883
Trade and other receivables	**7,669,998**	3,861,866
Trade and other payables	**(80,543)**	(134,929)
	P11,962,618	P14,905,820

The above sensitivity analysis is applicable in determining the effect on equity of the changes in foreign exchange rates.

In Management ‘s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

22. 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 2020 and 2019.

The Company considers the following as its capital:

	2020	2019
Share capital	**P9,500,000**	P9,500,000
Retained earnings	**372,383,282**	303,855,974
Cumulative remeasurement gain on retirement benefits	**24,955,744**	19,369,535
	P406,839,026	P332,725,509

The debt to equity ratio at year-end was as follows:

	2020	2019
Debt	**P489,731,360**	P69,322,418
Equity	**406,839,026**	332,725,509
	1.20:1	0.21:1

23. Events After Reporting Period

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation No. 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease 2019 (COVID-19). To manage the spread of the disease, the entire Luzon has been placed under Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. On April 7, 2020, the President approved the Inter-Agency Task Force (IATF) Resolution No. 20 which extended the ECQ until April 30, 2020. On April 24, 2020, the national government issued a proclamation extending the Enhanced Community Quarantine (ECQ) to selected areas including Metro Manila, Cebu and Iloilo until 15 May 2020. On May 12, 2020, the government announced that only Metro Manila, Laguna and Cebu City would be under modified ECQ or MECQ from May 16 to May 31, 2020. On May 15, 2020 a resolution by the IATF on Emerging Infectious Diseases (IATF-EID) declared additional areas in Luzon under MECQ from May 16 to May 31, 2020 namely Bataan, Bulacan, Nueva Ecija, Pampanga including Angeles City and Zambales.

The Company was not significantly affected by these events as the Company is still able to continue its operations using the work-from-home arrangement. In addition, the Management has assessed that despite the reduction of its revenue due to ECQ, the Company foresee that its business will be back as usual on the third quarter of 2020 and the Company would be able to catch-up for its lost revenue during the first half of 2020.

Despite or amidst this event, the financial statements have been prepared on a going concern basis of accounting as of reporting date since the Company implemented all measures to mitigate the risks on their business operations.

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	1	0	0	9	5	1

Company Name

v	C	U	S	T	O	M	E	R		P		H	I	L	I	P	P	I	N		E	S		(	C	E	B	U	)		
I	N	C	.		(	A		W	h	o		l	l	y		O	w	n	e		d										
S	u	b	s	i	d	i	a	r	y			o	f		v	C	u	s	t		o	m	e	r							
P	h	i	l	i	p	p	i	n	e	s		,		I	n	c	)														

Principal Office (No. / Street / Barangay / City / Town / Province)

9	0		G	e	n	e	r	a	l			M	a	x	i	l	o	m			A	v	e	n	u	e					
C	e	b	u		C	i	t	y																							

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N A

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
lynette.deguzman@techmahindra.com	894-4876	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	March 30	March 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lynette De Guzman	lynette.deguzman@techmahindra.com	+6396662821	+639225169711

CONTACT PERSON's ADDRESS

90 General Maxilom Avenue, Cebu City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

TECH MAHINDRA DRC SARLU

Board of Directors
Mr. Ayan Chatterjee
Mr. Sourabh Banerji

Registered Office
Immeuble Le Prestige, 1er Étage,
4239 Avenue Tombalbaye Commune de la Gombe,
Kinshasa, Rép. Dém. du Congo

Bankers
Citibank DRC

Auditors
GPO Partners SPRL

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2019

The directors submit their report together with the audited financial statements for the year ended 31st December 2019, which disclose the state of affairs of the company.

Principal Activity

The principal activity of the company is to provide global solution on information technology to various sector of the economy. It is engaged in directing, operating, managing, investing in or provide telecommunication, networking, communication, internet information and other information technology related services.

Directors

The directors who held office during the year and to the date of this report were:

Mr. Sourabh Banerji Director (Indian)

Mr. Ayan Chatterjee Director (Indian)

Directors interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors has notified the company of any direct or indirect interest in contracts or proposed contracts with the company during the year.

Donations and Charitable Gifts

There were no donations made during the year.

Human Resources

Employment of Disabled Persons

The company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled person in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's working environment.

Health, Safety and welfare at Work

The company enforces strict health and safety rules and practices at work environment, which are reviewed and tested regularly. The company retains top-class private hospitals where medical facilities are provided for staff at the company's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The company operates both Group Personal Accident and contributing to the Nigeria Social Insurance Trust Fund in compliance with the requirements of Employees Compensation Act (ECA), 2010. It also operates a contributory pension plan in line with the Pension Reform Act, 2004.

Employee Involvement and Training

The company ensures, through various form, that employees are informed on matters concerning them. Formal and informal

channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) 2004, Messrs. GPO Partners SPRL will be reappointed to continue in office as Auditors to the Company having indicated their willingness to do so.

By order of the Board

Ayan Chatterjee Director
Date: 25-June-2020
Place: Kinshasa

DEMOCRATIC REPUBLIC OF CONGO

MINISTRIES OF FINANCE AND THE BUDGET

GENERAL DIRECTION OF TAXES

TAX OFFICE OF: ____

STANDARD FINANCIAL STATEMENTS OF THE

OHADA ACCOUNTING SYSTEM (SYSCOHADA)

TAX YEAR ENDING ON 12/31/2019

COMPANY NAME

COMPANY NAME: (or full name of operator)	**SOCIETE TECH MAHINDRA LIMITED**
USUAL NAME :	**SOCIETE TECH MAHINDRA LIMITED**
Complete Address :	**KINSHASA BOULEVARD**
	N°3642, CONGO FUTUR BLDG., COMMUNE DE LA GOMBE

Taxpayer Identification N°

STANDARD SYSTEM

Documents submitted

Identification and information Sheet	X
Balance Sheet	X
Income Statement	X
Financial Table of Resources and uses	X
Attached report	X
Additional Statements	X
Number of pages submitted per copy..................... Number of copies submitted. 07....................................	

Réserved for the General Direction of Taxes

Date submitted
Name of the DGI Agent receiving the declarations Agent's Signature and Departmental Stamp

CONDITIONS OF RECEIVABILITY

Companies using the forms:

- Use only standard forms
- Fill in each page legibly without shifting lines
- Do not create any extra lines
- Avoid any additional comments on the forms, attach a separate sheet for explanations
- Use only the codes indicated in the tables
- Use only black and white forms

Companies producing the financial statements with a computer tool :

- Reproduce verbatim the content of the standard printed forms
- Submit a tax declaration including: the identification and information sheet together with all financial statements corresponding to the accounting system
- Do not create any new lines
- Use only the codes indicated in the tables
- Use only black and white forms.

Corporate Name : **SOCIETE TECH MAHINDRA LIMITED**

Address : Usual Name :

Taxpayer Identification N° : ________________ Tax year ending on: 12/31/2019 Duration (in months) : 12

ADMINISTRATORS (1)

Family Name	First Name	Position	Taxpayer Identity N°	Address (BP, city, country)
BANERJI	SOURABH	GM		KINSHASA

(1) Administrators = 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 (millions FCFa)	%
TECH MAHINDRA LIMITED		Indian		90,500,000	100%
			TOTAL	90,500,000	100%

BOARD MEMBERS

Family Name	First Name	Job Position	Address (BP, city, country)
BANERJI	SOURABH	GM	India
CHATTERJEE	AYAN	FM	India

AFFILIATED COMPANIES AND PARTICIPATIONS

Designation	Nationality		Capital	
			Amount (millions FCFa)	%
		TOTAL		

TABLE OF CODES

1 - Code for legal form ([1])			3 - Code of the country of the headquarters		
Société Anonyme (SA) à participation publique	0	0	UEMOA countries ([2])	(REGION)	
Société Anonyme (SA)	0	1	CEMAC countries ([3])	(REGION)	
Private Limited Company (SARL)	0	2	Other OHADA countries ([4])	(REGION)	
Limited Partnership (SCS)	0	3	Other African countries	2	1
Partnership (SNC)	0	4	Switzerland	2	2
Joint Venture Company (SP)	0	5	France	2	3
			Other European Union countriesEuropéenne	3	9
Groupement d'Intérêt Economique (GIE)	0	6	U.S.A.	4	0
Association	0	7	Canada	4	1
Other legal form (to be specified)	0	8	Other American countries	4	9
2 - Tax Regime Code			Asian countries	5	0
Actual Standard		1	Other countries	9	9
Actual Simplified		2			
Summary Statement		3			
Lump sum tax payment		4	(Monetary Zone= Cfa Franc Zone)		

([1]) Replace the first 0 by 1 if the company benefits from a priority agreement
([2]) Benin = 01 ; Burkina = 02 ; Côte d'Ivoire = 03 ; Guinea Bissau = 04 ; Mali = 05 ; Niger = 06 ; Senegal = 07 ; Togo = 08
([3]) Cameroon = 09 ; Central African Republic = 10 ; Congo = 11 ; Gabon = 12 ; Equatorial Guinea = 13 ; Chad = 14
([4]) Comores = 15 ; Guinea Conakry = 16

4 - ECONOMIC ACTIVITY CODE

Food Agriculture	**Tobacco Industry**	**Construction**
001 001 Cereal crop	015 000 Tobacco industry	030 001 Site Preparation and construction,
001 002 Growing of tubers and plantains	Textile and clothing Industries	of buildings or civil engineering works
001 003 Growing vegetables	016 001 Textile Industries	030 002 Installation and finishing work
001 004 Growing seasoning plants	016 002 Clothing Industries	Trade
001 005 Fruit growing	Leather and footwear Industries	031 001 Sale of vehicles, accessories and fuel
001 006 Growing other food products	017 001Manufacture of leather and	
	leather articles	031 002 Trade in unprocessed agricultural
Industrial Agriculture and Exports	017 002 Footwear manufacturing	products and live animals
002 001 Growing sugar cane	Wood Industries	031 003 Other businesses
002 002 Growing oil mill peanuts	018 001 Sawing, planing and impregnation	Repairs
002 003 Growing ground nuts for eating	of wood	032 001 Automobile maintenance and repair
002 004 Growing tobacco	018 002 Wood panel manufacturing	
002 005 Growing cotton	018 003 Manufacture of assembled	032 002 Repair of personal household property
002 006 Growing wheat	wood articles	
002 007 Growing cocoa	Paper and cardboard Industries	Hotels, Restaurants
002 008 Growing coffee	publishing and printing	033 001 Hotels
002 009 Growing bananas for export	019 001 Paper and cardboard Industries	033 002 Bars and restaurants
002 010 Growing pineapple for export	019 002 Publishing, printing and reproduction	Transport and Communication
002 011 Other industrial food crops	Oil Refining	034 001 Rail Transport
Livestock Raising and Hunting	020 000 Oil refining	034 002 Road Transport with a driver
003 001 Raising Cattle	Chemical Industry	
003 002 Raising sheep, goats, horses	021 001 Basic chemical industries	034 003 Water Transportation
003 003 Raising chickens	021 002 Manufacture of soaps, detergents	034 004 Air Transport
003 004 Other livestock	and cleaning products	034 005 Ancillary and auxiliary Services
003 005 Hunting	021 003 Manufacture of agro-chemical products	of transportation
Tree Plantations, Logging		Postal and telecommunication services
004 001 Tree plantations	021 004 Pharmaceutical Industries	035 001 Postal
004 002 Logging	021 005 Manufacture of other chemical products	035 002 Télécommunications
Fishing and Aquaculture	Rubber and Plastic Industries	Financial ActivitiesActivités financières
005 001 Fishing	022 001 Natural Rubber manufacturingFabrication du caoutchouc naturel	036 001 Financial Intermediation Services
005 002 Other fisheries and aquaculture	022 002 Rubber Industries	036 002 Insurance (except Social Security)
Extractive Industries	022 003 Manufacture of plastics	036 003 Financial and insurance auxiliary services
006 001 Extraction of Hydrocarbons	Manufacture of other non-mineral	Real Estate Activities
006 002 Extraction of other products	products, metal and construction materials	037 001 Rental of Real Estate
Production of Meat and Fish	023 001 Glass Industries	037 002 Other real estate services
007 001 Production of meat and	023 002 Manufacture of mineral products	Business Services
meat products	for construction	038 001 Rentals without operators
007 002 Production of fish and	023 003 Manufacture of other mineral	038 002 Computer Activities
fish products	and non-metallic products	038 003 Services rendered mainly to companies
Grain Processing and Manufacturing	Métallurgy and Metal working	
of Starchy Products	024 001 Métallurgy	Public Administration
008 000 Grain processing and manufacturing	024 002 Metalworking	039 001 General Administration, economic and
of starchy products	Manufacture of machines, equipment	social services
Transformation of coffee and cocoa	and electric appliances	039 002 Services of public prerogative
009 001 Transformation of coffee	025 001 Manufacture of machines and	039 003 Obligatory Social Security
009 002 Transformation of cocoa	equipment	Education
Oilseed Industry	025 002 Manufacture of office machines	040 000 Education
010 001 Crude oils and meals	025 003 Manufacture of electrical appliances	Health and Social Work
010 002 Other fats	Manufacture of audio-visual and	Activities for people's health
Bakeries, cake shops and Pasta food	communicationequipment and apparatuses ;	041 002 Veterinarian activities
	Manufacture of medical and optical	041 003 Social work
011 001 Production of bread, biscuits	instruments and watchmaking	Community, social and personal Services
and pastry	026 001 Manufacture of audiovisual and	042 001 Sewerage, roads and wastewater
011 002 Production of pasta	communication equipment and appliances	and waste products management
Dairy Industries	026 002 Manufacture of medical and optical	042 002 Associative Activities
012 000 Dairy Industries	instruments and watchworking	042 003 Recreational and cultural activities
Fruit and vegetable processing and	Manufacture of Transportation equipment	and all sports activities
manufacturing of other food products	027 001 Manufacture of Road vehicules	042 004 Personal Services
013 001 Sugar manufacturing	027 002 Manufacture of other transport	042 005 Domestic Services
013 002 Manufacturing of products based on	machines and equipment	Financial Intermediation Services
fruits and vegetables	Various Industries	measured indirectly
013 003 Manufacturing of other food products	028 001 Furniture manufacturing	043 000 Financial intermediation Services
	028 002 Miscellaneous Industries	measured indirectly
Beverage Industry	Production and distribution of water,	Territorial Correction
014 001 Breweries and Malting Plants	electricity and gas	044 000 Territorial Correction
014 002 Manufacturing of other alcoholic	029 001 Production, transportation and	
beverages	distribution of electricity	
014 003 Production of Non-alcoholic and	029 0 02 Water collection, purification and distribution	
alcoholic beverages and mineral water	029 003 Production and distribution of gas	

FICHE D'IDENTIFICATION ET RENSEIGNEMENTS DIVERS

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Usual Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

ZA ACCOUNTING YEAR : From **1/1/2019** To **12/31/2019**

ZB Exact date accounts closed : **12/31/2019**

ZC Preceding Fiscal Year closed on:: **12/31/2018** Duration of the preceding fiscal year in months : **12**

ZD **KG** (Registrar) **9.355/M** (N° Trade Register) — Business Repertory N°

ZE ………… (Social Security N°) — N° Importer Code — …………………… (Main Activity Code)

ZF **TECH MAHINDRA DRC SARLU COMPANY** (Company Name) — …………………………… (Sigle)

ZG Telephone N° — Fax N° — …. (Code) — ….. (Postal Box) — ….. (City)

ZH **KINSHASA BVD DU 30 JUIN N°3642 ,IMM CONGO FUTUR COMMUNE DE LA GOMBE**
Complete Geographic Address (Building, street, neighborhood, city, country)

ZI **Management, Advice and Supply of Telecommunication Systems**
Specific designation of the main activity carried out by the company — % capac. prod. Used

Name, address and position of person to contact if additional information is needed.

……………………………………………

Name of professional accountant employed by the company or
Name, address and telephone N° of Accounting Firm or Professional inscribed in the NATIONAL ORDER
OF CERTIFIED PUBLIC AND ACCREDITED ACCOUNTANTS who prepared the financial statements.

Names and addresses of the Auditor or Auditors

☐ Not subject to tax ☐ No, (refused) ☐ Yes with reservations ☐ Yes without reservatic
Certified Financial Statements (tick the box)

☐ Not subject to tax ☐ No ☐ Yes
Financial Reports approved by the General Assembly (tick the box)

Ayan Chattterjee
Name of signatory of Financial Statements

Title of the Signatory of Financial Statements

Date of signature

Signature

Company bank account:	
Bank:	Account Number
CITIBANK KINSHASA	100041103

Dénomination sociale de l'entreprise : **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° 3642 Sigle Usual : ______________________

N° d'identification fiscal ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

				Contrôle de l'entreprise (cocher la case)	
ZK	Forme juridique (1) :	O 3	ZQ	Entreprise sous contrôle public	☐
ZL	Régime fiscal (1) :	1	ZR	Entreprise sous contrôle privé national	X
ZM	Pays du siège social (1) :	1 1	ZS	Entreprise sous contrôle privé étranger	☐
ZN	Nombre d'établissements dans le pays :	O 1			
ZO	Nombre d'établissements hors du pays pour lesquels une comptabilité distincte est tenue :	O O			
ZP	Première année d'exercice dans le pays :	2 O 1 2			

ACTIVITE DE L'ENTREPRISE

Designation of Activity (2)	Activity Code (1)	Turnover HT (CA HT) (3) or Added Value (VA)	% of activity in turnover CA HT or VA
Management, Advice and Supply of a Telecommunications System			
ACCESSORY PRODUCTS			
Miscellaneous			
	TOTAL		

(1) Refer to the table of codes.
(2) List specifically the activities in decreasing order of turnover (C.A. HT, or value added (V. A.).
(3)Delete as appropriate (preferably use V.A.).

STANDARD BALANCE SHEET SYSTEM
PAGE 1/4

BILAN

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° 3642 Usual Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : 12

Ref.	ASSETS	Year N			Year 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				
AM	Equipment				
AN	Transportation Equipment				**46**
AP	Advances and partial payments towards assets				
AQ	**Permanent Financial Investments**				
AR	Shares of participation				
AS	Other financial investments	**3,015,001,447**		**3,015,001,447**	**1,946,399,844**
AW	(1) including H. A. O. : Gross Net				
AZ	**TOTAL FIXED ASSETS (I)**	**3,015,001,447**		**3,015,001,447**	**1,946,399,844**

BILAN

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Usual Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Ref.	**ASSETS**	**Fiscal Year N**			**Ex. N - 1**
		Gross	**Amort/Prov**	**Net**	**Net**
AZ	Total Fixed Assets carried over	**3,015,001,447**		**3,015,001,447**	**1,946,399,844**
	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				
BG	**Receivables and assimilated realizations**				
BH	Suppliers, advances paid up	**58,379,222**		**58,379,222**	**-494,896,907**
B I	Clients	**111,855,025**		**111,855,025**	
BJ	Other receivables	**612,172,119**		**612,172,119**	**3,935,392,330**
BK	**TOTAL CURRENT ASSETS (II)**	**782,406,366**		**782,406,366**	**3,440,495,423**
	CASH FLOW ASSETS				
BQ	Investments in Securities				
BR	Checks and Bills awaiting collection				
BS	Banks, postal checks, cash	**1,080,318,504**		**1,080,318,504**	**275,555,046**
BT	**TOTAL TREASURY ASSETS (III)**	**1,080,318,504**		**1,080,318,504**	**275,555,046**
BU	Losses from Foreign Exchange-Assets (IV) (probable loss from foreign currency exchange)				
BZ	**GENERAL TOTAL (I + II + III + IV)**	**4,877,726,317**		**4,877,726,317**	**5,662,450,313**

STANDARD BALANCE SHEET
PAGE 3/4

BILAN

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° 3642 Usual Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Ref.	LIABILITIES (before distribution)		Year N	Year N - 1
	Shareholders' Equity and Assimilated Resources			
CA	**Company Capital**			
CB	Shareholders uncalled subscribed capital		**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 -	**-4,266,299,800**	
C I	**Net results from the fiscal year**	(profits + or losses -)	**500,127,727**	-1,336,444,546
CK	**Other Shareholders' Equity**			
CL	Investment Subsidies			
CM	Regulated Provisions and Assimilated Funds			
CP	**TOTAL SHAREHOLDERS' EQUITY (I)**		**-3,675,672,073**	-1,336,444,546
	Financial Debts and Assimilated Resources (1)			
DA	Loans			
DB	Debts from financial leases and assimilated contracts			
DC	Various financial debts			
DD	Financial provisions for risks and charges			
DE	(1) including H. A. O.:			
DF	**TOTAL FINANCIAL DEBTS (II)**			
DG	**TOTAL STABLE RESOURCES (I + II)**		**-3,675,672,073**	-1,336,444,546

STANDARD BALANCE SHEET
PAGE 4/4

BILAN

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Usual Name: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Ref.	LIABILITIES (before distribution)	Year N	Year N - 1
DG	Total Stable Resources carrie over	**-3,675,672,073**	-1,336,444,546
	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	**130,446,849**	169,180,968
DK	Fiscal Debts	**68,290,327**	
DL	Social Security Debts (CNSS)	**8,354,661,214**	402,729
DM	Other Debts		4,970,400,565
DN	Provisioned Risks		1,858,910,597
DP	**TOTAL CURRENT LIABILITIES (III)**	**8,553,398,390**	6,998,894,859
	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)**	**4,877,726,317**	5,662,450,313

STANDARD BALANCE SHEET SYSTEM
PAGE 1/4

INCOME STATEMENT

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° 3642 Abbreviated as: ____________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Ref.	CHARGES (First Part)		Year N	Year N - 1
	OPERATING ACTIVITIES			
RA	Purchase of Goods			
RB	- Variation of stocks	(- or +)		
	(Gross Margin on goods, see TB)			
RC	Purchase of Raw Materials and related supplies			
RD	- Variation de stocks	(- or +)		
	(Gross Margin on Materials, see TG)			
RE	Other purchases			59,766,257
RH	- Variation in stocks	(- or +)		
RI	Transportation			6,702,800
RJ	External Services		**49,772,257**	841,762,349
RK	Taxes and fees		**70,301,314**	
RL	Other charges			
	(Added Value, see TN)			
RP	Charges for personnel (1)			-111,185,211
RQ	(1) including external personnel			
	(Gross surplus from operations, see TQ)			
RS	Charges for amortization and Provisions			167,215,645
RW	**Total Operating Charges**		**120,073,571**	797,046,195

(Operating Results, see TX)

INCOME STATEMENT

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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				102,951,509
TE	Stored Production (or decrease in stock)		(+ or -)		
TF	Immobilized Production				
TG	**Gross Martin on Materials**				
TH	Accessory Income				
T I	Turnover (1) (TA + TC + TD + TH)		**102,951,509**		
TJ	(1) including from exports				
TK	Subsidies for operations				
TL	Other Income			**236,219,179**	
TN	**Value Added**	**116,145,608**	**-805,279,897**		
TQ	**Gross Surplus from Operations**	**116,145,608**	**-694,094,686**		
TS	Reversals of Provisions				
TT	Transfer of charges				
TW	**Total income from operations**			**236,219,179**	102,951,509
TX	**OPERATING RESULTS** Profits (+) ; Losses (-)	**116,145,608**	**-694,094,686**		

INCOME STATEMENT

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° 3642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Ref.	CHARGES (Second Part)	year N	year N - 1
RW	Total carry over of operating costs	**120,073,571**	797,046,195
	Financial Activity		
SA	Financial expenses		
SC	Losses from Currency Exchanges	**-445,647,644**	423,415,508
SD	Charges tied to amortization and provisions		
SF	**Total Financial Charges**	**-445,647,644**	423,415,508
	(Financial Results, see UG)		
SH	**Total from Regular Activities**	**-325,574,073**	1,220,461,703
	(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.		241,048,143
SM	Allocations H.A.O.		
SO	**Total Charges H.A.O.**		241,048,143
	(Results H.A.O. see UP)		
SQ	Participation of Workers		
SR	Taxes on Results	**71,970,422**	-18,719,117
SS	**Total participation and taxes**	**71,970,422**	-18,719,117
ST	**GENERAL TOTAL CHARGES**	**-253,603,651**	1,442,790,729
	(Net Results, see UZ)		

INCOME STATEMENT

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Ref.	INCOME (Second Part)			Fiscal Year N	Fiscal Year N - 1
TW	Report Total Carry over of Operating Income			**236,219,179**	**102,951,509**
	FINANCIAL ACTIVITY				
UA	Financial Revenue			**3,394,672**	**3,394,672**
UC	Gains from Currency Exchange				
UD	Recovery of Provisions				
UE	Transfer of charges				
UF	**Total Financial Income**			**10,304,897**	**3,394,672**
UG	**FINANCIAL RESULTS** (+ or -)	**455,952,541**	**-420,020,836**		
UH	**Total income from ordinary activities**			**246,524,076**	**106,346,181**
U I	**Results from Ordinary Activities (1)** (+ or -)	**572,098,149**	**-1,114,115,522**		
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				**1**
UM	H.A.O. Reversals or recoveries				
UN	Transfer of charges				
UO	**Total income H.A.O.**				**1**
UP	Results H.A.O. (+ or -)		**-241,048,142**		
UT	**GENERAL TOTAL INCOME**			**246,524,076**	**106,346,182**
UZ	**Net Results** Gains (+) ; Losses (-)	**500,127,727**	**-1,336,444,547**		

FINANCIAL TABLE OF RESOURCES AND APPLICATIONS (TAFIRE)

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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.	116,145,608
(SA) Financial Charges		(TT) Transfers of operating charges	
(SC) Exchange losses	-445,647,644	(UA) Financial Income	10,304,897
(SL) H.A.O. Charges		(UE) Transfers of Financial charges	
(SQ) Participation		(UC) Gains in currency exchange	
(SR) Taxes on results	71,970,422	(UL) H.A.O. Income	1
		(UN) Transfers of H.A.O. charges	
Total (I)	-373,677,222	Total (II)	126,450,505

CAFG : Total (II) - Total (I) = **-500,127,727m** (N - 1) : **-79,189,778**

SELF-FINANCING (A.F.)

AF = CAFG - Distributions of dividends during the fiscal year (1)

AF = **-500,127,727** = **500,127,727** (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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Variation in Receivables: N - (N - 1)	Increase in Jobs (+)		Decrease in Resources (-)
(BH) Suppliers, advances paid		ou	
(B I) Clients		ou	
(BJ) Other receivables		ou	4,433,390,377
(BU) Differences in Exchange conversion: Assets		ou	
(B) General Net Variation in Receivables		**ou**	**4,433,390,377**

Variation of Current Debts : N - (N - 1)	Decrease in Jobs (-)		Increased Resources (+)
(D I) Clients, advance payments received		ou	
(DJ) Suppliers for Operations		ou	
(DK) Fiscal Debts		ou	
(DL) Social Debts		ou	
(DM) Other debts	2,890,977,599	ou	
(DN) Provisioned Risks		ou	
(DU)Differences resulting from conversion: Liabilities		ou	
(C) Total Net Variation of Current Debts	2,890,977,599	ou	
VARIATION of B.F.E. = (A) + (B) + (C)		ou	1,542,412,778

Surplus operational Treasury (E.T.E.)

ETE = EBE - Variation BFE - Immobilized Production

		N	**N - 1**
Gross Operating Surplus		116,145,608	-2,073,095,467
- Variation of B.F.E.(- if jobs ; + if resources)	(- ou +)	1,542,412,778	-977,116,084
- Production of Capital Goods		-	-
Surplus operations Treasury		**1,658,558,386**	**-3,050,211,551**

TABLEAU FINANCIER DES RESSOURCES ET DES EMPLOIS (TAFIRE)

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° 3642 Abbreviated as: ____________________

Taxpayer Identification **N°** ______________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Ref.		**Year N**		**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	**-169,175,444**		
FC	Acquisitions/Transfers of Tangible Assets			
	External Growth			
FD	Acquisitions/Transfers of Financial Assets	**-1,068,601,603**		**-1,889,050,453**
FF	**TOTAL INVESTMENTS**	**-1,237,777,047**		**-1,889,050,453**
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)**	**1,561,155,280**		**-4,687,982,780**
F I	**III. Applications / Resources (B.F., H.A.O.)**	ou	**–**	
FJ	**IV. Obligatory Financial Applications (1)**		/////////////////	
	Reimbursement (according to payment schedules) of loans and financial debts			
	(1) Excluding early reimbursements included in VII			
FK	**B -Total Applications to be Financed**		**-1,561,155,280**	**-4,687,982,780**

FINANCIAL TABLE OF RESOURCES AND APPLICATIONS (TAFIRE)

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Réf.		Year N		Year N - 1
		Applications	**Resources**	**(E - ; R +)**
	V. Internal Financing			
FL	Dividends (applications) / C.A.F.G. (Resources)		500,127,727	-1,336,444,546
	VI. Financing by shareholders' equity			
FM	Increases in capital through new contributions	////////////////		1,521,178,111
FN	Investment Subsidies	////////////////		
FP	Withdrawals from the capital (including withdrawals by the operator)		////////////////	
	VII. Financing through new loans			
FQ	Loans (2)			
FR	Other financial debts (2)			2,543,307,276
	(2) Early reimbursements inscribed separately in applications			
FS	**C - Net Financing Resources**		500,127,727	2,728,040,841
FT	**D - Surplus or insufficiency of Financing Resources (C - B)**	804,763,458 ou		1,050,248,412
	VIII. Variation in the Treasury			
	Net Cash Flow			
FU	at the closing of the fiscal year: + or - 1,080,318,504			
FV	at the opening of the fiscal year: + or - 275,555,046			
FW	**Variation in the treasury : (+ if an application ; - if resources) 804,763,458**	ou	804,763,458	-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)	3,023,826,618 or	
Variation of total B.F. (B.F.G.)	: BFG(N) - BFG(N - 1)	or	128,383,478
Variation of the treasury (T)	: T(N) - T(N - 1)	804,763,458 or	2,895,443,140
	TOTAL	**3,828,590,076 =**	**3,023,826,618**

ANNEX STATEMENT
PAGE 1/28

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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:

EMPTY

TECH MAHINDRA DRC SARLU

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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

ANNEX STATEMENT PAGE 3/28

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

I - B12 - 4 DETAIL OF CHARGES :	**Amount**
Transportation charges on purchases	
Transportation charges on sales	
Insurance premiums	
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	**-**
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	

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: _______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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 :			
	WITHDRAWN		**3 years**

II - A2 Exchange Differential	Nature	Amount	Currency	Maturities
A - Receivables :				
B - : Debts :				

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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.

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 1 : FIXED ASSETS

Fiscal year from **1/1/2019** to **12/31/2019**

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							
Equipment							
Vehicles, trucks, engines							
Advances and partial payments made on fixed assets							
FINANCIAL ASSETS							
Equity Interests							
Other financial assets	1,946,399,844	1,068,601,603					3,015,001,447
GENERAL TOTAL	1,946,399,844	1,068,601,603					3,015,001,447

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
PAGE 19/28

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 2 : AMORTIZATIONS	Fiscal year from **1/1/2019** to **12/31/2019**			
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				
Equipment				
Vehicles, trucks, engines				
TOTAL (II)				
TOTAL (I + II)				
Total Charges during the fiscal year				

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642

Abbreviated as: ______________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2019

Duration (in months) : **12**

TABLE 3 : CAPITAL GAINS AND LOSSES FROM TRANSFERS	Fiscal year from **1/1/2019** to **12/31/2019**				
	Gross Amount	**Amortization Applied**	**Net Accounting Value**	**Transfer Price**	**Capital Gain or Capital Losses**
	A	**B**	**C = B - B**	**D**	**E = D - C**
INTANGIBLE FIXED ASSETS					
Research and Development Expenses Patents, Licences, Software Business Goodwill Other intangible fixed Assets					
TANGIBLE FIXED ASSETS					
Land Buildings Installations and fixtures Equipment Transportation Equipment					
FINANCIAL FIXED ASSETS Equity securities Other financial fixed assets					
Total					

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 4 : PROVISIONS INCLUDED IN THE BALANCE SHEET

	Fiscal year from **1/1/2018** to **12/31/2019**							
SITUATION and MOVEMENT / NATURE	**A**	**B**			**C**			**D = A + B - C**
	Provisions at the opening of the tax year	**From operations**	**Financial**	**Exclusive of ordinary activities**	**From Operations**	**Financial Cieres**	**Exclusive of ordinary activities**	**Provisions at the end of the tax year**
1. Regulated Provisions 2. Financial Provisions for Risks and charges 3. Provisions for depréciation of fixed assets								
Total (I)								
4. Depreciation of stocks 5. Depreciation and risk provisions (for third parties) 6. Depreciation and risk provisions (for cash flow)								
Total (II)								
Total (I) + (III)								

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 5 : ASSETS UNDER FINANCE LEASE AND SIMILAR CONTRACTS

	Fiscal year from **1/1/2019** to **12/31/2019**							
SITUATION and MOVEMENT / CHAPTERS	**Nature of contract (I; M; A) (1)**	**A**	**Increase B**			**Decrease C**		**D = A + B - C**
		Gross amount at the opening of the tax year	Acquisition contributions creations	Transfers from one chapter to another	Following a revaluation applied during the tax year	Transfers split-ups out of service	Transfers from one chapter to another	Gross amount at the end of the tax year
INTANGIBLE FIXED ASSETS Patents, Licences, Software Business Goodwill Other intangible fixed Assets								
TANGIBLE FIXED ASSETS								
Land Buildings Installations and fixtures Equipment Transportation equipment								
General Total								

(1) I : Real estate leasing ; M : Equipment leasing ; A : Other contracts (split the item if significant amounts).

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 6 : MATURITIES OF RECEIVABLES AT THE END OF THE TAX YEAR

		Fiscal year from **1/1/2019** to **12/31/2019**						
RECEIVABLES	Gross Amount	**ANALYSIS PER MATURITY**				**OTHER ANALYSIS**		
		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)	612,172,119	612,172,119						
Suppliers								
Clients and related accounts								
Personnel	54,173,635	54,173,635						
Social Security and other								
State Social agencies	89,539,774	89,539,774						
International organizations								
Associates and Group	82,978,209	82,978,209						
Various Debtors	385,480,501	385,480,501						
H.A.O. Receivables								
Charges recorded in advance								
Total (I) + (II)	**612,172,119**	**612,172,119**						

(1) Loans granted during the fiscal year: amount / Reimbursements obtained during the fiscal year: amount:

ANNEX STATEMENT
PAGE 24/28

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 7 : MATURITIES OF RECEIVABLES AT THE CLOSING OF THE FISCAL YEAR

		Fiscal year from **1/1/2019** to **12/31/2019**						
DEBTS	Gross Amount	**ANALYSIS PER MATURITY**				**OTHER ANALYSIS**		
		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								
Clients	111,855,025	111,855,025						
Personnel								
Social Security and social agencies								
Two Years Maximum								
International Organizations								
Associates and Group								
Various Creditors								
H.A.O. Debts								
Deferred Income								
Total (III)	111,855,025	111,855,025						
Total (I) + (II) + (III)	**111,855,025**	**111,855,025**						

(1) Loans subscribed to during the fiscal year: / Loans reimbursed during the fiscal year :

(2) Total debts towards associates (individuals) :

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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	
Electricity	6,052	
Other Energy Sources	6,053	
Non-storable maintenance Supplies	6,054	
Non-Storable Office Supplies	6,055	
Small equipment and tools	6,056	
Transportation for third parties	613	
Transportation of Personnel	614	
Maintenance, Repairs of fixed Assets	6,241	
Maintenance, Repairs of Equipment	6,242	
Publicity, Publications, Public Relations	627	
Telecommunications Expenses	628	
Payment given to intermediaries and Advisors	632	

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 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	90,500,000	90,500,000			
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		102,951,509			
Results of Ordinary Activities (R.A.O.) before operational and financial charges and reversals	116,145,608	-311,714,275			
Participation of workers in the profits					
Taxes on Results	71,970,422	-18,719,117			
Net results (4)	500,127,727	-1,336,444,547			
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)	-	-111,185,212			
Social benefits paid out during the fiscal year (8) (Social Security, social projects)					
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
PAGE 27/28

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 10 : Proposed Assignment of the Results from the Fiscal Year Fiscal year from **1/1/2019** to **12/31/2019**

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)	--4,266,299,800
• Other Reserves (available)		• Net Results of the Fiscal Year	500,127,727
• Dividends (2)		• Withdrawal from the reserves (3)	
• Other Assignments			
To be carried over	-3,766,172,073		
TOTAL (A)	**-3,766,172,073**	**Control : Total A = Total B TOTAL (B)**	**-3,766,172,073**

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

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642

Abbreviated as: ______________________

Taxpayer Identification **N°** ________________

Fiscal year closed on : 12/31/2019

Duration (in months) : **12**

TABLE 11 : Number of Employees, Payroll Amount and Outside Personnel

	Number of Employees and payroll amount / QUALIFICATIONS	Number of Employees							PAYROLL AMOUNT						
		Nationals		Other States in the region		Outside the region		TOTAL	NATIONALS		OTHER STATES IN THE REGION		OUTSIDE THE REGION		TOTAL
		M	F	M	F	M	F		M	F	M	F	M	F	
	a.Company's own Staff														
YA	1. SENIOR MANAGERS														
YB	2. ADVANCED TECHNICIANS														
	AND MIDDLE MANAGEMENT														
YC	3. TECHNICIANS, AGENTS														
	CONTROL AND														
	QUALIFIED WORKERS														
YD	4. EMPLOYEES, LABOURERS														
	WORKERS & APPRENTICES														
YE	**TOTAL (1)**														
YF	PERMANENT														
YG	SEASONAL														

									BILLING TO THE COMPANY	
	b. Outside Personnel									
YH	1. SENIOR MANAGERS									
Y I	2. ADVANCED TECHNICIANS									
	AND MIDDLE MANAGEMENT									
YJ	3. TECHNICIANS, AGENTS									
	CONTROL AND									
	QUALIFIED WORKERS									
YK	4. EMPLOYEES, LABOURERS									
	WORKERS & APPRENTICES									
YL	**TOTAL (2)**									
YM	PERMANENT									
YN	SEASONAL									
YO	**TOTAL (1) + (2)**									

M : Men

F : Women

ANNEX STATEMENT
PAGE 1/2

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 12 : Production during the fiscal year
(Value in thousands of Cfa Francs)

DESIGNATION OF PRODUCT	Unit of Quantity Chosen	PRODUCTION SOLD IN THE COUNTRY		PRODUCTION SOLD IN THE OTHER STATES OF THE		PRODUCTION SOLD OUTSIDE OF THE REGION		CAPITALIZED PRODUCTION		STOCK AT THE BEGINNING OF THE TAX YEAR		STOCK AT THE CLOSING OF THE TAX YEAR	
		Quantity	Valeur	Quantity	Valeur	Quantity	Valeur	Quantity	Valeur	Quantity	Valeur	Quantity	Valeur
						EMPTY							
Not Detailed													
TOTAL													

ANNEX STATEMENT
PAGE 2/2

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ____________________

Taxpayer Identification **N°** _______________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

TABLE 13 : Purchases consumed in production
(Value in thousands of Cfa Francs)

DESIGNATION OF MATERIAL AND PRODUCTS	Unit of Quantity Chosen	PURCHASES MADE DURING THE TAX YEAR						Variation des stocks
		Products from the Country		Purchased within the State		Purchased outside the State		
		Quantity	Valeur	Quantity	Valeur	Quantity	Valeur	(in value)
				EMPTY				
Not Detailed								
TOTAL								

ADDITIONAL STATEMENTS: GENERAL DIRECTION OF TAXES

Additional Statement for National Accounting

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

ADDITIONAL TABLE 13 : Purchases consumed in production (Detail of stocks)
(Value in Cfa **Francs**)

DESIGNATION OF THE MATERIALS AND PRODUCTS	UNIT OF QUANTITY CHOSEN	STOCKS A L'OUVERTURE DE L'EXERCICE		STOCKS A LA CLÔTURE DE L'EXERCICE		VARIATION DES STOCKS
		Quantities	Value in Cfa Francs	Quantities	Value in Cfa Francs	Value in Cfa Francs
				NEANT		
Not detailed						
TOTAL						

Normal System	ADDITIONAL STATEMENT - PAGE 1/3

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Additional Statement for the General Tax Direction and National Accounting

	Detail of Charges in Cfa Francs	
601,100	Purchase of merchandise in the Region	
601,200	Purchase of merchandise outside the Region	
601,300	Purchase from the Group of merchandise in the Region	
601,400	Purchase from the Group of merchandise outside the Region	
601,900	Discounts, rebates and refunds obtained	
RA	Purchases of Merchandise	
603,100	Variations of stocks of merchandise	
RB	Variation of stocks	
602,100	Purchase of raw materials in the Region	
602,200	Purchase of raw materials outside the Region	
602,300	Purchase from the Group of raw materials in the Region	
602,400	Purchase from the Group of raw materials outside the Region	
602,900	Discounts, rebates and refunds obtained	
RC	Purchase of raw materials and related supplies	
603,200	Variations of stocks of raw materials	
RD	Variation of stocks	
604,100	ConsumablesMatières consommables	
604,200	Fuel	
604,300	Cleaning Supplies	
604,400	Workshop and Factory supplies	
604,600	Store supplies	
604,700	Office Supplies	
604,900	Discounts, rebates and refunds obtained	
605,100	Water Consumption	
605,200	Electricity	
605,300	Other Energy Sources	
605,400	Maintenance supplies that cannot be stored	
605,500	Office supplies that cannot be stored	40,989,507
605,600	Small equipment and tools	18,776,750
605,700	Studies and services provided	
605,800	Construction work, material and equipment	
605,900	Discounts, rebates and refunds obtained	
608,100	Lost packaging	
608,200	Unidentified recuperable packaging	
608,300	Multi-use packaging	
608,900	Discounts, rebates and refunds obtained	
RE	Other purchases	59,766,257
603,300	Variation in stocks of other supplies	
RH	Variation of stocks	

Standard System	ADDITIONAL STATEMENT - PAGE 2/3

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Complementary Statement: General Direction of Taxes - National Accounting

DETAIL OF CHARGES IN Cfa Francs (continued)		Year N°
611,000	Transportation for purchases	
612,000	Transportation for sales	
613,000	Transportation for third parties	
614,000	Transportation of the personnel	
616,000	Transportation of documents	
618,100	Traveling and Commuting to and from work	6,702,800
618,200	Transportation between establishments and construction sites	
618,300	Administrative Transportation	
RI	Transportation	6,702,800
621,000	Subcontracting	40,020,750
622,100	Renting of Land	
622,200	Renting of Buildings	425,207,615
622,300	Renting of Equipment	
622,400	Rented Packaging Losses	
622,500	Renting of Packaging	
622,800	Miscellaneous rentals	
623	Leasing	
624,100	Maintenance of real estate	
624,200	Maintenance of movable assets	
624,300	General Maintenance	
624,800	Other maintenance jobs	
625	Insurance	
626,100	Studies and Research	
626,500	General Documentation	
626,600	Technical Documentation	
627	Publicity	
628,000	Telecommunication costs	12,785,587
631	Bank Charges	16,356,161
632,100	Commissions on purchases	
632,200	Commissions on sales	
632,300	Payment to transit agents	131,119,782
632,400	Legal and accounting Fees	
632,500	Expenses of legal documents and litigation	216,272,454
632,800	Miscellaneous charges	
632,900	Overhead of the Headquarters	
633,000	Personnel Training expenses	
634	Fees and Royalties	
635	Contributions	
637	Manpower or outside Personnel	
638,100	Personnel Recruting charges	
638,200	Moving expenses	
638,300	Receptions	
638,400	Missions	
RJ	External Services	841,762,349

Standard System		ADDITIONAL STATEMENT - PAGE 3/3

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ____________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

Complementary Statement: General Direction of Taxes - National Accounting

	Detail of charges in Cfa Francs (continued)	Year N
641,100	Real Estate taxes	
641,200	Patents	
641,310	Taxes on the salaries of National Personnel	
641,320	Taxes on the salaries of Non-national Personnel	
641,800	Other direct taxes	
645,000	Indirect fees	
646,000	Stamps, stickers	
647,000	Fines and penalties	
648,000	Other taxes	
RK	Taxes and Fees	
651	Various Losses	
652-653	Share of profits from joint operations	
654,000	Amounts carried over from the disposal of fixed assets	
658,100	Director's Fees	
658,200	Donations	
658,300	Patronage	
659	Provisioned Expenses	
RL	Other Charges	
661	Salaries and benefits of national staff	-111,185,211
662	Salaries and benefits of non-national staff	
663	Indemnities for the Personnel	
664 1	Social Security contributions for national staff	
664 2	Social Security contributions for non-national staff	
666	Remuneration and charges of the sole proprietor	
667	External Staff	
668	Miscellaneous staff costs	
RP	Personnel Expenses	-111,185,211
671-675	Financial Expenses	
677,000	Losses on disposals of marketable securities	
678,000	Losses on financial risks	
679,000	Provisioned financial expenses	
SA	Financial Expenses	
676,000	Foreign Exchange Losses	423,415,508
SC	Foreign Exchange Losses	423,415,508
681	Depreciation and Amortization expenses	
691	Charges to Provisions	
RS	Depreciation, Amortization and Provisions	
687	Financial depreciation and amortization charges	
697	Charges to financial provisions	
SD	Dotations aux amortissements et aux provisions	
TOTAL DES CHARGES ORDINAIRES		**1,220,461,703**

Standard System

Additional Statement N° 2
General Direction of Taxes

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ____________________

Taxpayer Identification **N°** ______________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

ADDITIONAL STATEMENT : UMEOA STATISTICAL ELEMENTS

ANNEX OF AN ADDITIONAL STATEMENT AND TABLE 11 (Amounts in Cfa Francs)

ANNEX OF ADDITIONAL STATEMENT	Amount in other UEMOA States	Amount in other states of the Region outside of UEMOA
I - B12 - 1 DETAIL OF PRODUCTS :		
Fees for patents, concessions, licences,		
trademarks and similar rights		
Fees for the rental of agricultural land :		
I - C1 - USED GOODS ACQUIRED :		

ADDITIONAL TABLE 12 (Amounts in Thousands of Cfa Francs)

DESIGNATION OF THE PRODUCT	UNIT OF QUANTITY CHOISIE	PRODUCTION SOLD IN THE OTHER UEMOA STATES		PRODUCTION SOLD IN OTHER STATES OF THE REGION OUTSIDE UEMOA	
		Quantity	Value	Quantity	Value

COMPLEMENT TABLEAU 11	AUTRES ETATS DE L'UEMOA			
PERSONNEL PROPRE	EFFECTIFS		MASSE SALARIALE	
	M	F	M	F
1. CADRES SUPERIEURS				
2. TECHNICIENS SUPERIEURS ET CADRES MOYENS				
3. TECHNICIENS, AGENTS DE MAITRISE ET OUVRIERS QUALIFIES				
4. EMPLOYES, MANŒUVRES, OUVRIERS ET APPRENTIS				
TOTAL				
PERMANENTS				
SAISONNIERS				

COMPLEMENT DETAIL DES CHARGES EN FCFA	Exercice N
Achats de marchandises dans l'UEMOA	
Achats de marchandises au groupe dans l'UEMOA	
Achats de marchandises	
Achats de matières premières dans l'UEMOA	
Achats de matières premières au groupe dans l'UEMOA	
Achats de matières premières	

Standard System		Additional Statement N° 3

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

BREAKDOWN OF THE TAX INCOME OF PARTNERSHIPS

Full Name of Associates	Address of Tax Residence	Taxpayer Identity N°	Share of the Results before reintegration of their remuneration and AN and share of the IMF	Remuneration and benefits and share of the IMF due to them	**Total** taxable amount in the name of each of the Associates
		TOTALUX			

Standard System	Additional Statement N° 4

Company Name: **SOCIETE TECH MAHINDRA LIMITED**

Address : BP Kinshasa Bvd. DU 30, JUIN N° **3**642 Abbreviated as: ______________________

Taxpayer Identification **N°** ________________ Fiscal year closed on : 12/31/2019 Duration (in months) : **12**

ADDITIONAL INFORMATION FROM INDIVIDUAL COMPANIES

INDIVIDUAL OPERATORS

FINANCIAL CONTRIBUTIONS DURING THE FISCAL YEAR	
FINANCIAL DEDUCTIONS DURING THE FISCAL YEAR	
REAL VALUE OF ADVANTAGES IN KIND	
JOINT REMUNERATION OF THE OPERATOR	

SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED

Board of Directors
Mr. Shivanand Raja- Chairman
Mr. Jayaraman Ganapathy- Director
Ms. Krishna Kumari Palle- Director
Mr. Rakesh Soni- Director
Mr. V. Venkata Kumar Raju- Director
Mr. Venkateswara Rao Gajjala – Director (Appointed on 16th April, 2020)
Mr. Subramanyam Reddy Chelikam- Independent Director
Mr. Venkateswarlu Jonnalagadda- Independent Director
Mr. Karthikeyan Natarajan- Resigned on 29th February, 2020

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

Key Managerial Personnel
Mr. Rao S. Vadlamudi – C.E.O.
Mr. Srinivas Ramancherla- C.F.O.
Ms. Aradhana Rewatkar- Company Secretary

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 Twentieth Annual Report together with audited Statement of Accounts of the Company for the year ended March 31, 2020.

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	2019-20	2018-19
Income	3,809.91	3,412.55
Other Income	171.74	44.68
Total Income	3,981.65	3,457.23
Operating Profit (EBITDA)	575.89	542.07
Operating Margin	15.12%	15.88%
Depreciation	78.18	73.66
EBT	669.45	513.09
Net Income (PAT)	474.78	337.41
Current Tax	174.78	189.18
Tax relating to earlier years	1.29	1.63
Deferred Tax	18.60	(15.13)
Cash & Cash Equivalent	254.49	231.44
Long Term Debt	-	-
Capital Expenditure	107.46	69.31

Business Overview

During the year under review, the Company secured business orders from 12 new Customers. The Company continued to enjoy 90%+ repeat business based on its quality of services and value addition.

The top 15 customers accounted for 90% of the Company's revenues in FY20.

The Company grew by 6% in FY20 (Compared to FY19) in USD terms and 11.64% in Rupee terms.

The Company set up 2 new ODCs in FY20 at offshore (NA EV OEM and Global Tier-1 supplier).

Company has faced several headwinds in global markets, such as:

- Cancellation of programs.
- Very high incidents of H1B visa denials (for new visas as well as extension of visas for current Onsite Associates) in the USA.
- Resource issues related to ANÜ placements & hiring of Associates on ANÜ contracts by Customers in Germany.
- Continued pressure on rates at offshore and onsite due to stringent competition.

The outbreak of COVID 19 during December 2019 in China which spread across the World in the month of March 2020 wherein many countries have been affected by this Pandemic. The Pandemic had impacted business operations of the Company in China, Germany and United States besides impacting the Company's operations in India, during last fortnight of March 2020. Though the Company's operations in terms of revenue had not affected significantly for the current year, the operations of the Company and accordingly the revenue in other geographies may have greater impact, particularly the Company's onsite operations in the financial year 2020-21. The Company had taken certain short-term measures such as work from home, converting onsite engagements to off shore etc. to minimize the impact. The company continues to monitor the situation and take such measures as may be required. Presently, there is no certainty when this situation improves. However, the Company expects that revenues for next two quarters i.e. first half year in FY 21 may be impacted.

The continuous focus on new areas through its 3- Box initiatives is resulting in increased revenues from current customers and new prospects as below:

- Mechatronics business grew to 120+ associates catering to all regions.
- Won business from a new age EV OEM in USA as the preferred offshoring partner for Design and Simulation work.
- New geography focus in Mexico and South Korea helped build business with new customers and the Company continues to invest in these markets for securing growth.

There was a significant increase in the Company's engagement with new customers & business opportunities by supporting global OEMs and Tier 1s in multiple new technologies and signing multi-year agreements for providing offshore services. Strengthened Mexico operations by hiring 35 engineers with a majority of them being local recruits.

The Company continues to invest in its Associates in Training & Development and also actively supporting EHSMS (Environment, Health & Safety Management Systems) initiatives across various locations. The company has also initiated journey for GDPR and TISAX certifications along with ISMS certification for Chennai location.

During the year under review, 567 Associates were added globally. Associate attrition during the year was 15.2%. 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 several training programs in the areas of soft skills and technical domains covering more than 1000 associates in FY20.

Several of the Company's engineers received Achievement and Champion awards directly from customer senior leadership teams.

Marketing & Communication

The Company participated in various Industry Events to increase its visibility in the Automotive Market and also understand the technology trends.

North America

- FAIA Annual Event: The 23rd Annual Event of Ford, to celebrate the Asian Indian Association, was held on 30 October 2019. Satven associated with this event as one of the sponsors. The event offered an opportunity for networking and cross-culture exchange.
- A Senior Project Manager from Satven attended a 3-day symposium (Thermal Management Systems Symposium) and automotive testing expo at Detroit, USA in Oct. 2019. This symposium gave Satven insight into industry trends, advancements in areas of battery thermal management for e-Vehicles, and cabin climate control.

Europe

- One senior associate from Satven offshore attended the 'SFE Concept® worldwide user conference' in **Paris** along with one of our customer managers in Q2 FY20. This limited-invitees conference was only for OEMs. Only Satven got the invite from our Japanese OEM to participate.
- One of the senior associate from SATVEN offshore attended SFE CONCEPT Workshop at **Berlin** along with one of our customer in Q1 FY20. This is the 1st Workshop held for the SFE users with limited invitees (only to OEMs). Satven was introduced as 'Business Partner' by Japanese OEM during this conference.

APAC

- 3rd Intelligent Vehicle Conference at Shenzhen, **China**: Satven participated as "Associated Sponsor" and delivered Key Note address on Day 1 and was awarded certificate as "Value Added and Cost Effective Automotive Engineering Solutions for the Chinese Industry"
- DFMA Conference held by Qualisys, **China**: As co-participant along with Qualisys, China, in the Conference held at Tianjin, China. Satven presented a paper about "Benchmarking, Design to Cost and VAVE approach". A number of Chinese OEMs and Tier 1 companies who participated in the conference were impressed and a number of enquiries from these Chinese prospects
- Small Engine Technology Conference, **Japan**: Satven set up a stall at the 25th edition of the Small Engine Technology Conference was organized at Hiroshima, Japan which attracted lot of attention from several international automotive customers.
- SFE CONCEPT® worldwide user conference at Nagoya, **Japan** organized by Dassault Systems. SATVEN got an opportunity to present overall competencies along with specific skill sets related to SFE like Optimization and automation, SFE best practices etc. Participants were appreciative of Satven competencies and showed interested on SFE related automation work.

INDIA

- A few senior associates from operations and business development participated in the Auto Expo 2020 in Delhi during Feb. 2020. Satven had setup a stall to showcase the engineering capabilities to the customers, prospects, delegates and the general public.

- IIT-H & ItsEV International Workshop on 3-wheeler EV battery development: ItsEV, Japan has partnered with IIT Hyderabad for creating new Lithium-ion Battery for high temperature applications and for promoting pollution-free EV world in India. Satven plans to support the EV development for ItsEV by localizing the BMS module and by supporting in building of prototype vehicles.
- Two Satven Associates presented following papers at Altair Technology Conference in Q1 FY20:
  - o Simulation study on Passive Entry Passive Start (PEPS) Systems using FEKO
  - o Study of magnetic field and induced Emf on Sensor placed between rotating magnets using FLUX
- Global Workforce Management Forum along with SoA University had organized a HR Conclave 2019 on 20th April'19, Saturday at Hyderabad. Satven's HR Head, Mr. Devdutta Sarma, was the key note speaker on the topic "Skills of the future Digital Workforce and Branding for Engagement"

Academia Connect Initiatives

The Company participated in various Academia connect events as listed below:

- Collaborating with IIT Madras and Hiroshima University in Japan to do research on new methodologies and emerging areas.
- An international workshop was conducted at IIT Hyderabad on 30th November 2019. Dignitaries from Telangana government, IIT Hyderabad and JICA have participated in this workshop. Satven plans to support the EV development for ItsEV by localizing the BMS module and by supporting in building of prototype vehicles.
- Satven participated in the Atmos'2019 event of Birla Institute of Technological Sciences, Hyderabad to create visibility with Academia & student community..
- One Senior Project Manager from the CAE team completed his PhD from BITS, Pilani - Hyderabad campus. His work focused on new structural configurations for unique plastic deformation modes for enhancing the crashworthiness of frontal energy absorbing structures.

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, Korea, Canada, Italy, France, among others. This coupled with several upcoming and niche solution areas, such as,

- Mechatronics :
  - o Infotainment systems
  - o Model based design
  - o SIL & HIL testing and automation
  - o Functional safety
  - o Hardware & Software for BCS Switches
  - o Autosar
- Electric Vehicles
  - o EV - Full vehicle : Battery & BMS systems
  - o EV - Subsystems : Motors, Transmission
  - o EV crashworthiness and Noise & Vibration
- Autonomous Driving
  - o ADAS - Sensors, Radar, Lidar
- IoT (Industry 4.0)
  - o A.I. driven services / Machine Learning
- Automation CAD & CAE
- Turnkey Projects (end-to-end solutions, Program Management)
  - o Turnkey Projects - Interiors/Exteriors
  - o Turnkey Projects – BIW

- Turnkey Projects - Lighting
- Turnkey Projects - Seating
- Turnkey Projects - Factory Layout and Plant Throughput optimization

- Active Safety
  - New advancements in Occupant safety (Passive safety vs Active Safety)
- Light Weight technologies
- CAE
  - Model Based Design / Development
  - Virtual Validation - Verification to validation
  - SFE to all OEMs
  - Buzz Squeak and Rattle (BSR) Studies and High Frequency NVH
  - Electro magnetic simulation
  - Thermal Management
  - Frontal, Rear, Side Crash / PedPro compliance for new regulations and for implementation on new variants
- Digital Manufacturing
  - AR / VR - Future areas for Digital Manufacturing
  - Robot Offline Programming

will propel the growth of the Company and this will put the Company on right path towards supporting Autonomous and Electric Cars development in FY21 and beyond.

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 19th AGM held on 23rd July, 2019, 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 2020-21.

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

During the year under review, the External Consultant appointed by the Company conducted periodic review of IFC Framework.

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 deposit.

Dividends

No dividend is recommended by the Board of Directors for F.Y. 2019-20 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. 2020-21.

Mr. Karthikeyan Natarajan resigned on 29th February, 2020.

Pursuant to the provisions of Section 152(6) (c) of the Companies Act 2013, Mr. Jayaraman Ganapathy & 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, 2019, five Board Meetings were held on, 30th April, 2019, 23rd July, 2019, 23rd October, 2019, 23rd January, 2020 and 21st March, 2020 respectively. The intervening gap between the meetings was as prescribed under the Companies Act, 2013.

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. 2019-20.

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. 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 CSR activities, such as, Summer Water Camp & several Health awareness sessions from renowned hospitals and doctors.

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.

Risk Management - COVID-19

Risk assessment & mitigation plans in perspective of the following parameters has been done:

- Customers (Revenue, Receivables, Delivery & Communication)
- Profitability Impact
- Cash flows
- Work from Home (productivity & cyber security)
- Associate engagement & wellbeing
- Vendor management
- Statutory Compliances

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. No complaints were received during the period under review.

Sustainability

The Company has taken several steps to support the Green Initiatives and can be summarized as follows:

- Disposal of E-waste through Government authorized Agency.
- Environmental Awareness and Waste Segregation Session by "Green Peace" on 25th April, 2019.

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 features 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. 4 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 Subsidiary during the year under review.

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.
- Implementation of Sensor lighting system in cabins
- Replacement of outdated Air conditioners with new technology
- Identification and replacement of low efficient computers and peripherals.
- Conducting continuous energy conservation awareness and training sessions.
- Periodical maintenance of electrical equipment, Air conditioners & other computer peripherals.

Capital investment on energy conservation equipment: NIL

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. These initiatives are providing additional revenue streams to the Company apart from higher visibility in the Market.

During the last three years, the Company did not import any technology.

No cost has been incurred towards **Research and Development**.

D. Foreign Exchange Earnings and outgo

(Rs. In Million)

	March 31, 2020	**March 31, 2019**
I) Foreign Exchange Earnings	2,427.38	2,190.93
II) Foreign Exchange outgo	1,603.53	1,528.39

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 **Shivanand Raja**
Date: 24th June, 2020 **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

Place: Hyderabad
Date: 24th June, 2020

Shivanand Raja
Chairman

ANNEXURE B

Nomination and Remuneration Policy

1. OBJECTIVE

In compliance with the provisions of Section 178 of Companies Act 2013, following policies are formalized:

1. Policy on appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;
2. Policy on Remuneration to the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees
3. Policy on Evaluation of performance of the 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 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.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" means KMP defined under section 2(51) of the Companies Act, 2013 i.e. Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS).

"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 Personnel" means personnel of the company who are members of its core management team comprising of the HODs excluding Board of Directors & KMP. HODs refers to Heads of HR, Sales & Marketing, Commercial, Corporate Services, Legal, Delivery Heads, ERP & Quality.

3. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT PERSONNEL

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 Key Managerial Personnel (KMP)

- The NRC determines the criteria for appointment of KMP and is vested with the authority to identify candidates for appointment of KMP. In evaluating the suitability of individual KMP, the NRC will take into account multiple factors, including general understanding of the business, education, professional background & experience, personal achievements, professional ethics, integrity and applicable statutory / regulatory requirements.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Personnel.

3.3 Senior Management Personnel

- The CEO determines the criteria for appointment of the Senior Management Personnel supported by HR and is also vested with the authority to appoint Senior Management Personnel. In evaluating the suitability of Senior Management Personnel, the CEO will take into account multiple factors, including general understanding of the business, education, professional background & experience, personal achievements, professional ethics and integrity.

  The details of the appointment (s) made and the personnel removed / relieved during a quarter shall be presented to the Board.

3.4 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 for removal of a Director.

4. REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT PERSONNEL :

4.1 Directors:

1The sitting fee for the Board and Committee meetings will be recommended by NRC to the Board.

The members on the Board, who are employees of 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 Key Managerial Personnel & Senior Management Personnel

4.2 (a) Key Managerial Personnel:

- The initial remuneration of KMP (excluding C.E.O.) will be approved by the Board of Directors based on the recommendations of NRC. Subsequent revision will be made by C.E.O.
- The initial remuneration of C.E.O. will be approved by the Board of Directors based on the recommendations of NRC. Subsequent revision will be made by NRC.

4.2 (b) Senior Management Personnel:

- CEO supported by HR, to review and consider revision of the remuneration of Senior Management Personnel from time to time. The Company follows an extensive Performance Management System to review the performance of the Senior Management Personnel and provide rewards on the basis of meritocracy.
- 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. Eligible employees will be rewarded with the annual increment. Before taking the proposal to the NRC, the CEO shall obtain the approval of Chairman of NRC.
- However, if any internal candidate is deputed by Holding Company from their rolls for any of these positions, the remuneration for such candidate(s) will be fixed by the holding company.

5. EVALATION FRAMEWORK

1. Performance Evaluation Individual Board members including Independent Directors:

- Evaluation for the Individual Directors, including Independent Directors will be carried out in the first month of each financial year i.e. April. The process will be initiated each year by the chairman of NRC assisted by the Company Secretary or any other person authorized by the NRC. Each Board Member will get an evaluation forms as given in **Annexure-I & II** in the first week of April of each year. The members shall complete the form and return it to the Chairman of NRC.

ANNEXURE ‘C’

Report on CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Company’s CSR Policy is stated herein below.
2. Composition of the CSR Committee:

   Mr. Shivanand Raja - Director

   Mr. Jayaraman Ganapathy - Director

   Mr. V Venkata Kumar Raju - Director

   Mr. Venkateswarlu Jonnalagadda - Independent Director
3. Average net Profit of the Company for the last three financial years: Rs. 32,34,51,091 /-
4. Prescribed CSR Expenditure (two percent of the amount as an item 3 above) Rs. 64,69,022 /-
5. Details of CSR spend for the Financial Year:
   a) Total amount spent for the Financial Year: 64,70,000/-
   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	Arise	Association Saikorian	Hyderabad	16,13,788	16,13,788	16,13,788	16,13,788
2	SMART	CADRE - ECIL	Hyderabad	27,69,908	27,69,908	27,69,908	27,69,908
3	SMART+	Deaf Enabled Foundation	Hyderabad	22,51,920	22,51,920	22,51,920	22,51,920

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 24th June, 2020

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.

I. CSR spends would be closely monitored and funds shall be released against verified utilizations as per the approved work plans.

II. CSR spends would be subject to audit.

III. 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.

I. 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 into during the year ended March 31, 2019, 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 (Shanghi)Co. Ltd

   (b) Nature of contracts/arrangements/transactions: Providing IT enabled Engineering Services & contribution towards CSR

   (c) Duration of the contracts / arrangements/transactions: Varies from 1 to 3 years and arrangement is through Master Service Agreements and Purchase orders.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Description	Transactions during the year ended March 31, 2020 (INR in MN)					Transactions during the year Ended March 31, 2019 (INR in MN)				
	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	581.38	29.41	20.66	18.81	-	652.12	36.86	17.97	43.81	
Remuneration	-	-	-	-	19.02	-	-	-	-	7.106
Advances from /(to)	-	1.74	-	-	-	-	(28.83)			-
Services received / Purchases #	11.83	-	-	-	-	33.18	-	-	-	-
CSR Expenses	-	-	-	6.47	-	-		-	6.4	-

(e) Date(s) of approval/discussion by the Board, if any: 30th April, 2019, 23rd July, 2019, 23rd October, 2019 & 23rd January, 2020.

(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: 24th June, 2020

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:- U72200TG2000PTC033213

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:-

S l . 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)
2	Satyam Venture Engineering Services (Shanghai) Co. Ltd.	-	Subsidiary	100%	2(87)
3	Satven GmbH	-	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual/ HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.	NIL	35,44,480	35,44,480	50	NIL	35,44,480	35,44,480	50	NIL
k) Banks / FI									
l) Any Other….									
Sub-total									
(A) (1):-									
(2) Foreign									
a) NRIs – Individuals									
b) Other – Individuals									

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	
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									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital in excess Rs. 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) Not applicable (Since the Company has only two (2) shareholders who are promotors:

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
		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				NIL
i) Principal Amount	NIL	NIL		
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**NIL**	**NIL**		**NIL**
Change in Indebtedness				
during the financial year	NIL			NIL
• Addition		NIL		
• Reduction				
Net Change	NIL	NIL		NIL
Indebtedness at the				
end of the financial year				
i) Principal Amount	NIL	NIL		NIL
ii) Interest due but not paid				
iii) Interest accrued but not				
Due				
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

S l . 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		
	- 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 & Mr. Jayaraman Ganapathy & Mr. V. Venkata Kumar Raju are employees of the holding company and were nominated 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
		Rakesh Soni	Shivanand Raja	Jayaraman Ganapathy	V. Venkata Kumar Raju	Krishna Kumari Palle	Karthikeyan Natarajan	Chelikam Subramanyam Reddy	J. Venkateswarlu	
1	Independent Directors Fee for attending board / committee meetings • Commission· Others, please specify	-	-	-		-	-	70,000	1,20,000	1,90,000
	Total (1)	**-**	**-**	**-**	**-**		**-**	**70,000**	**1,20,000**	**1,90,000**
2	Other Non-Executive Fee for attending board / committee meetings • Commission· Others, please specify	-	-	55,000	95,000		-	-	-	1,75,000
	Total (2)	**-**	**-**	**55,000**	**95,000**		**-**			
	Total (B)=(1+2)	**-**	**-**	**55,000**	**95,000**		**-**	**70,000**	**1,20,000**	**3,40,000**
	Total Managerial Remuneration	**-**	**-**	**55,000**	**95,000**		**-**	**70,000**	**1,20,000**	**3,40,000**
	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 (Rs.In MN) 2019-20	Key managerial Personnel			Total Amount
		C.E.O.	**Company secretary**	**C.F.O.**	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.75	1.67	3.05	18.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- Others, specify				
5	Others, please specify((leave encashment)	NIL	NIL	0.00	0.00
	Total (A)	13.75	1.67	3.05	18.47
	Ceiling as per the Act	N.A	N.A	N.A	N.A
6	Company contribution to PF not added in above information	0.40	0.05	0.10	0.55
7	Company contribution to Superannuation not added in above information	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of The Companies Act	Brief` Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 24th June, 2020

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 Rs)

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 (82.66)**
5. Share capital: **Rs. 3,51,30,500**
6. Reserves & surplus: **Rs. 1,58,35,540**
7. Total assets: **Rs. 79,150,761**
8. Total Liabilities: **Rs. 28,184,721**
9. Investments: **NIL**
10. Turnover: **Rs. 185,101,599**
11. Profit before taxation: **Rs. 76,32,244**
12. Provision for taxation**: Rs. 26,65,836**
13. Profit after taxation: **Rs**. **49,66,408**
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 (10.6271)**
5. Share capital**: Rs. 60,527,738**
6. Reserves & surplus: **Rs. 24,125,557**
7. Total assets: **Rs. 97,084,552**
8. Total Liabilities: **Rs. 1,24,31,257**
9. Investments: **NIL**
10. Turnover: **Rs. 107,284,341**
11. Profit before taxation: **Rs. 1,37,69,086**
12. Provision for taxation**: Rs. 51,08,740**
13. Profit after taxation: **Rs. 86,60,346**
14. Proposed Dividend: **NIL**
15. % of shareholding: **100%**

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	**Name 1**	**Name 2**	**Name 3**
1. Latest audited Balance Sheet Date	-	-	-
2. Shares of Associate/Joint Ventures held by the company on the year end	-	-	-
No. of shares	-	-	-
Amount of Investment in Associates/Joint Venture	-	-	-
Extend of Holding %	-	-	-
3. Description of how there is significant influence	-	-	-
4. Reason why the associate/joint venture is not consolidated	-	-	-
6. Networth attributable to Shareholding as per latest audited Balance Sheet	-	-	-
7. Profit / Loss for the year	-	-	-
i. Considered in Consolidation	-	-	-
i. Not Considered in Consolidation	-	-	-

1. Names of associates or joint ventures which are yet to commence operations. **NIL**
2. Names of associates or joint ventures which have been liquidated or sold during the year. NIL

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 24th June, 2020

Shivanand Raja
Chairman

ANNEXURE 'G'

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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 2019 to 31st March, 2020 (Audit period) . 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.

Based on my verification of the Company's books, papers, minutes books and other records maintained by the company , forms and returns filed and Compliance related action taken by the Company, during the financial year ended on 31st March, 2020, 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 2019 to 31st March, 2020 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 31st March, 2020 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.

   iv) The Depositories Act, 1996 and the Regulations and Bye-law framed there under;

   v) Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 are not applicable to the Company as the Company's Equity Shares are not listed in any Stock Exchanges in India

3. I have been informed during the financial year :

   The Company was not required to comply with the following laws/regulations/agreements/ guidelines 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) Listing agreement , since the company is not listed entity

4. Management has identified and made internal control mechanism for complying the following laws and other laws as being specifically applicable to the Company :

   i. Employee State Insurance Act, 1948

   i. The Employee Provident Fund and Miscellaneous Provisions Act, 1952

   ii. The Payment of Bonus Act, 1965

   iii. The Payment of Gratuity Act, 1972

   iv. The Contract Labour(Regulation and Abolition) Act, 1970

v. The Maternity Benefits Act, 1961

vi. The Income Tax Act, 1961

vii. Shops and Establishments Act, 1948

viii. 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

1. 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 year under review were carried out in the compliance with the provisions of the Act.
2. 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 clarification on the agenda items before the meeting and for meaningful participation at the meeting.
3. Shareholders of the company have not adopted financial statements at Annual General Meeting held on 23/07/2019 and the same was recorded as part of the Annual General Meeting minutes. The provisional un-adopted financial statements are filed with Registrar of Companies, Hyderabad.
4. 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.
5. As per the minutes of the Board Meetings and Committee Meetings, all the decision of the Board and Committee thereof were carried out with requisite majority.
6. 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.
7. 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: 15th April, 2020

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 SECRETARIAL AUDIT REPORT"

To,
The Member,
SATYAM VENTURE ENGINEERING SERVICESPRIVATE LIMITED
1-8-301-306, 3rd Floor
Ashoka My Home Chambers
Secunderabad, Telangana- 500003

Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance with provisions of corporate and other applicable laws, rules regulations and standards is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records produced for audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on 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.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. 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: 15th April, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Satyam Venture Engineering Services Private Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of **Satyam Venture Engineering Services Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (here after referred to as "the standalone financial statements").

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 Companies Act, 2013 ("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 2020, the profit and total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules issued thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following notes in the standalone financial statements:

a) Note 30.2 regarding reckoning of Rs.21,463.40 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 2020 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.

b) Note 31 regarding drawing up of accounts for the year incorporating opening balances based on the financial statements of earlier years which have not been adopted by the shareholders.

Our opinion is not modified in respect of these matters.

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Directors Report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto 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 standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the '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 purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of

Cash Flow dealt with 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 specified under Section 133 of the Act, read with the rules issued thereunder;

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 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020, 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 B’; and

h. with respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company.

i. with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and 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 standalone financial statements - Refer note 30 to the standalone 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 standalone 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 2020; 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 2020.

for **M.Bhaskara Rao & Co.,**
Chartered Accountants
Firm’s Registration No.000459S

K.S. Mahidhar
Partner
Membership No. 220881
UDIN : 20220881AAAAAN5207

Hyderabad, 16 April 2020

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 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) (a) The Company is in the process of updating its fixed asset register, including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us, the fixed assets have been physically verified during the year by the Management in accordance with a programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of their assets, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

(c) The Company does not have any immovable properties.

(ii) The Company is a service company, primarily rendering engineering services. It did not deal in any inventory during the year and accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act and accordingly paragraph 3(iii) of the Order are not applicable, at present.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of 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, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, goods and service tax, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year;

(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, goods and service tax, value added tax and cess which were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable; and

(c) Details of dues of income tax, provident fund and service tax which have not been deposited as on 31 March 2020 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	AY 2012-13, 2015-16 and 2016-17	1935.43
Finance Act, 1994	Service tax and penalty	CESTAT	2007-08 to 2016-17	888.95
Finance Act, 1994	Ineligible CENVAT credit	GST Range Officer	2015-16 and 2016-17	0.73
Employees Provident Fund & Miscellaneous Provisions Act,1952	Provident Fund	Central Government Industrial Tribunal Cum Labour Court	2014-15 and 2015-16	125.96

(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 given 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 standalone 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 company or persons connected with them and hence provisions of Section 192 of the Act, are not applicable.

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

for **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No. 000459S

K.S. Mahidhar
Partner
Membership No.220881
UDIN : 20220881AAAAAN5207

Hyderabad, 16 April 2020

ANNEXURE B 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")

(Referred to in paragraph 2(g) 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)

We have audited the internal financial controls over financial reporting of **Satyam Venture Engineering Services Private Limited** ("the Company") as of 31 March 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 2020, 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

K.S. Mahidhar
Partner
Membership No. 220881
UDIN : 20220881AAAAAN5207

Hyderabad, 16 April 2020

STANDALONE BALANCE SHEET AS AT 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	4	597.37	351.27
(b) Capital work-in-progress	5	-	12.41
(c) Other intangible assets	6	754.72	705.69
(d) Financial assets			
(i) Investments	7	943.67	943.67
(ii) Other financial assets	8	1,259.38	1,609.34
(e) Deferred tax assets (net)	9	699.66	869.02
(f) Non-current tax assets (net)	10	6,070.88	5,522.34
(g) Other non-current asset	14	-	46.07
Total Non-Current Assets		10,325.68	10,059.81
Current Assets			
(a) Financial assets			
(i) Investments	7	5,677.67	4,667.81
(ii) Trade receivables	11	7,739.17	7,854.67
(iii) Cash and cash equivalents	12	2,544.91	2,314.40
(iv) Other bank balances	13	5,151.21	3,056.00
(v) Other financial assets	8	3,826.48	1,978.46
(b) Other current assets	14	1,154.33	1,089.23
Total Current Assets		**26,093.77**	**20,960.57**
Total Assets		**36,419.45**	**31,020.38**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	708.90	708.90
(b) Other equity	16	24,762.04	20,063.83
Total Equity		**25,470.94**	**20,772.73**
LIABILITIES			
Non-Current Liabilities			
(a) Provisions	17	1,655.28	1,296.72
Total Non-Current Liabilities		**1,655.28**	**1,296.72**
Current Liabilities			
(a) Financial liabilities			
(i) Trade payables	18		
(A) Total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		841.69	691.20
(ii) Other financial liabilities	19	759.29	435.05
(b) Other current liabilities	20	495.81	564.47
(c) Provisions	17	5,711.19	5,648.41
(d) Current tax liabilities (Net)	21	1,485.25	1,611.80
Total Current Liabilities		**9,293.23**	**8,950.93**
Total Equity and Liabilities		**36,419.45**	**31,020.38**

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

K.S.Mahidhar
Partner

Hyderabad, 16 April 2020

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200TG2000PTC033213

Shivanand Raja
Director
DIN: 00130694

Rakesh Soni
Director
DIN: 02973741

V.Venkata Kumar Raju
Director
DIN: 02958816

Venkateswara Rao Gajjala
Director
DIN: 08733877

J.Venkateswarlu
Director
DIN: 00051001

C.Subramanyam Reddy
Director
DIN: 07089237

Krishna Kumari Palle
Director
DIN:08011919

Rao.S.Vadlamudi
CEO

Srinivas R
CFO

Aradhana R.
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Income from operations	22	38,099.12	34,125.46
Other income	23	1,717.42	446.79
Total Income		**39,816.54**	**34,572.25**
Expenses			
Sub contracting costs		258.46	145.39
Employee benefits expense	24	26,824.95	24,040.27
Depreciation and amortisation expense	25	781.79	736.64
Other expenses	26	5,256.85	4,519.10
Total Expenses		**33,122.05**	**29,441.40**
Profit before tax		6,694.49	5,130.85
Tax Expense	27		
Current tax		1,747.75	1,891.80
Earlier years tax		12.94	16.33
Deferred tax		186.03	(151.33)
Total tax expense		**1,946.72**	**1,756.80**
Profit for the year		4,747.77	3,374.05
Other comprehensive income / (loss)			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(66.23)	54.97
Income tax on above items	27	16.67	(19.21)
		(49.56)	**35.76**
B. Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations	16	-	(20.07)
Income tax on above items	27	-	-
		-	**(20.07)**
Other comprehensive income / (loss) for the year		(49.56)	15.69
Total comprehensive income for the year		**4,698.21**	**3,389.74**
Earnings per equity share	38		
Basic and Diluted - (In Rs. per share)		**66.97**	**47.60**

See accompanying notes to the financial statements

In terms of our report attached
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Venkateswara Rao Gajjala Director DIN: 08733877	**J.Venkateswarlu** Director DIN: 00051001	**C.Subramanyam Reddy** Director DIN: 07089237
Krishna Kumari Palle Director DIN:08011919	**Rao.S.Vadlamudi** CEO	**Srinivas R** CFO
		Aradhana R. Company Secretary

Hyderabad, 16 April 2020

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

		Year ended 31 March 2020	Year ended 31 March 2019
A.	**Cash flow from operating activities**		
	Profit for the year	6,694.49	5,130.85
	Adjustments for		
	Interest income recognised in profit or loss	(389.44)	(218.78)
	Loss / (Profit) on sale of fixed assets	(3.83)	(8.56)
	Depreciation and amortisation of non-current assets	781.79	736.64
	Net foreign exchange (gain) / loss	5.38	65.43
	Net (Gain) / Loss on sale of investments	(69.79)	(36.85)
	Provision for doubtful receivables	18.70	35.63
	Fair value measurements	(335.39)	(190.58)
	Operating profit / (loss) before working capital changes	**6,701.92**	**5,513.78**
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	96.80	897.81
	Other Non-Current Assets	46.07	(46.07)
	Other Non-Current Financial Assets	14.01	(144.87)
	Other Current Financial Assets	(1,723.00)	(244.81)
	Other Current Assets	(65.10)	828.18
	Adjustments for increase / (decrease) in operating liabilities:		
	Non-Current Provisions	358.56	147.14
	Trade Payables	150.50	(191.02)
	Current Provisions	(3.45)	93.70
	Other Financial Liabilities	324.24	(0.61)
	Other Current Liabilities	(68.66)	26.44
	Cash generated from operations	**5,831.88**	**6,879.67**
	Income Tax paid (Net)	(2,435.78)	(2,239.87)
	Net cash flow from operating activities (A)	**3,396.10**	**4,639.80**
B.	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including Capital Work in Progress)	(1,074.59)	(693.13)
	Proceeds from disposal of property, plant and equipment	13.91	12.98
	Investment made in subsidiary	-	(829.31)
	Bank balances (Deposits) not considered as cash and cash equivalents		
	- Placed	(4,826.10)	(4,174.15)
	- Matured	3,066.84	2,356.37
	Current Investments		
	- Purchased	(6,178.00)	(5,300.00)
	- Proceeds from sale / redemption	5,573.32	4,000.00
	Interest received	264.42	188.29
	Net cash flow used in investing activities (B)	(3,160.21)	(4,438.95)

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

		Year ended 31 March 2020	Year ended 31 March 2019
C.	**Cash flow from financing activities**	-	-
	Net cash flow from / (used in) financing activities (C)	**-**	**-**
	Net increase / (decrease) in cash and cash equivalents	**235.89**	**200.85**
	Cash and cash equivalents at the beginning of the period	**2,314.40**	**2,178.98**
	Effect of exchange difference on cash and cash equivalents held in foreign currency	(5.38)	(65.43)
	Cash and cash equivalents at the end of the period	**2,544.91**	**2,314.40**

See accompanying notes to 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: U72200TG2000PTC033213		
	Shivanand Raja Director DIN: 00130694	**Rakesh Soni** Director DIN: 02973741	**V.Venkata Kumar Raju** Director DIN: 02958816
K.S.Mahidhar Partner	**Venkateswara Rao Gajjala** Director DIN: 08733877	**J.Venkateswarlu** Director DIN: 00051001	**C.Subramanyam Reddy** Director DIN: 07089237
	Krishna Kumari Palle Director DIN:08011919	**Rao.S.Vadlamudi** CEO	**Srinivas R** CFO
Hyderabad, 16 April 2020			**Aradhana R.** Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

		Amount
A.	**Equity Share Capital**	
	Issued and paid up equity share capital	
	Balance as at 31 March 2018	708.90
	Changes in equity share capital during the year	-
	Balance as at 31 March 2019	708.90
	Changes in equity share capital during the year	-
	Balance as at 31 March 2020	708.90

B. Other Equity

Particulars	Reserves & Surplus		Items of other comprehensive income / (loss)		Total
	General Reserve	Retained Earnings	Reameasurement of defined benefit plan	Exchange differences in translating the financial statements of foreign operations	
Balance as at 31 March 2018	**12.50**	**16,610.26**	**31.26**	**20.07**	**16,674.09**
Profit for the year	-	3,374.05	-	-	3,374.05
Other Comprehensive Income (net of tax)	-	-	35.76	(20.07)	15.69
Total comprehensive income for the year	**-**	**3,374.05**	**35.76**	**(20.07)**	**3,389.74**
Balance as at 31 March 2019	**12.50**	**19,984.31**	**67.02**	**-**	**20,063.83**
Profit for the year	-	4,747.77	-	-	4,747.77
Other Comprehensive Income (net of tax)	-	-	(49.56)	-	(49.56)
Total comprehensive income for the year	**-**	**4,747.77**	**(49.56)**	**-**	**4,698.21**
Balance as at 31 March 2020	**12.50**	**24,732.08**	**17.46**	**-**	**24,762.04**

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

K.S.Mahidhar
Partner

Hyderabad, 16 April 2020

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200TG2000PTC033213

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DIN:08011919

Rao.S.Vadlamudi
CEO

Srinivas R
CFO

Aradhana R.
Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

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 2013, 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 2020 were approved by the Board of Directors and authorised to issue on 16 April 2020.

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 and amendments issued thereafter.

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 116, and measurements that have some similarities to fair value but are not fair value, such as 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/ amorisation 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:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee :

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves: (a) the use of an identified asset, (b) the right to obtain substantially all the economic benefits from use of the identified asset, and (c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right- of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Company applies Ind AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense 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 is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services are either on a time bound fixed price or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

In arrangements for engineering services with customers, the company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering engineering services and other related services as distinct performance obligations. For allocating the transaction price, the company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price. For time and material related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The company accounts for volume discounts and pricing incentives , if any, to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

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 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 Company 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 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 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.

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 assets 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.

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 if any, 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 to be 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 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 has adopted Expected credit loss model for provisioning of receivables,apart from this the company also monitors long outstanding balances and make additional provision where required.

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.

		As at 31 March 2020	As at 31 March 2019
4.	**Property, Plant and Equipment**		
	Carrying amounts of		
	Plant and Equipment	421.71	249.14
	Office Equipments	67.12	60.93
	Furniture and Fixtures	77.98	41.20
	Vehicles	30.56	-
	Total	**597.37**	**351.27**
5.	**Capital work-in-progress**		
	Capital work-in-progress	-	12.41
	Total	**-**	**12.41**
6.	**Other Intangible assets**		
	Carrying amounts of:		
	Computer Software	754.72	705.69
	(other than internally generated)		
	Total	**754.72**	**705.69**

4A Property, Plant and Equipment

	Gross Block (At Cost)				Depreciation				Net Block
	As at 1 April 2019	Additions	Deletion / Adjustment	Balance as at 31 March 2020	Upto 01 April 2019	For the year	Deletion / Adjustment	Upto 31 March 2020	As at 31 March 2020
Tangible Assets									
Plant and Machinery	1,861.71	403.60	179.66	2,085.65	1,612.57	220.98	169.61	1,663.94	421.71
Office Equipment	375.88	50.84	21.50	405.22	314.95	44.63	21.48	338.10	67.12
Furniture, Fixtures & Interiors	337.90	86.57	32.07	392.40	296.70	49.79	32.07	314.42	77.98
Vehicles	32.77	33.43	13.69	52.51	32.77	2.87	13.69	21.95	30.56
Total	**2,608.26**	**574.45**	**246.93**	**2,935.78**	**2,256.99**	**318.27**	**236.85**	**2,338.41**	**597.37**

	Gross Block (At Cost)				Depreciation				Net Block
	As at 1 April 2018	Additions	Deletion / Adjustment	Balance as at 31 March 2019	Upto 01 April 2018	For the year	Deletion / Adjustment	Upto 31 March 2019	As at 31 March 2019
Tangible Assets									
Plant and Machinery	1,738.75	143.72	20.76	1,861.71	1,445.30	187.50	20.23	1,612.57	249.14
Office Equipment	353.64	46.15	23.91	375.88	290.38	46.07	21.50	314.95	60.93
Furniture, Fixtures & Interiors	314.69	33.84	10.63	337.90	274.01	31.83	9.14	296.70	41.20
Vehicles	32.77	-	-	32.77	31.77	1.00	-	32.77	0.00
Total	**2,439.85**	**223.70**	**55.29**	**2,608.26**	**2,041.46**	**266.40**	**50.87**	**2,256.99**	**351.27**

5A Other Intangible assets

	Gross Block (At Cost)				Amortisation				Net Block
	As at 1 April 2019	Additions	Deletion / Adjustment	Balance as at 31 March 2020	Upto 01 April 2019	For the year	Deletion / Adjustment	Upto 31 March 2020	As at 31 March 2020
Software	4,403.06	512.55	-	4,915.61	3,697.37	463.52	-	4,160.89	754.72
Total	**4,403.06**	**512.55**	**-**	**4,915.61**	**3,697.37**	**463.52**	**-**	**4,160.89**	**754.72**

	Gross Block (At Cost)				Amortisation				Net Block
	As at 1 April 2018	Additions	Deletion / Adjustment	Balance as at 31 March 2019	Upto 01 April 2018	For the year	Deletion / Adjustment	Upto 31 March 2019	As at 31 March 2019
Software	3,946.04	457.02	-	4,403.06	3,227.12	470.25	-	3,697.37	705.69
Total	**3,946.04**	**457.02**	**-**	**4,403.06**	**3,227.12**	**470.25**	**-**	**3,697.37**	**705.69**

7. Investments

		As at 31 March 2020		As at 31 March 2019	
		Number of Shares	Amount	Number of Shares	Amount
I	**Non-Current Investments**				
A	**Investments in Equity Instruments**				
	In subsidiaries (at cost)				
	Satyam Venture Engineering Services (Shanghai) Co. Ltd [Refer note (i) below]	-	584.17	-	584.17
	Satven GmbH	-	359.50	-	359.50
	Total		**943.67**		**943.67**
(a)	Aggregate amount of quoted investments and market value thereof;		-		-
(b)	Aggregate amount of unquoted investments; and		943.67		943.67
(c)	Aggregate amount of impairment 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.

		As at 31 March 2020		As at 31 March 2019	
		Units	Amount	Units	Amount
II	**Current Investments**				
A	**Investment in Mutual Funds**				
	(at fair value)				
	ICICI Prudential Liquidity Fund - Direct - Growth	-	-	416232	1,146.38
	ICICI Prudential Savings Fund- Growth	243602	943.59	243602	873.87
	ICICI Prudential Savings Fund - DP Growth	980628	3,828.08	614238	2,218.44
	ICICI Prudential Liquid Fund - DP Growth	129682	380.98	155243	429.12
	ICICI Prudential Overnight Fund - DP Growth	487263	525.02	-	-
	Total		**5,677.67**		**4,667.81**
(a)	Aggregate amount of quoted investments and market value thereof;		5,677.67		4,667.81
(b)	Aggregate amount of unquoted investments		-		-
(c)	Aggregate amount of impairment 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 / voting rights held by the Company	100%	100%

7.2 Summarised financial information of material subsidiaries

	Satyam Venture Engineering Services (Shanghai) Co. Ltd		Satven GmbH	
	As at			
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Non-Current Assets	8.68	53.49	9.75	9.16
Current Assets	962.17	1,845.05	781.76	634.47
Non-Current Liabilities	-	-	-	-
Current Liabilities	124.31	1,165.05	281.85	213.67
	Year ended			
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Revenue	1,318.49	2,000.24	1,851.03	1,529.72
Expenses	1,180.80	1,995.39	1,774.71	1,453.09
Tax Expense	51.09	1.37	26.66	28.67
Profit / (loss) for the year	86.60	3.48	49.66	47.96
Other Comprehensive income for the period	-	-	-	-
Total Comprehensive income for the period	86.60	3.48	49.66	47.96

		As at 31 March 2020	As at 31 March 2019
8.	**Other financial assets measured at amortised cost**		
	I. Non-Current		
	(Unsecured, considered good)		
	Other bank balances - in deposit accounts	871.07	1,207.32
	Security Deposits[Refer note 8.1]	388.31	402.02
	Total	**1,259.38**	**1,609.34**
	II. Current		
	(Unsecured, considered good)		
	Unbilled revenue	3,604.41	1,881.41
	Interest Receivable on deposits	222.07	97.05
	Total	3,826.48	1,978.46

8.1 Include deposit of Rs.67.83 Lakhs [31 March 2019 : Rs.67.83 Lakhs] with CGITCLC and Rs.58.24 Lakhs [31 March 2019: Rs.58.24 Lakhs] with CESTAT in respect of the ongoing disputes [Refer note 30A(ii) & (iv)]

		As at 31 March 2020	As at 31 March 2019
9.	**Deferred tax assets (Net)**		
	Deferred tax assets	778.38	919.67
	Deferred tax liabilities	(78.71)	(50.64)
	Total	**699.66**	**869.02**

9.1 The tax effect of significant temporary differences that has resulted in deferred tax assets are given below:

	For the year ended 31 March 2020			
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Closing balance**
Property, plant and equipment and Intangible assets	322.72	(80.23)	-	242.49
Provision for doubtful debts	19.07	(5.43)	-	13.64
Provision for defined benefit obligations	577.87	(72.30)	16.67	522.25
Fair value gain on Mutual funds	(50.64)	(28.07)	-	(78.71)
Net Deferred Tax Assets	**869.02**	**(186.03)**	**16.67**	**699.66**

	For the year ended 31 March 2019			
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Closing balance**
Property, plant and equipment and Intangible assets	218.50	104.22	-	322.72
Provision for doubtful debts	6.56	12.51	-	19.07
Provision for defined benefit obligations	505.93	91.15	(19.21)	577.87
Fair value gain on Mutual funds	-	(50.64)	-	(50.64)
Exchange difference in translating the financial statements of foreign operations	5.91	(5.91)	-	-
Net Deferred Tax Assets	**736.90**	**151.33**	**(19.21)**	**869.02**

		As at 31 March 2020	As at 31 March 2019
10.	**Non-current tax assets (net)**		
	Advance income tax and tax deducted at source	6,070.88	5,522.34
	(net of provisions Rs.11,954.65 Lakhs [31 March 2019: Rs.10,138.41 Lakhs])		
	Total	**6,070.88**	**5,522.34**
11.	**Trade receivables**		
	(a) Considered good - Secured	-	-
	(b) Considered good - Unsecured	7,739.17	7,854.67
	(c) Receivables which have significant increase in credit risk	-	-
	(d) Credit impired	54.19	54.58
	Less: allowance for expected credit loss	(54.19)	(54.58)
	Total	**7,739.17**	**7,854.67**
11.1	**Of the above, trade receivables from:**		
	(a) Related parties [Refer note 33]	2,134.42	2,367.63
	(b) Others	5,604.75	5,487.04
	Total	**7,739.17**	**7,854.67**
11.2	**Classification of trade receivables**		
	Non-Current	-	-
	Current	7,739.17	7,854.67
	Total	**7,739.17**	**7,854.67**

11.3 Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for trade receivables (other than receivables from related parties) 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 .

Age of Trade Receivables

Age of receivables	As at 31 March 2020	As at 31 March 2019
a) Within the credit period	6,698.82	6,593.71
b) less than 180 days past due	1,020.90	508.76
c) More than 180 days past due	19.94	731.67
d) More than 1 year	53.70	75.11

11.4 Movement in the allowance for expected credit loss

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	54.58	18.95
Add: Allowance for expected credit loss	18.70	35.63
Less: Provision write back	0.14	-
Less: Receivables written off	18.95	-
Balance at the end of the year	54.19	54.58

		As at 31 March 2020	As at 31 March 2019
12.	**Cash and cash equivalents**		
	Balances with Banks		
	(a) with Scheduled banks		
	in Current account	291.00	314.33
	in Deposit account	40.00	690.00
	(b) with Other banks		
	in Current account	2,213.72	1,309.39
	Cash on hand	0.19	0.68
	Total	**2,544.91**	**2,314.40**
13.	**Other Bank Balances**		
	Balances with Banks		
	with Scheduled banks		
	in Deposit account	5,151.21	3,056.00
	Total	**5,151.21**	**3,056.00**
14.	**Other assets**		
	I. Non-Current		
	(Unsecured, considered good)		
	Capital advances	-	46.07
	Total	**-**	**46.07**
	I. Current		
	(Unsecured, considered good)		
	Loans and advances to employees	224.30	334.84
	Balance with government authorities	80.13	43.26
	Prepaid expenses	644.92	405.25
	Others	204.98	305.88
	Total	**1,154.33**	**1,089.23**

15. Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	**Amounts**	**Number of Shares**	**Amounts**
Authorised Share Capital				
Equity share capital of Rs.10 each	7,500,000	750.00	7,500,000	750.00
Issued, Subscribed and Fully Paid up				
Equity share capital of Rs.10 each	7,088,960	708.90	7,088,960	708.90

15. 1Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	**Amounts**	**Number of Shares**	**Amounts**
Equity share capital of Rs.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. 2Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	Amounts	Number of Shares	Amounts
Equity shares of Rs.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 2020		As at 31 March 2019	
	Number of Shares	Amounts	Number of Shares	Amounts
Equity shares of Rs.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. 4Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The percentage of shareholding shall be maintained as set out in Article 4 of Articles of Association and the fresh issue to be offered to both the shareholders in proportion to their shareholding. Any shares not accepted shall in the first instance be offered to the other remaining member and affiliates nominated by thereof.

		As at 31 March 2020	As at 31 March 2019
16.	**Other equity**		
	General Reserve	12.50	12.50
	Retained Earnings	24,732.08	19,984.31
	Other Components of Equity		
	Remeasurement of the defined benefits plans	17.46	67.02
	Exchange difference in translating the financial statements of foreign operations (Net of tax)	-	-
	Total	**24,762.04**	**20,063.83**
16.1	**General Reserve [note 16.4]**		
	Balance at beginning of year	12.50	12.50
	Movement during the year	-	-
	Balance at end of year	12.50	12.50
16.2	**Retained Earnings [note 16.5]**		
	Balance at beginning of year	19,984.31	16,610.26
	Profit for the year	4,747.77	3,374.05
	Balance at end of year	24,732.08	19,984.31
16.3	**Other Components of Equity**		
a)	**Remeasurement of the defined benefits plans [note 16.6]**		
	Opening balance	67.02	31.26
	Current year charge	(49.56)	35.76
	Balance at end of year	17.46	67.02

		As at 31 March 2020	As at 31 March 2019
b)	**Exchange difference in translating the financial statements of foreign operations**		
	Opening balance	-	20.07
	Movement during the period (Net of tax)	-	(20.07)
	Balance at end of year	-	-

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 actuarial gain / (loss) recognised on the defined benefit plan and will not be reclassified to retained earnings.

		As at 31 March 2020	As at 31 March 2019
17.	**Provisions**		
I	**Non-Current**		
	Provision for Employee Benefits [Refer note 32]		
	Compensated Absences	489.25	391.84
	Gratuity	1,166.03	904.88
	Total	**1,655.28**	**1,296.72**
II	**Current**		
	Provision for Employee Benefits [Refer note 32]		
	Compensated Absences	259.87	213.39
	Gratuity	159.90	143.60
	Provision for Contingencies [Refer note 30.2]	5,291.42	5,291.42
	Total	**5,711.19**	**5,648.41**
18.	**Trade Payables**		
	Amounts due to micro and small enterprises (Refer note 18.2)	-	-
	Others	841.69	691.20
	Total	**841.69**	**691.20**

18.1 Includes Rs.55.36 Lakhs [31 March 2019 : Rs.83.39 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:

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

		As at 31 March 2020	As at 31 March 2019
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 succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	Nil	Nil
19.	**Other Financial Liabilities**		
	Dues for Capital assets	7.92	-
	Accrued Salaries and Benefits	751.37	435.05
	Total	**759.29**	**435.05**
20.	**Other Current Liabilities**		
	Statutory payables	495.81	564.47
	Total	**495.81**	564.47
21.	**Current tax liabilities**		
	Income tax payables	1,485.25	1,611.80
	(net of advance tax Rs.3,367.01 Lakhs [31 March 2019: Rs.3,236.37 Lakhs])		
	Total	**1,485.25**	**1,611.80**

		Year ended 31 March 2020	Year ended 31 March 2019
22.	**Income from operations**		
	Income from Services		
	- export of services	29,047.74	20,342.10
	- domestic services	8,863.28	13,346.20
	Other operating income	188.10	437.16
	Total	**38,099.12**	**34,125.46**
23.	**Other income**		
	Interest Income		
	Deposits with Banks (at amortised cost)	389.44	218.78
	Others	-	1.20
	Interest on Income Tax Refund	232.37	-
	Net Gain / (Loss) on sale of investments	69.79	36.85
	Profit on sale of assets (net)	3.83	8.56
	Forex gain	612.58	(34.05)
	Fair value measurements	335.39	190.58
	Liability/Provisions no longer required written back	49.75	-
	Miscellaneous Income	24.27	24.87
	Total	**1,717.42**	**446.79**
24.	**Employee benefits expense**		
	Salaries and Bonus	25,829.73	23,110.74
	Contribution to Provident and Other Funds	537.51	537.04
	Gratuity	272.59	249.03
	Staff Welfare	185.12	143.46
	Total	**26,824.95**	**24,040.27**
25.	**Depreciation and amortisation expense**		
	On tangible assets	318.27	266.40
	On intangible assets	463.52	470.25
	Total	**781.79**	**736.65**
26.	**Other expenses**		
	Rent	535.76	448.31
	Rates and taxes	134.62	94.31
	Power and fuel	139.39	122.86
	Travelling and Conveyance	1,426.54	1,442.79
	Communication	104.20	107.55
	Marketing expenses	141.96	118.23
	Repair and Maintenance	301.11	226.67
	Computer Hire Charges	59.86	40.80
	Security Services	47.69	47.33
	Recruitment, Training and Development	181.29	119.57
	General Office Expenses	22.44	25.08
	Legal and professional	604.68	474.34

		Year ended 31 March 2020	Year ended 31 March 2019
	Office Maintenance	158.25	122.39
	Computer Maintenance	1,052.34	812.73
	Auditors' Remuneration (Refer note 26.1)	22.41	21.56
	Directors Sitting Fees	6.00	3.40
	CSR Expenses	64.70	64.00
	Provision for doubtful debts	18.70	35.63
	Bad Debts Written off	18.95	-
	Less: Provision	(18.95)	-
	Bank Charges	30.48	35.89
	Miscellaneous expenses	204.43	155.66
	Total	**5,256.85**	**4,519.10**
26.1	**Auditors' remuneration includes**		
	for statutory audit	11.00	10.00
	for quarterly audit	3.00	
	for taxation matters	3.50	2.60
	for other matters	4.81	8.96
	for reimbursement of expenses	0.11	-
		22.41	**21.56**
27	**Income taxes relating to continuing operations**		
27.1	**Income tax recognised in profit or loss**		
	Current tax		
	In respect of the current year	1,747.75	1,891.80
	In respect of the prior years	12.94	16.33
		1,760.69	**1,908.13**
	Deferred tax		
	In respect of the current year	186.03	(151.33)
	Deferred tax reclassified from equity to profit or loss	-	-
		186.03	**(151.33)**
27.2	**Reconciliation of income tax expense for the year to the accounting profit is as follows:**		
	Profit before tax from continuing operations	6,694.49	5,130.85
	Income tax expense calculated at 25.168% [2018-2019: 34.94%]	1,684.87	1,792.72
	Effect of income that is exempt from tax	(0.96)	2.99
	Effect of expenses that are not deductible in determining taxable profit	63.84	96.08
		1,747.75	**1,891.79**
	Adjustment recognised in the current year in relation to the current tax of earlier years	12.94	16.33
	Income tax expense recognised in profit or loss	1,760.69	1,908.12

		Year ended 31 March 2020	Year ended 31 March 2019
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)	(16.67)	19.21
		(16.67)	**19.21**
B.	**Items that may be reclassified to profit or loss**		
	Exchange differences in translating the financial statements of foreign operations	-	-
		(16.67)	19.21

27.4 Current tax for the year ended 31 March 2020 includes tax expense with respect to foreign branches amounting to Rs.61.98 Lakhs [Year ended 31 March 2019 Rs.76.27 Lakhs].

27.5 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 Indian income tax laws. During current year, company has elected to claim benefit given under section 115BAA of Income tax Act,1961 and has applied tax rate of 22% for computation of current tax and deferred tax.

		As at 31 March 2020	As at 31 March 2019
28.	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	83.04	83.51

29. Leases

The lease arrangements for the Company are in respect of the office premises, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases of Rs.535.76 Lakhs [31 March 2019 : Rs.448.31 Lakhs] are recognized as an expense on a straight-line basis over the lease term.

		As at 31 March 2020	As at 31 March 2019
30.	**Contingent Liabilities**		
A	Claims against the Company not acknowledged as debt		
i	Disputed income tax matters [Refer Note 30.1]	1,935.43	804.86
ii	Disputed service tax liability for which the Company preferred appeal	947.92	948.63
iii	Disputed interest liability on service tax for which the Company preferred appeal	Not Ascertained	Not Ascertained
iv	Demand from EPFO for which the Company preferred appeal	193.79	193.79
v	Others [Refer Note 30.2]	21,463.40	17,840.10

30.1 Disputed income tax matters

The income tax appeals for assessment years from 2002-03 to 2009-10 have been decided by the Hon'ble Income Tax Appellate Tribunal ("ITAT") 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 in the financial statements of earlier years. The department is in appeal to the Hon'ble High Court on all the matters decided in favour of the Company by the Hon'ble ITAT.

For AY 2009-10 and 2011-12 the Hon'ble ITAT remanded case back to the Transfer Pricing Officer for fresh adjudication. For AY 2009-10, the TPO/AO passed consequential orders giving the relief per the ITAT order. However, they raised a demand in respect of Transfer Pricing adjustment relating to commission to associate enterprise. The issue of allowability of commission had been decided in favour of the Company in earlier years and hence, no provision for tax is made in respect of the demand raised. The Company had filed appeal before Hon'ble ITAT. The consequential order for AY 11-12 is awaited.

In respect of assessment years 2012-13 to 2015-16 the Company is in appeal before the Hon'ble ITAT as the matters were decided against the Company by DRP. The disallowances relate to denial of internal comparables and interest chargeable on the outstanding amount from associate enterprise. No additional provision is considered as the issues are covered in favour of the Company.

30.2 Contingent Liability - Others

The Company was promoted as 50:50 Joint Venture by Satyam Computer Services Ltd ("Satyam") and Venture Global Engineering LLC US ("Venture"). The joint venture partners entered into a Shareholders' Agreement (SHA) dated October 20, 1999 that provided for a royalty payment from the Company to both the joint venture partners in terms of a separate Royalty Agreement to be entered into between the Company and the joint venture partners. The Royalty Agreement was not entered into between the Company and the joint venture partners as envisaged in the SHA.

The Company and joint venture partners entered into separate Sales Commission Agreements that provided for payment of sales commission to the joint venture partners as per terms and conditions contained in the said agreements. In line with the provisions contained therein, the Company has been accruing and paying commission to its joint venture partners up to the year 2005-06.

During the year 2005-06, Satyam commenced arbitration proceedings against Venture in the London Court of International Arbitration ("LCIA") by invoking the arbitration clause in the SHA. Satyam's claims were upheld by the LCIA in its award dated April 2006 ("the Award"). Since then both the joint venture partners have raised numerous claims against each other resulting in multiple legal proceedings both in India and the USA that are still ongoing.

On January 7, 2009, the then Chairman of Satyam vide his letter addressed to then existing Board of Directors of Satyam, the stock exchanges and SEBI admitted to several financial irregularities in Satyam. Consequent to a global bidding process to take over the management of Satyam, M/s Venturbay Consultants Private Limited (the successful bidder) took over the management of Satyam.

Notwithstanding the dispute, the Company under its erstwhile management, continued to accrue the sales commission in its books. The newly reconstituted Board approved the accounts of the Company for the years 2008-09, 2009-10 and 2010-11, with continued accrual of sales commission. This was based on a view taken by the newly constituted Board that the matter is sub-judice that was corroborated by legal opinion and continued as prudent measure.

During the meetings held in 2011-12, the Board discussed the need to accrue the sales commission, as Venture did not render any services to the Company either during the year or during the past many years since the dispute. Further, in so far as the Company was concerned, Venture had not, till that point of time, claimed any amounts towards sales commission. The Board also took note of the fact (based on an updated legal opinion) that the issue of sales commission is not a disputed matter before the Courts either in India or in USA and not sub judice, as per original view.

Under the circumstances, the Board took the view on May 14, 2012 when the financial statements for the year ended March 31, 2012 was tabled for approval, that the accrual of sales commission from FY 05-06 to FY 10-11 of Rs.3,594.07 Lakhs be written back as other income in the Statement of Profit and Loss and the sales commission for the period from April 2011- December 2011 be reversed. However, as a prudent measure, the Board directed that the Company provide an amount of Rs.5,291.41 Lakhs as a provision for contingency, covering the period from FY 05-06 to FY 11-12 which in its opinion would be adequate to cover any possible outflow that may arise in respect of the aforesaid matter and adjustments to the financial statements if any, to be made on final disposal of legal proceedings.

Subsequent to the adoption of accounts by the Board, the Company was served a suit filed by Venture before the City Civil Court, Secunderabad inter alia seeking a direction to the Company to pay sales commission that it was entitled to under the Shareholders Agreement. In the said suit, two ex-parte orders were passed by the City Civil Court , directing the Company, Venture and Satyam to maintain status quo with regard to transfer of 50% shares of Venture and with regard to taking major decisions which are prejudicial to interest of Venture . The Company has challenged the ex-parte orders of the City Civil Court Secunderabad, before the Hon'ble High Court of Andhra Pradesh ("the High Court").

In a related development, the City Civil Court, Hyderabad set aside the Award in January 2012, against which Satyam has filed an appeal before the High Court.

The High Court by its Judgement dated August 23, 2013 has allowed the appeals filed by the Company and set aside the ex-parte interim orders against the Company. The High Court has also set aside the Order of the City Civil Court, Hyderabad setting aside the Award and upheld the Award in favour of Satyam. The High Court as an interim measure ordered status quo with regard to transfer of shares, originally given by Supreme Court to be maintained for four (4) weeks which was extended for a further period of 3 weeks by High Court on 19th September, 2013

Venture filed an SLP before the Supreme Court of India which was heard by the Apex Court on 21st October, 2013 and Supreme Court as an interim measure ordered status quo with regard to transfer of shares. TechM has filed a Special leave Petition before the Supreme Court of India challenging the judgement of the High Court only on the limited issue as to whether the Civil Court has jurisdiction to entertain VGE's challenge to the Award. The 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 provision for contingencies amounting to Rs.5,291.41 Lakhs as on 31 March 2012. The Company has also disclosed an amount of Rs.21,463.40 Lakhs [31 March 2019: Rs.17,840.10 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 2020 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, 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 to 2019. In terms of Article 66 of the Articles of Association of the Company, the adoption of audited financial statements requires unanimous consent of both the shareholders of the Company. Therefore, the said financials have not been approved by the shareholders.

The financial statements as at and for the year ended 31 March 2020 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

32.1 Defined Contribution Plan

The Company makes contributions to Provident and other Fund which is a defined contribution plans for qualifying employees. Under these Scheme, the Company contributes a specified percentage of the payroll costs to the respective funds. The Company has recognized Rs.537.51 Lakhs [31 March 2019 : Rs.537.04 Lakhs] as an expense in the Statement of Profit and Loss.

32.2 Defined Benefit Plan

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:

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 expected 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 turnover 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 actuarial valuation as follows

Details		**31-Mar-20**	**31-Mar-19**
1	Discount Rate(s)	7.00%	7.60%
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 2020**	**Year ended 31 March 2019**
A	**Amounts Recognised in statement of Profit & Loss**		
1	Current Service Cost	195.23	182.26
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service Cost	195.23	182.26
6	Net interest on net defined benefit liability / (asset)	77.35	66.77
7	Immediate recognition of (gains)/losses - other long term employee benefit plans	-	-
8	Cost of Termination Benefits	-	-
9	Cost recognised in P&L	272.59	249.03
B	**Amounts Recognised in Other Comprehensive Income (OCI)**		
1	Actuarial (gain)loss due to DBO experience	(40.29)	(54.97)
2	Actuarial (gain)loss due to DBO assumption changes	106.52	-
3	Actuarial (gain)loss arising during the period	66.23	(54.97)
4	Return on plan assets (Greater)/Less than discount rate	-	-
5	Actuarial (gains)/losses recognised in OCI	66.23	(54.97)
6	Adjustment for limit on net asset	-	-
7	Cumulative Actuarial (Gain)/ Loss Recognised via OCI at Prior Period End	-	-
8	Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End	66.23	(54.97)
C	Defined benefit cost		
1	Service Cost	195.23	182.26
2	Net interest on net defined benefit liability / (asset)	77.35	66.77
3	Actuarial (gains)/losses recognised in OCI	66.23	(54.97)
4	Immediate recognition or (gains)/losses - other long term employee benefit plans	-	-
5	Defined Benefit Cost	338.82	194.06

III Changes in benefit obligation and assets

	Details	**As at 31 March 2020**	**As at 31 March 2019**
A.	Changes in defined benefit obligation:		
1	Defined benefit obligation(DBO) at the end of prior period	1,048.48	902.69
2	Current service cost	195.23	182.26
3	Interest cost on the DBO	77.35	66.77
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	(40.29)	(54.97)
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	106.52	-
11	Benefits paid directly by the Company	(61.38)	(48.27)
12	Benefits paid from plan assets	-	-

Details		As at 31 March 2020	As at 31 March 2019
13	DBO at end of current period	1,325.92	1,048.48
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	-	-

IV Additional Disclosures

		31 March 2020	31 March 2019
A.	**Expected benefit payments for the period ending**		
	2021 (PY 2020)	165.40	148.96
	2022 (PY 2021)	20.10	271.29
	2023 (PY 2022)	31.06	21.72
	2024 (PY 2023)	32.70	33.63
	2025 (PY 2024)	63.65	36.60
	2026 to 2030 (PY 2025 to 2029)	619.19	506.30
B.	**Current and Non current breakup**		
	Current liability	159.90	143.60
	Non current liability	1,166.03	904.88
	Total Liability	**1,325.92**	**1,048.48**

V Sensitivity Analysis

	Details	As at 31 March 2020	As at 31 March 2019
A	**Discount rate**		
	Discount rate as at period end	7.00%	7.60%
	Effect on DBO due to 0.5% increase in discount rate	(89.68)	(68.49)
	Effect on DBO due to 0.5% decrease in discount rate	99.62	76.06
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	95.70	73.16
	Effect on DBO due to 0.5% decrease in salary escalation rate	(87.79)	(67.25)
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 5% increase in withdrawal rate	(140.12)	(86.64)
	Effect on DBO due to 5% decrease in withdrawal rate	74.19	45.33

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.

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 GmbH
7. Tech Mahindra Foundation

E. 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(Shanghai)Co. Ltd

F. Key Managerial Personnel

13. Rao S Vadlamudi - Chief Executive Officer (w.e.f 23rd October,2018)
14. Srinivas Chakravarthi Ramancherla - Chief Financial Officer (w.e.f 23rd October,2018)
15. Aradhana Rewatkar - Company Secretary (w.e.f 23rd October,2018)

33.2 Related party transactions during the year are as follows:

	31 March 2020	31 March 2019
Tech Mahindra Limited		
Revenue	5,813.76	6,521.22
Reimbursement of Expenditure	118.26	331.82
Tech Mahindra GmbH		
Revenue	188.10	438.11
Satyam Venture Engineering Services (Shanghai) Co. Ltd		
Revenue	294.09	368.65
Advance given during the year	17.40	49.33
Satven GmbH		
Other Income	0.02	0.96
Reimbursement of Expenditure & Interest	0.02	-
Advance given/(repaid) during the year	-	(337.66)
Mahindra & Mahindra Ltd.		
Revenue	206.64	179.66
Tech Mahindra Foundation		
Contribution made toward CSR Expenditure	64.70	64.00
Remuneration to Key Managerial Personnel	190.22	71.06
Balances written off during the year		
Jiangyin Venture Interior Systems	9.53	-
Venture	6.81	-
Venture Diversified Products	2.62	-
Venture Mould & Engg.Co	(0.27)	-

	As at 31 March 2020	As at 31 March 2019
Debit balances outstanding		
Tech Mahindra Limited	3,071.73	1,903.89
Tech Mahindra GmbH	24.81	30.34
Satyam Venture Engineering Services (Shanghai) Co. Ltd	97.91	1,112.12
Satven GmbH	-	-
Mahindra & Mahindra Ltd	70.32	84.55
Jiangyin Venture Interior Systems	-	9.53
Venture	-	6.81
Venture Diversified Products	-	2.62
Venture Otto South Africa (Prop) Ltd	9.26	9.31
Credit balances outstanding		
Venture Mould & Engg.Co	-	0.27
Satven GmbH	3.31	2.75

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 and Non-Current Assets from continuing operations from customers by location of operations are detailed below:

	Revenue		Non-Current Assets	
	Year ended 31 March 2020	Year ended 31 March 2019	As at 31 March 2020	As at 31 March 2019
India	**14,564.46**	**13,348.03**	**9,237.89**	**9,647.05**
USA	12,520.10	10,460.08	346.58	243.96
Europe	3,114.01	3,198.41	(61.79)	28.85
Asia Pacific	7,143.55	6,783.75	800.61	362.83
Canada	24.82	116.92	-	-
Australia	93.93	19.60	-	-
Other	638.25	198.66	2.40	-

34.3 Information about major customers

Revenue arising from sales of Automotive Engineering Services consits of about 60 customers base and out of them 10 customers contribute 80% of revenue.

35 Financial Instruments

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.

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.

Financial Instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2020 is as follows:

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	-	-	-	2,544.91	2,544.91	2,544.91
Other balances with banks	-	-	-	5,151.21	5,151.21	5,151.21
Trade receivables	-	-	-	7,739.17	7,739.17	7,739.17
Investments (Other than in subsidiaries)	5,677.67	-	-	-	5,677.67	5,677.67
Other financial assets	-	-	-	5,085.86	5,085.86	5,085.86
Total	**5,677.67**	**-**	**-**	**20,521.15**	**26,198.82**	**26,198.82**
Liabilities					-	-
Trade and other payables	-	-	-	841.69	841.69	841.69
Other financial liabilities	-	-	-	7.92	7.92	7.92
Total	**-**	**-**	**-**	**849.61**	**849.61**	**849.61**

The carrying value and fair value of financial instruments by categories as of 31 March 2019 is as follows:

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	-	-	-	2,314.40	2,314.40	2,314.40
Other balances with banks	-	-	-	3,056.00	3,056.00	3,056.00
Trade receivables	-	-	-	7,854.67	7,854.67	7,854.67
Investments (Other than in subsidiaries)	4,667.81	-	-	-	4,667.81	4,667.81
Other financial assets	-	-	-	3,587.80	3,587.80	3,587.80
Total	**4,667.81**	**-**	**-**	**16,812.87**	**21,480.68**	**21,480.68**
Liabilities					-	-
Trade and other payables	-	-	-	691.20	691.20	691.20
Other financial liabilities	-	-	-	435.05	435.05	435.05
Total	**-**	**-**	**-**	**1,126.25**	**1,126.25**	**1,126.25**

The fair value of cash and cash equivalents, other balances with bank, trade receivables, unbilled revenues, trade payables, and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

Fair value hierarchy

The following table summarises financial asses 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):

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 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.

Particulars	As at 31 March 2020			As at 31 March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Mutual fund investments	5,677.67	-	-	4,667.81	-	-
Equity shares	-	-	943.67	-	-	943.67
Total	**5,677.67**	**-**	**943.67**	**4,667.81**	**-**	**943.67**
Financial Liabilities						
Total	**-**	**-**	**-**	**-**	**-**	**-**

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:

	Assets		Liabilities	
Currency	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
USD	5,231.96	4,138.05	460.03	247.37
JPY	2,326.62	1,564.19	409.24	210.81
Euro	958.27	782.76	138.76	102.06
CNY	96.66	947.53	-	-
GBP	244.70	183.46	59.31	101.63
Others	415.47	112.78	87.28	97.58

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 Indian Rupee. 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. Forward exchange contracts in USD exposure are USD to INR. These contracts are for a period of less than a year.

There are no outstanding forward exchange contracts as on 31st March, 2020.

The movement in hedging reserve for derivatives designated as Cash Flow Hedges is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Credit / (Debit) balance at the beginning of the year	-	-
Gain / (loss) net transferred to income statement on occurrence of forecasted hedge transaction	-	(98.51)
Changes in fair value of effective portion of cash flow derivative occurred during the year	-	98.51
Changes in fair value of effective portion of outstanding cash flow derivative	-	-
Tax impact on effective portion of outstanding cash flow derivative	-	-
Credit/(Debit) balance at the end of the year	-	-

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. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. 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. 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.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily are investment in liquid mutual fund units issued by institutions with high credit ratings.

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.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments.

	As at 31 March 2020		As at 31 March 2019	
	Accounts payable and acceptances	Other financial liabilities	Accounts payable and acceptances	Other financial liabilities
Carrying amount	841.69	759.29	691.20	435.05
upto 1 year	841.69	759.29	691.20	435.05
More than 1 year	-	-	-	-
Total contracted cash flows	841.69	759.29	691.20	435.05

The table below provides details of financial assets:

	As at 31 March 2020	As at 31 March 2019
Trade receivables	7,739.17	7,854.67
Other financial assets	5,085.86	3,587.80

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.

37. Assessment of impact of Novel Corona Virus Disease (COVID 19)

As at the date of these Financial Statements, COVID 19 had spread across most of the world including China, Germany and the United States of America where the company has its operations. However, the Company's operations in terms of revenue had not affected significantly for the current year. In assessing the recoverability of receivables including unbilled receivables, financial assets and contract costs and certain investments, the Company has considered internal and external information upto the date of approval of these financial statements. Considering the nature of these assets, while some delays are expected in the collection, the Company expects to recover the carrying amount of these assets. The impact of COVID 19 may be different from that estimated by the Company and the Company will continue to closely monitor any material changes in future economic conditions. Considering the Company's present liquidity position and its customer / vendor relationships, the management of the Company is of the opinion that it would be able to discharge its obligations.

38. Earning per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follow.

	Year ended 31 March 2020	Year ended 31 March 2019
Profit for the year attributable to owners of the Company	4,747.77	3,374.05
Earnings used in the calculation of basic earnings per share	4,747.77	3,374.05
Weighted average number of equity shares outstanding during the year	7,088,960	7,088,960
Face Value of Equity Shares - Rs.	10	10
Basic and Diluted Earnings per Share *	66.97	47.60

* The Company has no potential dilutive instruments

39. Corporate social responsibility

	Year ended 31 March 2020	Year ended 31 March 2019
Average net profit of the company for last three financial years	3,234.51	3,159.93
Prescribed CSR expenditure to be spent (2% of the average net profits)	64.69	63.20
Amount spent during the period on		
i) Construction / acquisition of any asset	-	-
ii) On purposes other than above	64.70	64.00

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200TG2000PTC033213

Shivanand Raja Director DIN: 00130694	**Rakesh Soni** Director DIN: 02973741	**V.Venkata Kumar Raju** Director DIN: 02958816
Venkateswara Rao Gajjala Director DIN: 08733877	**J.Venkateswarlu** Director DIN: 00051001	**C.Subramanyam Reddy** Director DIN: 07089237
Krishna Kumari Palle Director DIN:08011919	**Rao.S.Vadlamudi** CEO	**Srinivas R** CFO
		Aradhana R. Company Secretary

Hyderabad, 16 April 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of

Satyam Venture Engineering Services Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

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"), which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies (hereinafter referred to as "the consolidated financial statements").

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 Companies Act, 2013 ("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 2020, the consolidated profit, the consolidated total comprehensive income, the consolidated changes in equity and its consolidated cash flows and for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India ("ICAI") and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. 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 the following notes in the consolidated financial statements:

a) Note 30.2 regarding reckoning of Rs.21,463.40 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 2020 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 earlier years which have not been adopted by the shareholders.

Our opinion is not modified in respect of these matters.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for 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 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 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 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.

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.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs.1,759.05 Lakhs and net assets of Rs.1,450.79 Lakhs as at 31 March 2020, total revenues of Rs.2,923.86 lakhs and net cash inflows amounting to Rs.256.19 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-sections (3) and (11) of Section 143 of the Act, insofar as it relates the aforesaid subsidiaries is based solely on the reports of the other auditors.

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 by Section143(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 purpose of our audit of the aforesaid consolidated financial statements;

(b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement 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, read with the rules issued thereunder;

(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 written representations received from the directors of the Holding Company as on 31 March 2020, and 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 2020 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company.

(i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 and the other financial information of subsidiaries, as noted in the 'Other matter' paragraph:

   i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer note 30 to the consolidated financial statements;

   ii. no provisioning is required under any law or accounting standards, for material foreseeable losses on long term contracts except for the contingent liability described under note 30.2 for which provision is not made since the matters involving these litigations are sub-judice at present, the impact of these pending litigations on its financial position could not be stated in the Consolidated Financial Statements. According to the information and explanations given to us and in our opinion, there were no long term derivative contracts entered into by the Company as at 31 March 2020; 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 2020.

for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

K.S. Mahidhar
Partner
Membership No.220881
UDIN : 20220881AAAAAO5892

Hyderabad, 16 April 2020

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")

(Referred to in paragraph 1(g) 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)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are incorporated in India, 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 prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 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 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 2020, 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

K.S. Mahidhar
Partner
Membership No.220881
UDIN : 20220881AAAAAO5892

Hyderabad, 16 April 2020

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	4	597.55	352.08
(b) Capital work-in-progress	5	-	12.41
(c) Other Intangible assets	6	754.72	705.69
(d) Financial assets			
(i) Other financial assets	7	1,277.63	1,671.19
(e) Deferred tax assets (net)	8	706.37	875.73
(f) Non-current tax assets (net)	10	6,070.88	5,522.34
(g) Other non-current asset	14	-	46.07
Total Non-Current Assets		9,407.15	9,185.52
Current Assets			
(a) Financial assets			
(i) Investments	9	5,677.67	4,667.81
(ii) Trade receivables	11	8,150.51	7,623.29
(iii) Cash and cash equivalents	12	3,593.98	3,619.68
(iv) Other bank balances	13	5,151.21	3,056.00
(v) Other financial assets	7	3,998.28	2,390.41
(b) Other current assets	14	1,164.86	968.06
Total Current Assets		**27,736.51**	**22,325.25**
Total Assets		**37,143.66**	**31,510.77**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	708.90	708.90
(b) Other equity	16	25,181.26	20,290.34
Total Equity		**25,890.16**	**20,999.24**
LIABILITIES			
Non-Current Liabilities			
(a) Provisions	17	1,655.28	1,296.72
Total Non-Current Liabilities		**1,655.28**	**1,296.72**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	18		
(A) Total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		967.22	784.02
(ii) Other financial liabilities	19	764.26	435.05
(b) Other current liabilities	20	533.11	631.76
(c) Provisions	17	5,823.10	5,722.91
(d) Current tax liabilities (Net)	21	1,510.53	1,641.07
Total Current Liabilities		**9,598.22**	**9,214.81**
Total Equity and Liabilities		**37,143.66**	**31,510.77**

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

K.S.Mahidhar
Partner

Hyderabad, 16 April 2020

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200TG2000PTC033213

Shivanand Raja
Director
DIN: 00130694

Rakesh Soni
Director
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V.Venkata Kumar Raju
Director
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Venkateswara Rao Gajjala
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J.Venkateswarlu
Director
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C.Subramanyam Reddy
Director
DIN: 07089237

Krishna Kumari Palle
Director
DIN:08011919

Rao.S.Vadlamudi
CEO

Srinivas R
CFO

Aradhana R.
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Income from operations	22	40,728.88	37,268.51
Other income	23	1,940.84	464.09
Total Income		**42,669.72**	**37,732.60**
Expenses			
Sub contracting costs		299.53	191.50
Employee benefits expense	24	29,136.43	26,634.72
Finance costs		-	-
Depreciation and amortisation expense	25	782.41	737.28
Other expenses	26	5,542.22	4,956.44
Total Expenses		**35,760.59**	**32,519.95**
Profit before tax		6,909.12	5,212.65
Tax Expense	27		
Current tax		1,825.52	1,922.07
Earlier years tax		12.92	16.09
Deferred tax		186.03	(151.33)
Total tax expense		**2,024.47**	**1,786.83**
Profit for the year		4,884.66	3,425.82
Other comprehensive income / (loss)			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(66.23)	54.97
Income tax on above items	27	16.67	(19.21)
		(49.56)	**35.76**
B. Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations	16	55.83	(59.99)
Income tax on above items	27	-	-
		55.83	**(59.99)**
Other comprehensive income / (loss) for the year		6.26	(24.23)
Total comprehensive income for the year		**4,890.93**	**3,401.59**
Total comprehensive income for the year attributable to:			
Owners of the Company		4,890.93	3,401.59
Non controlling interests		-	-
Earnings per equity share	38		
Basic and Diluted - (In Rs. per share)		68.91	48.33

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

K.S.Mahidhar
Partner

Hyderabad, 16 April 2020

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
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Director
DIN:08011919

Rao.S.Vadlamudi
CEO

Srinivas R
CFO

Aradhana R.
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

		Year ended 31 March 2020	Year ended 31 March 2019
A.	**Cash flow from operating activities**		
	Profit for the year	6,909.12	5,212.65
	Adjustments for		
	Interest income recognised in profit or loss	(391.16)	(219.98)
	Loss / (Profit) on sale of fixed assets	(3.83)	(8.56)
	Depreciation and amortisation of non-current assets	782.41	737.28
	Net (Gain) / Loss on sale of investments	(69.79)	(36.85)
	Net foreign exchange (gain) / loss	5.38	65.43
	Provision for doubtful receivables	18.70	226.93
	Fair value measurements	(335.39)	(190.58)
	Operating profit / (loss) before working capital changes	6,915.46	5,786.34
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	(545.92)	1,173.95
	Other Non-Current Assets	46.07	(46.07)
	Other Non-Current Financial Assets	57.61	(129.38)
	Other Current Financial Assets	(1,482.85)	(365.64)
	Other Current Assets	(196.79)	450.36
	Adjustments for increase / (decrease) in operating liabilities:		
	Non-Current Provisions	358.56	147.13
	Trade Payables	183.20	(278.98)
	Current Provisions	89.79	128.27
	Other Financial Liabilities	329.20	(0.61)
	Other Current Liabilities	(98.65)	4.61
	Cash generated from operations	5,655.68	6,869.98
	Income Tax paid (Net)	(2,517.51)	(2,275.86)
	Net cash flow from / (used in) operating activities (A)	**3,138.17**	**4,594.12**
B.	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including Capital Work in Progress)	(1,074.58)	(693.13)
	Proceeds from disposal of property, plant and equipment	13.91	12.98
	Bank balances (Deposits) not considered as cash and cash equivalents		
	- Placed	(4,826.10)	(4,174.15)
	- Matured	3,066.84	2,356.37
	Current Investments		
	- Purchased	(6,178.00)	(5,300.00)
	- Proceeds from sale / redemption	5,573.32	4,000.00
	Interest received	266.13	189.50
	Net cash flow used in investing activities (B)	**(3,158.49)**	**(3,608.44)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

		Year ended 31 March 2020	Year ended 31 March 2019
C.	**Cash flow from financing activities**	-	-
	Net cash flow from / (used in) financing activities (C)	-	-
	Net increase / (decrease) in cash and cash equivalents	(20.33)	985.69
	Cash and cash equivalents at the beginning of the year	**3,619.68**	**2,699.42**
	Effect of exchange difference on cash and cash equivalents held in foreign currency	(5.38)	(65.43)
	Cash and cash equivalents at the end of the year	**3,593.97**	**3,619.68**

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

K.S.Mahidhar
Partner

Hyderabad, 16 April 2020

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200TG2000PTC033213

Shivanand Raja Director DIN: 00130694	**Rakesh Soni** Director DIN: 02973741	**V.Venkata Kumar Raju** Director DIN: 02958816
Venkateswara Rao Gajjala Director DIN: 08733877	**J.Venkateswarlu** Director DIN: 00051001	**C.Subramanyam Reddy** Director DIN: 07089237
Krishna Kumari Palle Director DIN:08011919	**Rao.S.Vadlamudi** CEO	**Srinivas R** CFO
		Aradhana R. Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

A. Equity Share Capital	Amount
Issued and paid up equity share capital	
Balance as at 31 March 2018	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2019	708.90
Changes in equity share capital during the year	-
Balance as at 31 March 2020	708.90

B. Other Equity

Particulars	Reserves & Surplus		Items of other comprehensive income / (loss)		Total
	General Reserve	Retained earnings	Reameasurement of defined benefit plan	Exchange differences in translating the financial statements of foreign operations	
Balance as at 31 March 2018	**12.50**	**16,780.80**	**31.26**	**64.19**	**16,888.74**
Profit for the year	-	3,425.82	-	-	3,425.82
Other Comprehensive Income (net of tax)	-	-	35.76	(59.99)	(24.23)
Total comprehensive income for the year	-	3,425.82	35.76	(59.99)	3,401.59
Balance as at 31 March 2019	**12.50**	**20,206.62**	**67.02**	**4.19**	**20,290.34**
Profit for the year	-	4,884.66	-	-	4,884.66
Other Comprehensive Income (net of tax)	-	-	(49.56)	55.83	6.26
Total comprehensive income for the year	**-**	**4,884.66**	**(49.56)**	**55.83**	**4,890.93**
Balance as at 31 March 2020	**12.50**	**25,091.28**	**17.46**	**60.02**	**25,181.26**

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.
Chartered Accountants

K.S.Mahidhar
Partner

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200TG2000PTC033213

Shivanand Raja Director DIN: 00130694	**Rakesh Soni** Director DIN: 02973741	**V.Venkata Kumar Raju** Director DIN: 02958816
Venkateswara Rao Gajjala Director DIN: 08733877	**J.Venkateswarlu** Director DIN: 00051001	**C.Subramanyam Reddy** Director DIN: 07089237
Krishna Kumari Palle Director DIN:08011919	**Rao.S.Vadlamudi** CEO	**Srinivas R** CFO
		Aradhana R. Company Secretary

Hyderabad, 16 April 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

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 2013,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".

The financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised to issue on 16 April 2020.

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 and amendments issued thereafter.

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 116, and measurements that have some similarities to fair value but are not fair value, such as 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/ amorisation 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 and other intangible assets 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:

The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Group as a lessee :

The Parent and its subsidiaries assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves: (a) the use of an identified asset, (b) the right to obtain substantially all the economic benefits from use of the identified asset, and (c) the right to direct the use of the identified asset.

The Group at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right- of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Group applies Ind AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets.

For lease liabilities at inception, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in statement of profit and loss.

For short-term and low value leases, the Group recognizes the lease payments as an operating expense 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 is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services are either on a time bound fixed price or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

In arrangements for engineering services with customers, the company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering engineering services and other related services as distinct performance obligations. For allocating the transaction price, the company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price.

For time and material related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The company accounts for volume discounts and pricing incentives, if any, to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones

Invoicing in excess of earnings are classified as unearned revenue

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

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.

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 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.

2.12 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.

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 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 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.

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 assets 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.

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 if any, 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 to be 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 has adopted expected credit loss model for provisioning of receivables,apart from this the company also monitors long outstanding balances and make additional provision where required.

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.

	As at 31 March 2020	As at 31 March 2019
4. Property, Plant and Equipment		
Carrying amounts of		
Plant and Equipment	421.89	249.94
Office Equipments	67.12	60.94
Furniture and Fixtures	77.98	41.20
Vehicles	30.56	-
	597.55	**352.08**
5. Capital work-in-progress		
Capital work-in-progress	-	12.41
	-	**12.41**
6. Other Intangible assets		
Carrying amounts of:		
Computer Software	754.72	705.69
(other than internally generated)		
Total	**754.72**	**705.69**

4A Property, Plant and Equipment

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block
	As at 1 April 2019	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2020	Upto 01 April 2019	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2020	As at 31 March 2020
Tangible Assets											
Plant and Machinery	1,863.78	403.60	179.66	0.06	2,087.78	1,613.84	221.60	169.61	-0.10	1,665.72	421.89
Office Equipment	375.88	50.84	21.50	-	405.22	314.94	44.64	21.48	-	338.10	67.12
Furniture, Fixtures & Interiors	337.90	86.57	32.07	-	392.40	296.70	49.79	32.07	-	314.42	77.98
Vehicles	32.77	33.43	13.69	-	52.51	32.77	2.87	13.69	-	21.95	30.56
Total	**2,610.33**	**574.45**	**246.93**	**0.06**	**2,937.91**	**2,258.25**	**318.90**	**236.85**	**-0.10**	**2,340.20**	**597.55**

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block
	As at 01 April 2018	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2019	Upto 01 April 2018	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2019	As at 31 March 2019
Tangible Assets											
Plant and Machinery	1,740.82	143.71	20.76	0.00	1,863.78	1,445.92	188.15	20.23	-0.01	1,613.84	249.94
Office Equipment	353.65	46.14	23.91	-	375.88	290.38	46.06	21.50	-	314.94	60.94
Furniture, Fixtures & Interiors	314.69	33.85	10.63	-	337.90	274.01	31.84	9.14	-	296.70	41.20
Vehicles	32.77	-		-	32.77	31.77	1.00		-	32.77	-
Total	**2,441.93**	**223.69**	**55.29**	**0.00**	**2,610.33**	**2,042.08**	**267.05**	**50.87**	**-0.01**	**2,258.25**	**352.08**

6A Other Intangible assets

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block
	As at 1 April 2019	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2020	Upto 01 April 2019	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2020	As at 31 March 2020
Software	4,403.06	512.55		-	4,915.61	3,697.37	463.52		-	4,160.89	754.72
Total	**4,403.06**	**512.55**	**-**	**-**	**4,915.61**	**3,697.37**	**463.52**	**-**	**-**	**4,160.89**	**754.72**

	Gross Block (At Cost)					Depreciation / Amortisation					Net Block
	As at 01 April 2018	Additions	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Balance as at 31 March 2019	Upto 01 April 2018	For the year	Deletion / Adjustment	Effect of Foreign Currency Exchange Differences	Upto 31 March 2019	As at 31 March 2019
Software	3,946.04	457.03		-	4,403.06	3,227.12	470.26		-	3,697.37	705.69
Total	**3,946.04**	**457.03**	**-**	**-**	**4,403.06**	**3,227.12**	**470.26**	**-**	**-**	**3,697.37**	**705.69**

		As at 31 March 2020	As at 31 March 2019
7.	**Other financial assets measured at amortised cost**		
	I. Non-Current		
	(Unsecured, considered good)		
	Other bank balances - in deposit accounts	871.07	1,207.32
	Security Deposits[Refer note 8.1]	406.56	463.88
	Total	**1,277.63**	**1,671.19**
	II. Current		
	(Unsecured, considered good)		
	Unbilled revenue	3,776.21	2,293.36
	Interest Receivable on deposits	222.07	97.05
	Total	**3,998.28**	**2,390.41**

7.1 Include deposit of Rs.67.83 Lakhs [31 March 2019 : Rs.67.83 Lakhs] with CGITCLC and Rs.58.24 Lakhs [31 March 2019: Rs.58.24 Lakhs] with CESTAT in respect of the ongoing disputes [Refer note 30A(ii) & (iv)]

		As at 31 March 2020	As at 31 March 2019
9.	**Deferred tax assets (Net)**		
	Deferred tax assets	785.09	926.38
	Deferred tax liabilities	(78.71)	(50.64)
	Total	**706.37**	**875.73**

8.1 The tax effect of significant temporary differences that has resulted in deferred tax assets are given below:

	For the year ended 31 March 2020			
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Closing balance**
Property, plant and equipment and Intangible assets	322.72	(80.23)	-	242.49
Provision for doubtful debts	19.07	(5.43)	-	13.64
Provision for defined benefit obligations	577.87	(72.30)	16.67	522.25
Fair value gain on Mutual funds	(50.64)	(28.07)	-	(78.71)
Exchange difference in translating the financial statements of foreign operations	6.71	-	-	6.71
Net Deferred Tax Assets	**875.73**	**(186.03)**	**16.67**	**706.37**

	For the year ended 31 March 2019			
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Closing balance**
Property, plant and equipment and Intangible assets	218.50	104.22	-	322.72
Provision for doubtful debts	6.56	12.51	-	19.07
Provision for defined benefit obligations	505.93	91.15	(19.21)	577.87
Fair value gain on Mutual funds	-	(50.64)	-	(50.64)
Exchange difference in translating the financial statements of foreign operations	12.62	(5.91)	-	6.71
Net Deferred Tax Assets	**743.61**	**151.33**	**(19.21)**	**875.73**

9. Investments

		As at 31 March 2020		As at 31 March 2019	
		Units	**Amount**	**Units**	**Amount**
I	**Current Investments**				
A	**Investment in Mutual Funds - quoted (at fair value)**				
	ICICI Prudential Liquidity Fund - Direct - Growth	-	-	416232	1,146.38
	ICICI Prudential Savings Fund- Growth	243602	943.59	243602	873.87
	ICICI Prudential Savings Fund - DP Growth	980628	3,828.08	614238	2,218.44
	ICICI Prudential Liquid Fund - DP Growth	129682	380.98	155243	429.12
	ICICI Prudential Overnight Fund - DP Growth	487263	525.02	-	-
			5,677.67		**4,667.81**
(a)	Aggregate amount of quoted investments and market value thereof;		5,677.67		4,667.81
(b)	Aggregate amount of unquoted investments		-		-
(c)	Aggregate amount of impairment in value of investments		-		-

		As at 31 March 2020	As at 31 March 2019
10.	**Non-current tax assets (net)**		
	Advance income tax and tax deducted at source	6,070.88	5,522.34
	(net of provisions Rs.11,954.65 Lakhs [31 March 2019: Rs.10,138.41 Lakhs])		
	Total	**6,070.88**	**5,522.34**
11.	**Trade receivables**		
	(a) Considered good - Secured	-	-
	(b) Considered good - Unsecured	8,150.51	7,623.29
	(c) Receivables which have significant increase in credit risk	-	-
	(d) Credit impaired	54.19	245.88
	Less: provision for expected credit loss	(54.19)	(245.88)
	Total	**8,150.51**	**7,623.29**
11.1	**Of the above, trade receivables from:**		
	(a) Related parties [Refer note 33]	2,134.42	1,504.12
	(b) Others	6,016.09	6,119.17
	Total	**8,150.51**	**7,623.29**
11.2	**Classification of trade receivables**		
	Non-Current	-	-
	Current	8,150.51	7,623.29
	Total	**8,150.51**	**7,623.29**

	As at 31 March 2020	As at 31 March 2019

11.3 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 (other than receivables from realted parties) 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 .

Age of Trade Receivables

	As at 31 March 2020	As at 31 March 2019
Age of receivables		
a) Within the credit period	6,980.09	7,014.45
b) less than 180 days past due	1,150.98	514.53
c) More than 180 days past due and less than 365 days	19.94	73.78
d) More than 1 year	53.70	266.42

11.4 Movement in the allowance for expected credit loss

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	245.88	18.95
Add: Allowance for expected credit loss	18.70	226.93
Less: Provision write back	191.44	-
Less: Receivables written off	18.95	-
Balance at the end of the year	54.19	245.88

12. Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balances with Banks		
(a) with Scheduled banks		
in Current account	291.00	314.33
in Deposit account	40.00	690.00
(b) with Other banks		
in Current account	3,262.79	2,614.66
Cash on hand	0.19	0.68
Total	**3,593.98**	**3,619.68**

13. Other Bank Balances

	As at 31 March 2020	As at 31 March 2019
Balances with Banks		
with Scheduled banks		
in Deposit account	5,151.21	3,056.00
Total	**5,151.21**	**3,056.00**

14. Other assets

	As at 31 March 2020	As at 31 March 2019
I. Non-Current		
(Unsecured, considered good)		
Capital advances	-	46.07
Total	**-**	**46.07**

	As at 31 March 2020	As at 31 March 2019
I. Current		
(Unsecured, considered good)		
Loans and advances to employees	644.92	405.25
Balance with government authorities	224.30	359.58
Prepaid expenses	90.95	43.26
Others	204.68	159.97
Total	**1,164.86**	**968.06**

15. Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	**Amounts**	**Number of Shares**	**Amounts**
Authorised Share Capital				
Equity share capital of Rs.10 each	7,500,000	750.00	7,500,000	750.00
Issued, Subscribed and Fully Paid up				
Equity share capital of Rs.10 each	7,088,960	708.90	7,088,960	708.90

15. 1Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	**Amounts**	**Number of Shares**	**Amounts**
Equity share capital of Rs.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. 2Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	**Amounts**	**Number of Shares**	**Amounts**
Equity shares of Rs.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 2020		As at 31 March 2019	
	Number of Shares	**Amounts**	**Number of Shares**	**Amounts**
Equity shares of Rs.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. 4Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The percentage of shareholding shall be maintained as set out in Article 4 of Articles of Association and the fresh issue to be offered to both the shareholders in proportion to their shareholding. Any shares not accepted shall in the first instance be offered to the other remaining member and affiliates nominated by thereof.

		As at 31 March 2020	As at 31 March 2019
16.	**Other equity**		
	General Reserve	12.50	12.50
	Retained Earnings	25,091.28	20,206.62
	Other Components of Equity		
	Remeasurement of the defined benefits plans	17.46	67.02
	Exchange difference in translating the financial statements of foreign operations (Net of tax)	60.02	4.20
	Total	**25,181.26**	**20,290.34**
16.1	**General Reserve [note 16.4]**		
	Balance at beginning of year	12.50	12.50
	Movement during the year	-	-
	Balance at end of year	**12.50**	**12.50**
16.2	**Retained Earnings [note 16.5]**		
	Balance at beginning of year	20,206.62	16,780.80
	Profit for the year	4,884.66	3,425.82
	Balance at end of year	**25,091.28**	**20,206.62**
16.3	**Other Components of Equity**		
a)	**Remeasurement of the defined benefits plans [note 16.6]**		
	Opening balance	67.02	31.26
	Current year charge	(49.56)	35.76
	Balance at end of year	**17.46**	**67.02**
b)	**Exchange difference in translating the financial statements of foreign operations**		
	Opening balance	4.20	64.19
	Movement during the period (Net of tax)	55.83	(59.99)
	Balance at end of year	**60.02**	**4.20**

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 actuarial 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.

		As at 31 March 2020	As at 31 March 2019
17.	**Provisions**		
I	**Non-Current**		
	Provision for Employee Benefits [Refer note 32]		
	Compensated Absences	489.25	391.84
	Gratuity	1,166.03	904.88
	Total	**1,655.28**	**1,296.72**

		As at 31 March 2020	As at 31 March 2019
II	**Current**		
	Provision for Employee Benefits [Refer note 32]		
	Compensated Absences	371.79	287.89
	Gratuity	159.90	143.60
	Provision for Contingencies [Refer note 30.2]	5,291.42	5,291.42
	Total	**5,823.10**	**5,722.91**
18.	**Trade Payables**		
	Amounts due to micro and small enterprises (Refer note 18.2)	-	-
	Others	967.22	784.02
	Total	**967.22**	**784.02**

18.1 Includes Rs.55.36 Lakhs [31 March 2019 : Rs.83.39 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:

a)	Interest due thereon	Nil	Nil
b)	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
c)	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
d)	Interest accrued and remaining unpaid	Nil	Nil
e)	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.	Nil	Nil
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.	Nil	Nil
		Nil	Nil
19.	**Other Financial Liabilities**		
	Dues for Capital assets	7.92	0.00
	Accrued Salaries and Benefits	756.33	435.05
	Total	**764.26**	**435.05**
20.	**Other Current Liabilities**		
	Statutory payables	533.11	631.76
	Total	**533.11**	631.76
21.	**Current tax liabilities**		
	Income tax payables	1,510.53	1,641.07
	(net of advance tax Rs.3,367.01 Lakhs [31 March 2019: Rs.3,236.37 Lakhs])		
	Total	**1,510.53**	**1,641.07**

		Year ended 31 March 2020	Year ended 31 March 2019
22.	**Income from operations**		
	Income from Services		
	- export of services	31,677.51	23,485.15
	- domestic services	8,863.28	13,346.20
	Other operating income	188.10	437.16
	Total	**40,728.88**	**37,268.51**
23.	**Other income**		
	Interest Income		
	Deposits with Banks (at amortised cost)	391.16	219.98
	Others	-	0.24
	Interest on Income Tax Refund	232.37	-
	Net Gain / (Loss) on sale of investments	69.79	36.85
	Profit on sale of assets (net)	3.83	8.56
	Forex gain	590.38	(33.20)
	Fair value measurements	335.39	190.58
	Liability/Provisions no longer required written back	293.66	-
	Miscellaneous Income	24.27	41.09
	Total	**1,940.84**	**464.09**
24.	**Employee benefits expense**		
	Salaries and Bonus	28,139.38	25,700.53
	Contribution to Provident and Other Funds	537.51	537.04
	Gratuity	272.59	249.03
	Staff Welfare	186.95	148.11
	Total	**29,136.43**	**26,634.72**
25.	**Depreciation and amortisation expense**		
	On tangible assets	318.90	267.02
	On intangible assets	463.52	470.26
	Total	**782.41**	**737.28**
26.	**Other expenses**		
	Rent	571.68	484.66
	Rates and taxes	140.66	104.48
	Power and fuel	141.18	122.86
	Travelling and Conveyance	1,502.48	1,533.79
	Communication	106.58	108.33
	Marketing expenses	155.73	123.09
	Repair and Maintenance	301.11	226.67
	Computer Hire Charges	65.07	64.37
	Security Services	47.69	47.33
	Recruitment, Training and Development	183.24	120.18
	General Office Expenses	28.33	29.99
	Legal and professional	737.60	534.94

		Year ended 31 March 2020	Year ended 31 March 2019
	Office Maintenance	18.70	226.93
	Computer Maintenance	18.95	-
	Auditors' Remuneration (Refer note 26.1)	(18.95)	-
	Directors Sitting Fees	158.25	122.39
	CSR Expenses	1,052.34	812.73
	Provision for doubtful debts	22.41	21.56
	Bad Debts Written off	6.00	3.40
	Less: Provision	64.70	64.00
	Bank Charges	32.53	37.97
	Miscellaneous expenses	205.94	166.77
	Total	**5,542.22**	**4,956.44**
26.1	**Auditors' remuneration includes**		
	for statutory audit	11.00	10.00
	for quarterly audit	3.00	-
	for taxation matters	3.50	2.60
	for other matters	4.81	8.96
	for reimbursement of expenses	0.11	-
		22.41	**21.56**
27	**Income taxes relating to continuing operations**		
27.1	**Income tax recognised in profit or loss**		
	Current tax		
	In respect of the current year	1,825.52	1,922.07
	In respect of the prior years	12.92	16.09
		1,838.43	**1,938.17**
	Deferred tax		
	In respect of the current year	186.03	(151.33)
	Deferred tax reclassified from equity to profit or loss	-	-
		186.03	**(151.33)**
27.2	**Reconciliation of income tax expense for the year to the accounting profit is as follows:**		
	Profit before tax from continuing operations	6,909.12	5,212.65
	Income tax expense calculated at 25.168% [2018-2019: 34.608%]	1,738.89	1,821.51
	Effect of income that is exempt from tax	(0.96)	(2.99)
	Effect of expenses that are not deductible in determining taxable profit	87.59	103.55
		1,825.52	**1,922.07**
	Adjustment recognised in the current year in relation to the current tax of prior years	12.92	16.09
	Income tax expense recognised in profit or loss (relating to continuing operations)	1,838.43	1,938.17

		Year ended 31 March 2020	Year ended 31 March 2019
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)	(16.67)	19.21
		(16.67)	**19.21**
B.	**Items that may be reclassified to profit or loss**		
	Exchange differences in translating the financial statements of foreign operations	-	-
		(16.67)	**19.21**

27.4 Current tax for the year ended 31 March 2020 includes tax expense with respect to foreign branches and Subsidaires amounting to Rs.139.75 Lakhs [Year ended 31 March 2019: Rs.106.54 Lakhs].

27.5 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 Indian income tax laws. During current year, parent company has elected to claim benefit given under section 115BAA of Income tax Act,1961 and has applied tax rate of 22% for computation of current tax and deferred tax.

		As at 31 March 2020	As at 31 March 2019
28.	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	83.04	83.51

29. Leases

The lease arrangements for the Company are in respect of the office premises, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value.The lease payments associated with these leases of Rs.571.68 Lakhs [31 March 2019 : Rs.484.66 Lakhs] are recognized as an expense on a straight-line basis over the lease term.

		As at 31 March 2020	As at 31 March 2019
30.	**Contingent Liabilities**		
A	Claims against the Company not acknowledged as debt		
i	Disputed income tax matters [Refer Note 30.1]	1,935.43	804.86
ii	Disputed service tax liability for which the Company preferred appeal	947.92	948.63
iii	Disputed interest liability on service tax for which the Company preferred appeal	Not Ascertained	Not Ascertained
iv	Demand from EPFO for which the Company preferred appeal	193.79	193.79
v	Others [Refer Note 30.2]	21,463.40	17,840.10

30.1 Disputed income tax matters

The income tax appeals for assessment years from 2002-03 to 2009-10 have been decided by the Hon'ble Income Tax Appellate Tribunal ("ITAT") 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 in the financial statements of earlier years. The department is in appeal to the Hon'ble High Court on all the matters decided in favour of the Company by the Hon'ble ITAT.

For AY 2009-10 and 2011-12 the Hon'ble ITAT remanded case back to the Transfer Pricing Officer for fresh adjudication. For AY 2009-10, the TPO/AO passed consequential orders giving the relief per the ITAT order. However, they raised a demand in respect of Transfer Pricing adjustment relating to commission to associate enterprise. The issue of allowability of commission had been decided in favour of the Company in earlier years and hence, no provision for tax is made in respect of the demand raised. The Company had filed appeal before Hon'ble ITAT. The consequential order for AY 11-12 is awaited.

In respect of assessment years 2012-13 to 2015-16 the Company is in appeal before the Hon'ble ITAT as the matters were decided against the Company by DRP. The disallowances relate to denial of internal comparables and interest chargeable on the outstanding amount from associate enterprise. No additional provision is considered as the issues are covered in favour of the Company.

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 provision for contingencies amounting to Rs.5,291.41 Lakhs as on 31 March 2012. The Company has also disclosed an amount of Rs.21,463.40 Lakhs [31 March 2019: Rs.17,840.10 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 2020 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, 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 to 2019. In terms of Article 66 of the Articles of Association of the Company, the adoption of audited financial statements requires unanimous consent of both the shareholders of the Company. Therefore, the said financials have not been approved by the shareholders.

The financial statements as at and for the year ended 31 March 2020 have been drawn up incorporating the opening balances based on above said financial statements which have not been adopted by the Shareholders. Adjustments required, if any, will be made in accounts as and when determined.

32. Subsidiaries considered for consolidation

Name of the subsidiary	Place of incorporation	Proportion of ownership interest and voting power held by the Group	
		As at 31 March 2020	As at 31 March 2019
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 2020

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 Rupees	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Satyam Venture Engineering Services Private Limited	94.40%	24,439.36	91.18%	4,453.65	100%	6.26	91.19%	4,459.91
Subsidiaries - Foreign								
Satyam Venture Engineering Services (Shanghai) Co. Ltd	3.64%	941.13	7.81%	381.34	-	-	7.80%	381.34
Satven GmbH	1.97%	509.66	1.02%	49.67	-	-	1.02%	49.67
Total	**100.00%**	**25,890.16**	**100.00%**	**4,884.66**	**100%**	**6.26**	**100%**	**4,890.93**

Disclosure of additional information as required by the Schedule III as at and for the year ended 31 March 2019

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 Rupees	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Satyam Venture Engineering Services Private Limited	89.12%	18,714.21	87.70%	3,004.44	-	(24.23)	87.70%	2,980.21
Subsidiaries - Foreign								
Satyam Venture Engineering Services (Shanghai) Co. Ltd	8.82%	1,852.32	10.87%	372.46	-	-	10.87%	372.46
Satven GmbH	2.06%	432.71	1.43%	48.92	-	-	1.43%	48.92
Total	**100.00%**	**20,999.24**	**100.00%**	**3,425.82**	**-**	**(24.23)**	**100.00%**	**3,401.59**

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. Enterprise having significant influence over Tech Mahindra Limited

3. Mahindra & Mahindra Ltd

C. Under control of Tech Mahindra Limited

4. Tech Mahindra GmbH
5. Tech Mahindra Foundation

D. Under control of Venture Global Engineering LLC

6. Jiangyin Venture Interior System
7. Venture Diversified Products
8. Venture Mould & Engg Co
9. Venture Otto South Africa (Prop) Ltd
10. Venture Auto Design(Shanghai)Co. Ltd

E. Key Managerial Personnel

11. Rao S Vadlamudi - Chief Executive Officer (w.e.f 23rd October,2018)

12 Srinivas Chakravarthi Ramancherla - Chief Financial Officer (w.e.f 23rd October,2018)

13 Aradhana Rewatkar - Company Secretary (w.e.f 23rd October,2018)

13. Rao S Vadlamudi - Chief Executive Officer (w.e.f 23rd October,2018)
14. Srinivas Chakravarthi Ramancherla - Chief Financial Officer (w.e.f 23rd October,2018)
15. Aradhana Rewatkar - Company Secretary (w.e.f 23rd October,2018)

33.2 Related party transactions during the year are as follows:

	31 March 2020	31 March 2019
Tech Mahindra Limited		
Revenue	5,813.76	6,521.22
Reimbursement of Expenditure	118.26	331.82
Tech Mahindra GmbH		
Revenue	188.10	438.11
Mahindra & Mahindra Ltd.		
Revenue	206.64	179.66
Tech Mahindra Foundation		
Contribution made toward CSR Expenditure	64.70	64.00
Remuneration to Key Managerial Personnel	190.22	71.06
Balances written off during the period		
Jiangyin Venture Interior Systems	9.53	-
Venture	6.81	-
Venture Diversified Products	2.62	-
Venture Mould & Engg.Co	(0.27)	-

	As at 31 March 2020	As at 31 March 2019
Debit balances outstanding as at 31 March 2020		
Tech Mahindra Limited	3,071.73	1,903.89
Tech Mahindra GmbH	24.81	30.34
Mahindra & Mahindra Ltd	70.32	84.55
Jiangyin Venture Interior Systems	-	9.53
Venture	-	6.81
Venture Diversified Products	-	2.62
Venture Otto South Africa (Prop) Ltd	9.26	9.31
Credit balances outstanding as at 31 March 2020	-	
Venture Mould & Engg.Co	-	0.27

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 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 and Non-Current Assets from continuing operations from customers by location of operations are detailed below:

	Revenue		Non-Current Assets	
	Year ended 31 March 2020	Year ended 31 March 2019	As at 31 March 2020	As at 31 March 2019
India	**14,564.46**	**13,348.03**	**8,300.93**	**8,487.22**
USA	12,520.10	10,460.08	346.58	243.96
Europe	4,965.03	4,711.92	-52.04	38.01
Asia Pacific	7,922.30	8,413.30	809.28	416.33
South Africa	-	0.71	-	-
Canada	24.82	116.92	-	-
Australia	93.93	19.60	-	-
Other	638.25	197.95	2.40	-

34.3 Information about major customers

Revenue arising from sales of Automotive Engineering Services and consists of 60 customers base and out of them 10 customers contribute 80% of revenue.

35 Financial Instruments

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.

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.

Financial Instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2020 is as follows:

Particulars	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship	Amortised cost	Total carrying value	Total fair value*
Assets						
Cash and cash equivalents	-	-	-	3,593.98	3,593.98	3,593.98
Other balances with banks	-	-	-	5,151.21	5,151.21	5,151.21
Trade receivables	-	-	-	8,150.51	8,150.51	8,150.51
Investments (Other than in subsidiaries)	5,677.67	-	-	-	5,677.67	5,677.67
Other financial assets	-	-	-	5,275.92	5,275.92	5,275.92
Total	**5,677.67**	**-**	**-**	**22,171.62**	**27,849.29**	**27,849.29**
Liabilities					-	-
Trade and other payables	-	-	-	967.22	967.22	967.22
Other financial liabilities	-	-	-	7.92	7.92	7.92
Total	**-**	**-**	**-**	**975.14**	**975.14**	**975.14**

The carrying value and fair value of financial instruments by categories as of 31 March 2019 is as follows:

Particulars	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship	Amortised cost	Total carrying value	Total fair value*
Assets						
Cash and cash equivalents	-	-	-	3,619.68	3,619.68	3,619.68
Other balances with banks	-	-	-	3,056.00	3,056.00	3,056.00
Trade receivables	-	-	-	7,623.29	7,623.29	7,623.29
Investments (Other than in subsidiaries)	4,667.81	-	-	-	4,667.81	4,667.81
Other financial assets	-	-	-	4,061.60	4,061.60	4,061.60
Total	**4,667.81**	**-**	**-**	**18,360.57**	**23,028.38**	**23,028.38**
Liabilities					-	-
Trade and other payables	-	-	-	784.02	784.02	784.02
Other financial liabilities	-	-	-	435.05	435.05	435.05
Total	**-**	**-**	**-**	**1,219.07**	**1,219.07**	**1,219.07**

The fair value of cash and cash equivalents, other balances with bank, trade receivables, unbilled revenues, trade payables, and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

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 disclosures 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 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.

Particulars	As at 31 March 2020			As at 31 March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Mutual fund investments	5,677.67	-	-	4,667.81	-	-
Total	**5,677.67**	**-**	**-**	**4,667.81**	**-**	**-**
Total	**5,677.67**	**-**	**943.67**	**4,667.81**	**-**	**943.67**
Financial Liabilities						
Total	**-**	**-**	**-**	**-**	**-**	**-**

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:

Currency	Assets		Liabilities	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
USD	5,231.96	4,138.05	460.03	247.37
JPY	2,326.62	1,564.19	409.24	210.81
Euro	1,749.77	1,423.64	402.06	215.81
CNY	970.67	1,733.15	117.58	46.34
GBP	244.70	183.46	59.31	101.63
Others	415.47	112.78	87.28	97.58

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 Indian Rupee. 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. Forward exchange contracts in USD exposure are USD to INR. These contracts are for a period of less than a year.

There are no outstanding forward exchange contracts as on 31st March, 2020.

The movement in hedging reserve for derivatives designated as Cash Flow Hedges is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Credit / (Debit) balance at the beginning of the year	-	-
Gain / (loss) net transferred to income statement on occurrence of forecasted hedge transaction	-	(98.51)
Changes in fair value of effective portion of cash flow derivative occurred during the year	-	98.51
Changes in fair value of effective portion of outstanding cash flow derivative	-	-
Tax impact on effective portion of outstanding cash flow derivative	-	-
Credit/(Debit) balance at the end of the year	-	-

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. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. 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. 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.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily are investment in liquid mutual fund units issued by institutions with high credit ratings.

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.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments.

	As at 31 March 2020		As at 31 March 2019	
	Accounts payable and acceptances	**Other financial liabilities**	**Accounts payable and acceptances**	**Other financial liabilities**
"Carrying amount"	967.22	764.26	784.02	435.05
upto 1 year	967.22	764.26	1,219.07	0.61
More than 1 year	-	-	-	-
Total contracted cash flows	967.22	764.26	1,219.07	0.61

The table below provides details of financial assets:

	As at 31 March 2020	**As at 31 March 2019**
Trade receivables	8,150.51	7,623.29
Other financial assets	5,275.92	4,061.60

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.

37. Assessment of impact of Novel Corona Virus Disease (COVID 19)

As at the date of these Financial Statements, COVID 19 had spread across most of the world including China, Germany and the United States of America where the company has its operations. However, the Company’s operations in terms of revenue had not affected significantly for the current year. In assessing the recoverability of receivables including unbilled receivables, financial assets and contract costs and certain investments, the Company has considered internal and external information upto the date of approval of these financial statements. Considering the nature of these assets, while some delays are expected in the collection, the Company expects to recover the carrying amount of these assets. The impact of COVID 19 may be different from that estimated by the Company and the Company will continue to closely monitor any material changes in future economic conditions. Considering the Company’s present liquidity position and its customer / vendor relationships, the management of the Company is of the opinion that it would be able to discharge its obligations.

38. Earning per share

	Year ended 31 March 2020	Year ended 31 March 2019
Profit for the year attributable to owners of the Company	4,884.66	3,425.82
Earnings used in the calculation of basic earnings per share	4,884.66	3,425.82
Weighted average number of equity shares outstanding during the period	7,088,960	7,088,960
Face Value of Equity Shares - Rs.	10	10
Basic and Diluted Earnings per Share *	68.91	48.33

* The Company has no potential dilutive instruments

39. Corporate social responsibility

	Year ended 31 March 2020	Year ended 31 March 2019
Average net profit of the company for last three financial years	3,234.51	3,159.93
Prescribed CSR expenditure to be spent (2% of the average net profits)	64.69	63.20
Amount spent during the period on		
i) Construction / acquisition of any asset	-	-
ii) On purposes other than above	64.70	64.00

for and on behalf of the Board of
Satyam Venture Engineering Services Private Limited
CIN: U72200TG2000PTC033213

Shivanand Raja
Director
DIN: 00130694

Rakesh Soni
Director
DIN: 02973741

V.Venkata Kumar Raju
Director
DIN: 02958816

Venkateswara Rao Gajjala
Director
DIN: 08733877

J.Venkateswarlu
Director
DIN: 00051001

C.Subramanyam Reddy
Director
DIN: 07089237

Krishna Kumari Palle
Director
DIN:08011919

Rao.S.Vadlamudi
CEO

Srinivas R
CFO

Aradhana R.
Company Secretary

Hyderabad, 16 April 2020

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 Ruitong 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, 2019.

Financial Results

For the year ended December 31st, 2019	2019 CNY	2019 INR	2018 CNY	2018 INR
Income	1,29,23,780	13,25,32,076	1,96,82,511	19,95,57,043
Profit / (Loss) before tax	12,38,521	1,27,00,905	2,68,803	27,25,344
Profit/(Loss) after tax	7,36,301	75,50,689	1,96,775	19,95,058

Conversion Rate Used for 2018: CNY to INR= 10.1388

Conversion Rate Used for 2019: CNY to INR= 10.2549

Review of Operations:

During the year under review, your company recorded an income of CNY 1,29,23,780 (Equivalent to INR 13,25,32,076). Profit after tax was CNY 7,36,301 (Equivalent to INR 75,50,689). The Company continues to invest in strengthening its marketing infrastructure in China.

Directors:

During the year Mr. P V. Krishnakumar was a director on the Board.

Outlook for the current year:

Business has been encouraging in China and the Company is cautiously optimistic of the future.

Acknowledgements:

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

Director

Shanghai, May 29, 2020.

AUDITORS' REPORT

HRTKSZ(2020) No. ******

Satyam-Venture Engineering Services (Shanghai) Co., Ltd.:

I. Audit Opinion

We have audited the attached financial statements of Satyam-Venture Engineering Services (Shanghai) Co., Ltd. (hereinafter referred to as "Your Company"), including balance sheet as of December 31, 2019, annual income statement, cash flow statement and notes to financial statements for the year from January 2019 to the end of December 2019.

In our opinion, attached financial statements are prepared in accordance with the Accounting Standard for Business Enterprises in all material respects. They fairly and honestly represent Your Company's financial position as of December 31, 2019 and the operation results and the cash flow for the year from January 2019 to the end of December 2019.

II. Basis for Audit Opinion

We have concluded the auditing work in accordance with the Independent Auditing Standards for the Certified Public Accountant. Our responsibilities under these standards are further elaborated in the section of the auditor's report, entitled "CPA's Responsibility to Audit Financial Statements". In accordance with the China Code of Ethics for Certified Public Accountants, we are independent of your company and have performed other duties in respect of professional ethics. We are confident that the obtained audit evidence is sufficient and appropriate, which forms a firm basis for giving our audit opinion.

III. Responsibilities of the Management for the Financial Statements

The Management are obliged to prepare the financial statements in accordance with the Accounting Standard for Business Enterprises and achieve fair presentation of the financial statements and to design, implement and maintain necessary internal control in order to ensure that there is no material misstatement due to fraud or errors.

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

The directors' responsibilities include overseeing your financial reporting process.

IV. Certified Public Accountants' 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 the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, 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.

(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 Company'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, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a significant uncertainty, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in the audit report. If the disclosures are not sufficient, we should issue a modified opinion. Our conclusion is based on the information available up to the date of the auditor's report. However, future events or circumstances may cause you 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.

Shanghai Ruitong Certified Public Accountants Firm (General Partnership)	Chinese CPA: (Signature & Seal)
(Seal)	
	Chinese CPA:
	(Signature & Seal)
Shanghai, China	May 20, 2020

FINANCIAL STATEMENTS OF FOREIGN INVESTMENT ENTERPRISES IN SHANGHAI
BALANCE SHEET

KWNQ Form 01

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. 2019-12-31

Amount Unit: CNY

ITEM	LINE	ENDING BALANCE	BEGINNING BALANCE	ITEM	LINE	ENDING BALANCE	BEGINNING BALANCE
CURRENT ASSETS:	1	—	—	CURRENT LIABILITIES:	47	—	—
Monetary assets	2	7,156,655.06	5,772,015.95	Short-term loan	48		
Short-term investments	3			Notes payable	49		
Notes receivable	4			Accounts payable	50	2,496,761.17	9,827,424.57
Dividend receivable	5			Prepayment From Customers	51		
Interest receivable	6			Accrued wages	52	5,893.00	8,969.00
Accounts receivable	7	3,470,223.07	6,529,126.83	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	103,978.85	247,125.07
Export return tax receivable	12			Inclu: tax payable	58		
other receivable	13	222,257.61	620,610.39				
	14						
Inventories	15			Other payable	59	405,501.12	445,324.12
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	10,849,135.74	12,921,753.17	Long-term liability due within one year	63		
	18			Other current liabilities	64		
LONG TERM INVESTMENTS	19			**TOTAL CURRENT LIABILITIES**	65	3,012,134.14	10,528,842.76
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	20,057.00	20,057.00		72		
Less: Accumulated depreciation	27	16,864.00	10,763.36		73		
Fixed assets-net value	28	3,193.00	9,293.64	DEFERRED TAX:	74		
Less: Provision for loss on fixed-assets	29			Deferred tax credit items	75		
Net value of fixed-assets	30	3,193.00	9,293.64	**TOTAL LONG TERM LIABILITIES**	76	-	-
Construction materials	31			**TOTAL LIABILITIES**	77	3,012,134.14	10,528,842.76
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	5,695,602.57	993,912.57
TOTAL FIXED ASSETS	36			Less: returned investment	82		
INTANGIBLE AND OTHER ASSETS:	37			Net Paid-in capital	83	5,695,602.57	993,912.57
Intangible assets	38			Capital surplus	84		
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	3,193.00	9,293.64	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	2,144,592.03	1,408,291.48
				Discount difference of foreign currency statement	94		
				TOTAL OWNERS' EQUITY	95	7,840,194.60	2,402,204.05
				Less: loss of asset	96		
				TOTAL OWNERS' EQUITY (except the loss of assets)	**97**	**7,840,194.60**	**2,402,204.05**
TOTAL ASSETS	**46**	**10,852,328.74**	**12,931,046.81**	**TOTAL LIABILITIES AND OWNERS' EQUITY**	**98**	**10,852,328.74**	**12,931,046.81**

FINANCIAL STATEMENTS OF FOREIGN INVESTMENT ENTERPRISES IN SHANGHAI

PROFIT STATEMENTS

KWNQ Form 02

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. 2019\01-2019\12

Amount Unit: CNY

ITEM	Line	2019.1-2019.12 (Current Year)	2018.1-2018.12 (Last Year)	ITEM	Line	2019.1-2019.12 (Current Year)	2018.1-2018.12 (Last Year)
I. **Total Business Income**	1	12,689,644.96	19,667,067.78	Add: Gain from change of fair value	20		
Business Income	2	12,689,644.96	19,667,067.78	Investment Gain	21		
Inside: Main Business Income	3	12,689,644.96	19,667,067.78	Include: Gain from Joint-venture	22		
Other Business Income	4			III. Profit from Business Operation	23	1,004,679.06	253,360.12
II. Net Business Cost	5	11,684,965.90	19,413,707.66	Add: (1) Non-Business revenue	24	234,135.49	15,443.28
Include: (1) Businese cost	6	2,802,869.00	3,927,259.00	include: Gain from disposal of Non-current assets	25		
Inside: Main Business Cost	7	2,802,869.00	3,927,259.00	Gain fron Non-monetary transaction	26		
Other Business Cost	8			Allowance	27		
(2) Tax and additional	9	72,680.66	92,428.89	Gain from Liability re-arrangement	28		
(3) Operation expense	10	8,932,391.36	12,299,880.66	Less: Non-Operation expenditure	29	293.93	
(4) Administration expense	11	-277,657.29	3,099,355.57	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	154,682.17	-5,216.46	IV. **Profit before Tax**	33	1,238,520.62	268,803.40
Inside: Interest payout	15			Less: Income Tax	34	502,220.07	72,028.84
Interest income	16			Add: Unconfirmed Investment Loss	35		
Net loss of exchange	17			V. Net Profit	36	736,300.55	196,774.56
(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	736,300.55	196,774.56

CASH FLOW STATEMENT

KWNQ Form 03

Name of Enterprise: Satyam-Venture Engineering Services (Shanghai) Co.,Ltd. 2019\01-2019\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	17,509,927.42	20,325,209.33	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	577,221.99	898,087.22	Net cash flows from investing activities	24	-	-
Sub-total of cash inflows	5	18,087,149.41	21,223,296.55	3. **Cash Flows from Financing Activities:**	25	—	—
Cash paid for goods and services	6	9,301,704.54	723,932.73	Proceeds from received investment	26	4,701,690.00	
Cash paid to and on behalf of employees	7	8,720,701.48	9,797,122.41	include proceeds of investment by minor shreholder	27		
Cash apid for all type of taxes	8	1,588,506.57	1,147,386.53	Proceeds from borrowing	28		
Cash paid relating to other operating activities	9	1,793,287.71	5,602,113.82	Other proceeds relating to financing activities	29		
Sub-total of cash outflows	10	21,404,200.30	17,270,555.49	**Sub-total of cash inflows**	30	4,701,690.00	-
Net cash flows from operating activities	11	-3,317,050.89	3,952,741.06	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	4,701,690.00	-
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	1,384,639.11	3,952,741.06
Cash paid to acquire fixed assets, intangible assets and other long-term assets	19			6. Cash equivalents at the beginning of the period	39	5,772,015.95	1,819,274.89
Cash paid to acquire investments	20			7. Cash equivalents at the end of period	40	7,156,655.06	5,772,015.95

Notes to the Financial Statements of

Satyam-Venture Engineering Services (Shanghai) Co., Ltd.

For the January 2019 - the end of December 2019

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 USD860,000.00; 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 2019 to the end of December 2019.

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%	30%

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 the end of December 2019, the balance of Cash & Cash Equivalents is CNY 7,156,655.06.

Item	**Book balance at end of year**	**Book balance at beginning of year**
Cash	0.00	0.00
Cash in bank	7,156,655.06	5,772,015.95
Total	**7,156,655.06**	**5,772,015.95**

2. Accounts Receivable

As at the end of December 2019, the balance of accounts receivable is CNY 3,470,223.07, 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	3,470,223.07	100.00%
1-2 Years	0.00	0.00%
Provision for doubtful debts	0.00	0.00%
Total	**3,470,223.07**	**100.00%**

3. Other Receivable

As at the end of December 2019, the balance of other receivable is CNY 222,257.61. The aging of accounts receivable is analyzed below:

Aging	Book balance at end of year	
	Amount	%
Within 1 year	222,257.61	100.00%
Total	**222,257.61**	**100.00%**

4 Fixed Assets:

Net Value on the end of December 2019 is CNY3,193.00, Breakdown is listed as follows:

Item	**Opening Balance**	**Increase in Current Period**	**Decrease in Current Period**	**Closing Balance**
Original value				
Electronic equipment	20,057.00	0.00	0.00	20,057.00
Sub-total	20,057.00	0.00	0.00	20,057.00
Accumulated Depreciation				
Electronic equipment	10763.36	6,100.64	0.00	16,864.00
Sub-total	**10763.36**	**6,100.64**	**0.00**	**16,864.00**
Net Value	**9,293.64**			**3,193.00**

5. Accounts Payable

As at the end of December 2019, the balance of accounts payable is CNY2,496,761.17. The aging of accounts payable is analyzed below:

Aging	Book balance at end of year	
	Amount	**%**
Within 1 year	2,496,761.17	100.00%
1-2 years	0.00	0.00%
Total	**2,496,761.17**	**100.00%**

The major customers are as follows:

The list of units	**Amount**
SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	2,496,761.17

6. Other payable

As at the end of December 2019, the balance of other payable is CNY 405,501.12. The aging of other payable is analyzed below:

Aging	Book balance at end of year	
	Amount	**%**
Within 1 year	190,450.00	46.97%
1-2 years	215,051.12	53.03%
Total	**405,501.12**	**100.00%**

7. Tax Payable

As at the end of December 2019, the balance of tax payable is CNY103,978.85.The detail is as follows:

	Book balance at end of year
Value added tax	1,057.26
Income tax	63,354.67
City building duty	52.86
The individual income tax	39,461.19
Educational expenses to add	9949.08
Total	**103,978.85**

8. Paid-in Capital

As at the end of December 2019,the balance of Paid-in Capital is USD860,000.00, (Equivalent to CNY: 5,695,602.57)

Investor	**Book balance at end of year**	**%**
SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	5,695,602.57	100.00%
Total	**5,695,602.57**	**100.00%**

9. Undistributed Profits

Undistributed profits at the end of last year	1,408,291.48
Plus: Increased this year	736,300.55
Less: Decreased this year	
Undistributed profits at the end of the year	2,144,592.03

10. Operating Income & Operating Cost

2019.01.01-2019.12.31 amount, detailed as follows:

Item	Amount at current year	
	Operating income	**Operating cost**
Total	**12,689,644.96**	**2,802,869.00**

11. Operating Expenses

2019.01.01-2019.12.31 amount, detailed as follows:

Item	Amount at current period
Wages	7,105,090.73
External costs	755,693.32
Rent	9,400.00
Consulting services	936,544.57
Express fee	
Others	125,662.74
Total	**8,932,391.36**

12. Management fees

2019.01.01-2019.12.31 amount, detailed as follows:

Item	Amount at current period
Office expenses	41,585.17
Travel	228,428.75
Operation entertainment costs	13,578.00
Employee benefits expenditures	859,917.43
Auditing and inspection charges	20,000.00
Bookkeeping agency fee	63,500.00
Depreciation expense	6,100.64
Legal fees	339,967.87
Training fee	3,666.00
consulting service	-14,023.30
Bad debt loss	-1,840,377.85
Total	**-277,657.29**

13. Finance charges

2019.01.01-2019.12.31 amount, detailed as follows:

Item	Amount at current period
Bank charges	2,862.00
Interest return	-15,908.61
Exchange gains and losses	167,728.78
Total	**154,682.17**

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 AThe affiliated party transactions

SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED	accounts payable	2,496,761.17

VI. Other Notifications:

1 AThe 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 year.

Satyam-Venture Engineering Services (Shanghai) Co., Ltd.

May 20, 2020

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, 2020.

Financial Results

For the year ended 31st March, 2020	2020 EURO	2020 INR	2019 EURO	2019 INR
Income	23,50,968	18,51,03,134	18,90,808	15,29,72,043
Profit / (Loss) before tax	96,936	76,32,244	94,720	76,63,146
Profit/(Loss) after tax	63,078	49,66,408	59,286	47,96,400

Conversion Rate used in 2020: EURO to INR= 78.73486

Conversion Rate used in 2019: EURO to INR= 80.903

Review of Operations:

During the year under review, your company recorded an income of EURO 23,50,968 (Equivalent to INR 18,51,03,134). Profit after tax was EURO 63,078 (Equivalent to INR 49,66,408). 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 11, 2020

AUDITOR'S CERTIFICATE FOR SATVEN GmbH, MUNICH

We have audited the financial statements-Tested to March 31,2020, including the accounting of satven GmbH, Stuttgart for the financial year April 1, 2019- March 31,2020, 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.

Munich, April 13, 2020

C.M.S Sieger GmbH
Wirtschaftsprufungsgesellschaft

(Christoph Sieger)

Chartered Accountant

Satven GmbH
Stuttgart

Balance sheet as of March 31, 2020

ASSETS

	31.03.2020	31.03.2019
	EUR	EUR
A. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	425.277,28	537.991,42
2. Reveivables due from affiliates	4.000,00	3.539,43
3. Other assets	15.554,07	43.637,55
	444.831,35	585.168,40
II. Cash	512.714,76	243.394,88
	957.546,11	828.563,28

Satven GmbH
Stuttgart

Balance sheet as of March 31, 2020

EQUITY AND LIABILITIES

	31.03.2020 EUR	31.03.2019 EUR
A. EQUITY		
I. Subscribed capital	425.000,00	425.000,00
II. Retained earnings	128.496,74	69.210,89
III. Profit of the year	63.077,66	59.285,85
	616.574,40	553.496,74
B. ACCRUALS		
1. Tax accruals	22.436,00	29.200,00
2. Other accruals	153.700,00	192.200,00
	176.136,00	221.400,00
C. LIABILITIES		
1. Trade payables - of which with a maturity of up to one year EUR 119.813,54 (pr. y. EUR 4.884,62)	119.813,54	4.884,62
2. Other liabilities - of which for taxes EUR 38.192,22 (pr.y. EUR 42.653,27) - of which for social security EUR 1.732,04 (pr.y. EUR 1.507,82) - of which with a maturity of up to one year one year EUR 45.022,17 (pr. y. EUR 48.781,92)	45.022,17	48.781,92
	164.835,71	53.666,54
	957.546,11	828.563,28

Satven GmbH
Stuttgart

Profit and loss statement for the period April 01, 2019 to March 31, 2020

	2019/2020		2018/2019
	EUR	EUR	EUR
1. Sales		2.350.948,48	1.870.767,04
2. Other income		101,61	20.920,73
3. Personnel expenses			
a) Wages and salaries	1.684.194,38		1.366.652,23
b) Social security and pension expenses	376.886,24		295.824,30
		2.061.080,62	1.662.476,53
4. Other operating expenses		193.023,96	133.284,79
5. other interest and similar income thereof from affiliates EUR 19.49 (pr.y. 0,00)		19,49	0,00
6. Interest and similar expenses thereof to affiliates EUR 28,95 (pr.y. 1.187,24)		28,95	1.206,24
7. Taxes on income		33.858,39	35.434,36
8. Result after tax		63.077,66	59.285,85
9. Profit of the year		63.077,66	59.285,85

NOTES TO THE FINANCIAL STATEMENTS APRIL 01, 2019 TO MARCH 31, 2020

A. General Information

Satven GmbH, Legal seat Munich, Local court Stuttgart HRB 749841

The financial statements as of March 31, 2020 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.

The company has engaged in the average 28 employees during the interim period

C. Other Information

The acting director in the financial year 2019/2020 was

Mr Rao S. Vadlamudi

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....……….

Rao S. Vadlamudi

COMVIVA TECHNOLOGIES LIMITED

Board of Directors:
Chander Prakash Gurnani
Jagdish Mitra
Vivek Satish Agarwal
Sunita Umesh
Rajat Mukherjee

Registered No:
041214

Registered Office:
5th, 7th, 8th floor, Capital Cyberscape,
Golf Course Extension Road, Gurugram,
Haryana 122102

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Twenty-first Annual Report together with Audited Balance Sheet and Statement of Profit & Loss along with cash flow statement for the year ended on March 31, 2020.

The major Financial Highlights are as under:

FINANCIAL RESULTS	**2019-20 (Rs. in Mn)**	**2018-19 (Rs. in Mn)**
Total Income	6670	6,565
Profit (Loss) before Depreciation & Taxation	1231	1,309
(-) Depreciation	248	174
Exceptional items :		
(+) Profit on sale of investment in subsidiary	473	
(-) Provision for impairment expenses	28	
Profit (Loss) before Taxation	1428	1,135
(-) Provision for Income Tax	(396)	(472)
(-) Deferred Tax charge/Reversal	(152)	162
Profit (Loss) for the period	880	825
EPS Basic (INR)	40.25	38
EPS Diluted (INR)	40.25	38

BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS

Total Income for the year 2019-20 is INR 6670 Mn as against INR 6,565 Mn in previous year.

In the concluded Financial Year, the company witnessed subdued revenue performance with significant challenges in Converged Mobile Solutions, Business Support Solution and Lifestyle business due to economic situation and changing regulations in the industry. But despite the severe headwinds faced by the Telecom sector along with the ongoing health crisis, the Company has witnessed strong performance in the order book compared to previous year especially in Africa, SAARC and SEA and ANZ regions. The Company has especially increased engagement in Key accounts and has received good traction in the Enterprise segment. There is increased traction and orders from the Customers in the Company's products and solutions in the Consumer Value Management, Mobile Financial Services and Business Support Solution space and the Company expects that these will exhibit high growth in the coming years.

Order book of our traditional products like PreTUPS, Mobiquity® and BSS continues to be strong. We have seen significant traction in the market for our Mobiquity product with several bank customers. The Company's strategy of focusing on key accounts for cross-sell / up-sell of new products continues to produce good results. The company continues to invest in newer products such as Infinity, FactoReal and YABX which are expected to contribute to revenue growth in coming years.

For the next Financial Year, although the economic situation across the globe is expected to further deteriorate as the countries struggle to battle the health crisis, the company is expected to grow from current levels on account of higher order book backlog, continued focus on the developing markets and in leveraging its existing customer relationships and also from the increased efforts 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 which is yielding good results.

The Company has done full divestment of its stake in TerraPay to a partnership of world renowned investors - Prime Ventures, Partech Partners and International Finance Corporation (of the World Bank group). The Success of TerraPay is a game-changer for our start-up and incubation initiatives, and opens up greater opportunities for our initiatives like YABX and FactoReal.

Along with the continued investment in its existing product portfolio, the Company is also looking to grow inorganically in the coming years through some strategic acquisitions.

In the space of technology and innovation, Company filed for a Patent for Method to streamline the second consent process in the Financial Year 2019-20

The Company continued to win prestigious awards and mentions over the last year. These include the Aegis Graham Bell Award for the MobiLytix™ Real-Time Marketing suite, the Messaging & SMS Global Awards 2019, the GLOTEL (Global Telecoms) Awards 2019 and the CommsMEA Award 2019 for the "Best Digital Content Service Initiative of the Year" category. Other notable awards include the Emerging Payments Award 2019, the India Technology Award (Code Studio

2019), the Telecoms World Middle East 2019 and the Finnovex Award, et all.

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.

Complete Annual Report and Annual Return of the company can be viewed / accessed at company's website at https://www.comviva.com

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 2019-20.

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, 2020. 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, 2020, your Company has 9 subsidiaries and 6 step-down subsidiaries; all are operational entities.

List of Subsidiaries	**List of Step-down Subsidiaries**
YABX Technologies (Netherlands) BV	Comviva Technologies (Argentina) S.A.
Comviva Technologies Nigeria Limited	Comviva Technologies do Brasil Indústria, Comércio, Importação e Exportação Ltda
Comviva Technologies Singapore Pte. Ltd.	Comviva Technologies Colombia S.A.S
Comviva Technologies FZ LLC	Comviva Technologies Mexico, S de R.L. de C.V.
Comviva Technologies B.V.	Comviva Technologies (Australia) Pty Ltd.
Comviva Technologies Madagascar Sarlu	Emagine International Pty Ltd
Comviva Technologies Myanmar Limited	
Comviva Technologies USA Inc	
Comviva Technologies Cote D'ivoire	

There has not been any material change in the nature of the business of the subsidiaries. As per 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. The performance and financial position of subsidiaries and step down subsidiaries are 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 2020, Company incorporated its wholly owned subsidiary in the name of Comviva Technologies USA Inc. to expand its business under its new start up named as Factoreal.

Further, the Company also incorporated wholly owned subsidiaries in the name of Comviva Technologies Myanmar Limited and Comviva Technologies Cote D'ivoire to expand its business in Myanmar and Ivory Coast respectively.

During the year, the Company disinvested its wholly owned subsidiary namely Terra Payment Services (Netherlands) B.V along with 10 step-down subsidiaries to the Prime V Holding 2 BV and Partech Africa SLP (Investors). This disinvestment is effective from March 2, 2020.

Further, the Company also disinvested its 100% stakes in Terra Payment Services South Africa (RF) (Pty) Limited to Terra Payment Services (Netherlands) B.V and the sale was effective from March 4, 2020.

Comviva Technologies Nigeria Limited which is wholly owned subsidiary of the Company also disinvested all its 100% stakes in Hedonmark (Management Services) Limited to Ikazoboh & family who were minority shareholders of the target company. The transfer is effective from January 2, 2020.

DEPOSITS

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

Statutory Auditors of the Company, M/s BSR and Co, LLP (Firm Registration No. 101248W/W-100022) were appointed in Eighteenth Annual General Meeting held in year 2017 till the conclusion of Twenty Third Annual General Meeting which shall be due in year 2023.

AUDITOR'S REPORT

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2019-20 by M/s. BSR & Co, LLP.

SECRETARIAL AUDITOR'S REPORT

Secretarial Audit Report given by M/s Harrish 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

The Authorized share capital of the Company is INR 33,50,00,000/- and paid up capital is INR 21,86,90,000/-. During the year under review there were no transfer of physical shares reported.

EMPLOYEES STOCK OPTION PLANS

Company has no ESOP Schemes implemented for the employees as on the date of this Report.

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 four (4) times during the Financial Year, notices convening meeting of the Board were duly sent to all the Directors.

Meeting	Date(s) of Meeting
Board Meeting	17-05-2019, 26-07-2019, 24-10-2019 & 27-01-2020

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	17-05-2019, 26-07-2019, 24-10-2019 & 27-01-2020
Nomination and Remuneration Committee	17-05-2019, 26-07-2019, 24-10-2019 & 27-01-2020
CSR Committee	17-05-2019, 26-07-2019, 24-10-2019 & 27-01-2020

Also one meeting of the Independent Directors was held on 27th April, 2020 for the Financial Year 2019-20.

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&D Carried Out By The Company

Company continues to do R&D in the areas of mobile commerce, content and data. As such Company continues to enrich its strong product portfolio in these domains through mobile banking, analytics, and rich engagement, communication, content and delivery platforms.

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 'Commerce, Content, and Data' and adjunct focus areas are Customer Value Solutions and Managed Services.

R&D primarily consists of below activities in all the products and new innovative MVP's:

(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 innovative prototypes that are utilized as part / addition to products developed by the various domain specific product units.

R&D 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 Factoreal, Yabx, 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 Last Three Years Reckoned From The Beginning Of The Financial Year)

(i) Company has not Imported Technology during the last three years

(ii) Expenditure incurred on R&D.

Figures in Mn INR

S. No.	Particulars	Current year	Previous year
1	Capital	35	-
2	Recurring	284	317
3	Total	319	317
4	Total R&D expenditure as a percentage of total turnover	4.8%	5%

C. FOREIGN EXCHANGE EARNINGS & OUTFLOWS

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 INR)

Details of Foreign Exchange Earnings & Outflows	**Financial Year Ended 31st March, 2020**	**Financial Year Ended 31st March, 2019**
Foreign Exchange Earnings	5,274,638,303	5,218,279,841
Foreign Exchange Outflows	1,782,556,124	1,098,662,549

DIRECTORS

A. Changes in Directors and Key Managerial Personnel (KMP)

In accordance with the provisions of the Companies Act, 2013, Mr. Chander Prakash Gurnani (DIN: 00018234) Director, is liable to retire by rotation and being eligible for re-appointment. Mr Gurnani has also indicated his consent to continue to hold the office of Director post ensuing Annual General Meeting. The Board recommends his re-appointment in ensuing Annual General Meeting.

During the year Mr. Ulhas Narayan Yargop (DIN: 00054530) retired by rotation from the Board with effect from July 19, 2019. Further the members of the Company approved the appointment of Mr. Vivek Satish Agarwal (DIN: 05218475) in Annual General Meeting.

Ms. Sunita Umesh (DIN: 06921083) and Mr. Rajat Mukherjee (DIN: 03431635) were appointed as Independent Directors of the Company on March 2015 for the term of five years. Their terms of appointment were expired March 31, 2020. Both have been re-appointed for another term of five years effective from April, 2020 as Independent directors by special resolution passed by members in their Extra Ordinary Meeting held on March 18, 2020, subject to fulfilment of terms and conditions laid down by the Central Government vide notification no. GSR 850(E) dated 22nd October, 2019.

As on date, following is the composition of the Board:

Mr. C P Gurnani (DIN: 00018234), Mr. Jagdish Mitra (DIN: 06445179) and Mr. Vivek Satish Agarwal (DIN: 05218475) are non-executive 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 Meetings Attended				
Directors	**Board Meeting**	**Audit Committee**	**CSR Committee**	**NRC Committee**
CP Gurnani	3	3	3	3
Ulhas Yargop	1	1	1	1
Jagdish Mitra	2	1	1	1
Sunita Umesh	3	3	3	3
Rajat Mukherjee	3	3	3	3
Vivek Satish Agarwal	2	2	2	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, there were no executive directors on the Board of 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**, however complete policy is available at the company's website at https://www.comviva.com.

The Nomination and Remuneration Committee identifies and ascertains the integrity, qualification, expertise and experience of the person for appointment as Director or KMP. 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 KMP 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 as **Annexure-5.**

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of the following Directors:

(i) Mr. Jagdish Mitra

(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. C P Gurnani

(ii) Mr. Rajat Mukherjee

(iii) Ms. Sunita Umesh

Ms. Sunita Umesh is Chairperson of the said Committee.

CSR (Corporate Social Responsibility) Committee

A. The CSR Committee consists of the following Directors:

   (i) Ms. Sunita Umesh

   (ii) Mr. Rajat Mukherjee

   (iii) Mr. Jagdish Mitra

   Mr. Rajat Mukherjee is Chairman of the said Committee.

B. Contents of the CSR Policy and initiatives taken as detailed are in **Annexure 6** to this report, however complete CSR Policy of the Company is available at the Company's website at https://www.comviva.com.

C. The Company has spent INR 2,26,58,804 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 is in place 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. Caroline is the external member in this Committee.

Gurgaon	Bengaluru	Mumbai
Neena Goel (Chairperson)	Neena Goel (Chairperson)	Neena Goel (Chairperson)
Caroline (External Consultant)	Caroline (External Consultant)	Caroline (External Consultant)
Vaishnavi Shukla	Sunita Jagtiani	Lianne Rodrigues
Anisha Khanna	Pawan S Kulkarni	Tanveer Mahmood M
Ajit Kumar Jain	Mahesh V Ghatage	
Rajendra M Thakur	Ashwath Subramanya	
Manish Kumar Jain		
Sandeep Bushan Pandita		

During the year under report, there was no complaint which was received by the ICC 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 at https://www.comviva.com under the 'About' tab. 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	30,850,560	Ongoing funding Requirements as per Business Plan
Comviva Technologies Singapore Pte Ltd	Investment in shares	27,665,560 (See footnote*)	Investment in Subsidiaries
Comviva Technologies FZ-LLC	Investment in shares	767,800	Investment in Subsidiaries
Comviva Technologies Nigeria Limited	Invest ment in shares	151,156,703	Investment in Subsidiaries
Comviva Technologies B.V.	Investment in shares	7,16,30,500	Investment in Subsidiaries
Comviva Technologies (Argentina) S.A.	Investment in shares	13,511,974	Investment in Subsidiaries
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA	Investment in shares	2,099,844	Investment in Subsidiaries
Comviva Technologies Madagascar Sarlu	Investment in shares	1,349,802	Investment in Subsidiaries
	Total (Rs.)	**29,90,32,743**	

*Investment of INR 27,665,560 in Comviva Technologies Singapore Pte Ltd is kept as provision for Impairment in the year end financials of FY2020.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 has been annexed in AOC-2 as **Annexure 7.**

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There is no significant and material order passed by the regulators or courts or tribunals impacting going concern status and Company's operations in future.

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

	Mr. Vivek Satish Agarwal	**Mr. Jagdish Mitra**
	Director	Director
	DIN: 05218475	DIN: 06445179
Date: 28 April, 2020	Place: Bengaluru	Place: Noida

Annexure : 1

SECRETARIAL AUDIT REPORT

(For the Financial Year Ended 2019–20)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel)

To,
The Members,
Comviva Technologies Limited
5th, 7th & 8th Floor, Capital Cyberscape,
Sector-59, Golf Course Extension Road
Gurgaon – 122102 (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, 2020 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, 2020 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
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 compliance certificates placed before the Board by the respective head of the departments in respect of the following other Acts:
   - 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 under the other applicable laws mentioned above have been generally made during the financial year 2019-20.

7) Secretarial Standards I & II as issued by The Institute of Company Secretaries of India.

8) Since the Company is a public limited company and being subsidiary of Listed Company, provisions of the Listing Agreements are not applicable to the Company, hence we have not examined these.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above subject to the following:

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings at least seven days in advance along with agenda and detailed notes on agenda 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 and 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 [except 5 (a) &5 (b)] are not applicable to the Company. As per the information provided by the Company, no transaction of Foreign Direct Investment (FDI) under FEMA were undertaken during the year under report, however transaction under Overseas Direct Investment (ODI), was made through normal banking channel and in compliance.

Place: Delhi
Date: 28 April, 2020

Signature:
Harish Khurana & Associates
Company Secretaries
FCS No. 4835
C P No.: 3506

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

Annexure A"

To
The Members,
Comviva Technologies Limited
5th, 7th & 8th Floor, Capital Cyberscape,
Sector – 59, Golf Course Extension Road
Gurgaon -122102 (Haryana)

Our report of event 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 as 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: 28 April, 2020

Signature:
Harish Khurana & Associates
Company Secretaries
FCS No. 4835
C P No.: 3506

ANNEXURE-2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[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: 5th, 7th and 8th Floor, Capital Cyberscape, Golf Course Extension Road, Sector-59 Gurugram – 122102, Haryana;

e-mail: parminder.bakshi@comviva.com

vi) Whether listed company Yes / No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Link Intime India Private Limited, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai, -400083, Maharashtra, 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	60.63%
2	Revenue sharing arrangements	47411	10.60%
3	Annual maintenance contract services	62013	27.19%
4	Sale of equipment and software licenses	47411	1.58%

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	99.99%	Section2(46)
2.	Comviva Technologies Nigeria Limited Plot number- 52, Ahmadu Bello Way, Victoria Island, Lagos	943437	Subsidiary Company	100%	Section 2(87)
3.	Comviva Technologies Singapore Pte. Ltd. 180B, Bencoolen Street, #12-05, The Bencoolen, Singapore 189648	201127764Z	Subsidiary Company	100%	Section 2(87)

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY /ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
4.	Comviva Technologies FZ LLC Premises: 1401 & 1408-1409 Floor: 14, PO Box 500583 Building: Al Shatha Tower Dubai, United Arab Emirates	License Number-20773	Subsidiary Company	100%	Section 2(87)
5.	Comviva Technologies B.V. Maanplein 20, Building 8, 2516 CK The Hague, The Netherlands	63223767	Subsidiary Company	100%	Section 2(87)
6.	Comviva Technologies Madagascar Sarlu A 402 - Antananarivo 101 Analamanga 101, Antananarivo Renivohitra, Madagascar	RCS Antananarivo 2016 B 01082	Subsidiary Company	100%	Section 2(87)
7.	YABX Technologies (Netherlands) B.V. Maanplein 20, Building 8, 2516 CK The Hague, The Netherlands	71797882	Subsidiary Company	100%	Section 2(87)
8.	Comviva Technologies Myanmar Limited MICT Park, Building(19), 6th Floor, Room (704) Hlaing Township Yangon Region, Myanmar.	123767691	Subsidiary Company	100%	Section 2(87)
9.	Comviva Technologies USA INC 6440 Southpoint Pkwy Ste 300 Jacksonville, FL 32216	P19000082541	Subsidiary Company	100%	Section 2(87)
10.	Comviva Technologies Cote D'ivoire	CI-ABJ-2020-B-03387	Subsidiary Company	100%	Section 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 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.	21396185	470721	21866906	99.99%	21396185	470721	21866906	99.99%	
e) Banks / FI									
f) Any other….									
Sub-total (A) (1):-	21396185	470721	21866906	99.99%	21396185	470721	21866906	99.99%	
(2) Foreign									
a) NRIs - Individuals									
b) Other -Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other….									
Sub-total (A) (2):- Total shareholding of Promoter (A) =(A)(1)+(A)(2)	21396185	470721	21866906	99.99%	21396185	470721	21866906	99.99%	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture									
Capital Funds									
i) Others (Specify)									
Sub-total (B)(1):-									

Category of Shareholders	No. of Shares held at the beginning of the year	No. of Shares held at the 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	--	2094	2094	0.01%	--	2094	2094	0.01%	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (Specify)	--	--	--	---	--	--	--	---	
Sub-total (B) (2):-	--	2094	2094	0.01%	--	2094	2094	0.01%	
Total Public Shareholding (B)=(B)(1)+(B)(2)	--	2094	2094	0.01%	--	2094	2094	0.01%	
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	**21396185**	**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	21866906	99.99%	--	21866906	99.99%	--	--
	Total	**21866906**	**99.99%**	**--**	**21866906**	**99.99%**	**--**	**--**

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	21866906	99.99%	21866906	99.99%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc):	**THERE WAS NO CHANGE IN THE PROMOTERS' SHAREHOLDING DURING THE YEAR**			
	At the End of the year	21866906	99.99%	21866906	99.99%

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**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	--
2.	**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	--

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	**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	--
4.	**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 separatedduring the year)	164	--	164	--
5.	**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	--
6.	K**aushlendra 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	--

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7.	**Ashish Nehra**				
	At the beginning of the year	38	--	38	--
	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)	38	--	38	--
8.	**Davender Rana**				
	At the beginning of the year	38	--	38	--
	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)	38	--	38	--
9.	**Prashant Pandey**				
	At the beginning of the year	38	--	38	--
	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)	38	--	38	--
10.	**Pankaj Sharma**				
	At the beginning of the year	38	--	38	--
	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)	38	--	38	--

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Cumulative Shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Manoranjan Mohapatra*	1	--	1	--
	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	--	-	--	-

*Mr. Manoranjan Mohapatra is secondary shareholder jointly with Tech Mahindra Limited

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	34,23,81,787	NIL	34,23,81,787
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	NIL	NIL	NIL
· Reduction	NIL	34,18,37,366		34,18,37,366
Net Change	**NIL**	**34,18,37,366**	**NIL**	**34,18,37,366**
Indebtedness at the	NIL	5,44,421	NIL	5,44,421
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**	**5,44,421**	**NIL**	**5,44,421**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: N.A.

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)		
	Ceiling as per the Act		

B. Remuneration to other Directors:

Amt. (in INR)

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Sunita Umesh	Rajat Mukherjee	
1.	**Independent Directors**			
	• Fee for attending			
	➢ Board Meetings			
	➢ Committee meetings			
	(i) Audit Committee			
	(ii) Corporate Social Responsibility Committee	30,000	30,000	60,000
		15,000	15,000	30,000
	(iii) Nomination and Remuneration Committee	15,000	15,000	30,000
	• Commission	15,000	15,000	30,000
	• Others, please specify	--	--	--
	Total (1)	**75,000**	**75,000**	**150,000**
2.	**Other Non-Executive Directors**			
	• Fee for attending board /committee meetings			
	• Commission			
	• Others, please specify	--	--	--
	Total (2)	**--**	**--**	**--**
	Total (B)=(1+2)	**75,000**	**75,000**	**150,000**
	Total Managerial Remuneration	75,000	75,000	150,000
	Overall Ceiling as per the Act			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD-

Amt. (in INR)

S. No.	Particulars of Remuneration	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
		CEO	Mr. Manoranjan Mohapatra	Total Amount
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--		2,64,49,393
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--		39,600
	(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			**2,64,88,993**
		CFO	**Mr. Neeraj Jain**	**Total Amount**
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--		86,53,123
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--		32,400
	(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	**--**		**86,85,523**

		Company Secretary	Mr. Parminder Bakshi	Total Amount
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--		14,69,876
	(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	**--**		**14,69,876**

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. Vivek Satish Agarwal
(Director)
DIN: 05218475
Date- April 28, 2020

Mr. Jagdish Mitra
(Director)
DIN: 06445179

DECLARATION OF INDEPENDENCE

To
The Board of Directors
Comviva Technologies Limited
5th, 7th & 8th Floor, Capital Cyberscape,
Sector-59, Golf Course Extension Road
Gurugram HR 122102.

Date: 20 April, 2020

Sub: Declaration of independence under sub-section (7) 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 hereby certify that:

1. I possess relevant expertise and experience to be an Independent Director in the Company;
2. I am/was not a Promoter of the company or its holding, subsidiary or associate Company;
3. I am not related to Promoters / Directors in the Company holding, subsidiary or associate Company;
4. Apart from receiving director sitting fees /Commission, I have/had no pecuniary relationship or having transaction not exceeding ten per cent. of my total income or such amount as may be prescribed with the company , its promoters, its directors, or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial;
5. None of my relatives—
   i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;

      Provided the relative may hold security or interest in the Company of face value not exceeding fifty lakh rupees or two percent of the paid up share capital of the Company, its holding, subsidiary or associate company or such higher amount as may be prescribed;

   ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, for amount of Fifty lakhs rupees during the two immediately preceding financial years or during the current financial year;

   iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for amount of Fifty lakhs rupees amount during the two immediately preceding financial years or during the current financial year; or

   iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
6. Neither me nor any of my relatives:
   i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which I am proposed to be appointed;

      Provided that in case of relative who is employee, the restriction under this clause shall not apply for my employment during preceding three financial years;

   ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;

   iii. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

   iv. 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;

   v. holds together with my relatives 2% or more of the total voting power of the company; or

vi. is a Chief Executive or director, by whatever name called, of any non profit 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

7. I am not a material supplier, service provider or customer or a lessor or lessee of the company;

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,

Sd/-
Rajat Mukherjee
DIN: 03431635
Address: B1/1, First floor
Vasant Vihar, New Delhi-110057

DECLARATION OF INDEPENDENCE

To

Date: 21/04/2020

The Board of Directors
Comviva Technologies Limited
5th, 7th and 8th Floor, Capital Cyberscape,
Golf Course Extension Road, sector 59,
Gurugram, Haryana 122102

Sub: Declaration of independence under sub-section (7) 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 hereby certify that:

1. I possess relevant expertise and experience to be an Independent Director in the Company;
2. I am/was not a Promoter of the company or its holding, subsidiary or associate Company;
3. I am not related to Promoters / Directors in the Company holding, subsidiary or associate Company;
4. Apart from receiving director sitting fees /Commission, I have/had no pecuniary relationship or having transaction not exceeding ten per cent. of my total income or such amount as may be prescribed with the company , its promoters, its directors, or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial;
5. None of my relatives—
   i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;

      Provided the relative may hold security or interest in the Company of face value not exceeding fifty lakh rupees or two percent of the paid up share capital of the Company, its holding, subsidiary or associate company or such higher amount as may be prescribed;
   ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, for amount of Fifty lakhs rupees during the two immediately preceding financial years or during the current financial year;
   iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for amount of Fifty lakhs rupees amount during the two immediately preceding financial years or during the current financial year; or
   iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
6. Neither me nor any of my relatives:
   i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which I am proposed to be appointed;
   ii. Provided that in case of relative who is employee, the restriction under this clause shall not apply for my employment during preceding three financial years;
   iii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
   iv. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
   v. 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;
   vi. holds together with my relatives 2% or more of the total voting power of the company; or
   vii. is a Chief Executive or director, by whatever name called, of any non profit 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
7. I am not a material supplier, service provider or customer or a lessor or lessee of the company;

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,

Sd/-
Sunita Umesh
DIN: 06921083
Address: R/o 515A, Hamilton Court,
DLF Phase -IV, Gurugram-122002,
Haryana, India,

POLICY ON NOMINATION AND REMUNERATION COMMITTEE

1. Objective

As a measure of good Corporate Governance and in compliance with the provisions of Section 178 of Companies Act 2013, following policies are formulated:

1.1. Policy on appointment and removal of Key Managerial Personnel and Senior Management;

1.2. Policy on Remuneration to the Key Managerial Personnel, Senior Management and other Employees

1.3. Policy on Directors Training

1.4. Policy on Evaluation of performance of the Board of Directors, Committees and individual Directors,

1.5. Policy on Board Diversity;

2. Definitions

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means the Comviva Technologies Limited.

"Committee(s)" means Committees of the Board for the time being in force as per the provisions of the Companies Act 2013.

"Employee" means employee of the Company whether employed in India or outside India including any whole time directors, KMPs & Senior Management who serve the company on a full-time basis and are not employed in any other entity except those which are the subsidiaries of the company or subsidiaries of its majority shareholder.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" and Senior Management (KMP) refers to:

(i) Chairman (CM);

(ii) Managing Director (MD), or Chief Executive Officer (CEO);

(iii) Chief Financial Officer (CFO); and

(iv) Company Secretary (CS)

"Nomination and Remuneration Committee" or "NRC" means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means an employee of the Company who is a member of its Core Management team, which includes CEO, CFO, Company Secretary, Product Unit Heads (for Business units higher than USD 20 million), Global Head of Sales, EVP- New Product Initiatives, Global Head of HR.

3. Constitution of the Nomination and Remuneration Committee

The board has constituted the Nomination and Remuneration Committee on <DDMMYYYY>, in accordance with Companies Act 2013.

The board will have rights to reconstitute this committee from time to time.

4. Policy for appointment of the Board, KMPs & Senior Management

The committee shall look into the following matters:

- Make recommendations to the board on its composition and size to help ensure its effective working. It will do the following under each category of personnel:

4.1. Board Members

a) Identify and recommend to appointment or removal of such candidates who can be considered for the position of a director.

b) The NRC would decide this based on its discussions around qualifications, positive attributes and independence of the candidate being considered for directorship. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.

4.2. KMPs

a) The authority to identify right candidates for the appointment of CFO and CS is vested with the CEO along with HR, who will facilitate in identifying the candidates internally or externally. NRC will consider the candidates proposed by the CEO and recommend to the Board for its consideration and appointment in accordance with the applicable provisions of the Act and Rules.

b) In case of CM / 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.

Subject to that there is no conflict of interest, Comviva CEO and HR Head will be authorized to approve employee requests for accepting –

1. any honorary positions in the Board of a Company (for no remuneration or a nominal remuneration); and/or
2. any non-significant minority stake capped up to 30%

In case the request is from the Comvia CEO, Comviva CFO or the Company Secretary, the same will be cleared by the NRC

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.

CEO and the HR Head may approve incentive programs as may be required for managing routine business requirements like joining or retention. Any plan covering 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
DIN: 03431635
Chairman

Annexure I

Performance Evaluation of the Board as a whole - Self Evaluation Form

Each Board Member is to rate the following statements in relation to overall performance of the Board during the last financial year. Please place √ 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.

……………………………………………………………………………………………………..

……………………………………………………………………………………………………..

……………………………………………………………………………………………………..

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.

…………………………………………………………………………………………………..

…………………………………………………………………………………………………..

…………………………………………………………………………………………………..

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

S. No	E Code	Name of Employee	Designation of Employee	Amount of Annual Remuneration received during the FY 19-20	Nature of employment whether contractual or otherwise	Qualification and Experience of the employee	Date of commencement of employment	Age of such employee (as on today)	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014	whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1	1416	Manoranjan Mohapatra	Chief Executive Officer	27,193,393	Employee	Bachelor of Technology 36 Year	01-Nov-07	58	Aricent	0.0% (1 share)	NA
2	3085	Ronald Kibaara Meru	Senior Director	12,599,332	Employee	Master of Business Administration 20 year	20-Jul-09	39	Adtel Group of Companies	NA	
3	4030	Salah Rich Elhamam	Senior Vice President	13,095,058	Employee	Master of Business Administration 19	10/Sep/12	47	Oberthur Technologies	NA	NA
4	3521	Srinivas Nidugondi	EVP & COO - MFS	10,753,198	Employee		02-Mar-11			NA	NA

for Comviva Technologies Limited

Mr. C P Gurnani
(Director)
Din: 00018234

ANNEXURE-6

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://commune.mahindracomviva.com/Management%20Service%20Unit/HR/_layouts/15/WopiFrame.aspx?sourcedoc=/Management%20Service%20Unit/HR/Shared%20Documents/HR/Policies/Corporate%20Social%20Responsibility%20Policy.doc&action=default

1. **The Composition of the CSR Committee-The CSR committee members are as follows:**
   a. Ms. Sunita Umesh
   b. Mr. Rajat Mukherjee
   c. Mr. Jagdish Mitra
2. **Average net profit of the company for last three financial years-** Rs. 1,11,60,35,613
3. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)-** Rs. 2,23,20,712
4. **Details of CSR spent during the financial year:** Rs. 2,26,58,804
5. **Total amount to be spent for the financial year:** Rs. 2,26,58,804
   a) Amount unspent, if any; NIL
   b) Manner in which the amount spent during the financial year is detailed below:

(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. 2.	Bal Vikas Dhara, Maxvision, Basic Foundation (Tech M Foundation) Shanshil Foundation–Compassion Centre	Employability program Education for under privileged Employability& Entrepreneurship	Gurgaon Delhi NCR Block – D, Rosewood city, sector 49,Gurgaon ,122018	1,24,62,342 1,01,96,462	1,24,62,342 1,01,96,462	1,24,62,342 1,01,96,462	1,24,62,342 (Tech M-Foundation) 1,01,96,462
	TOTAL			**2,26,58,804**	**2,26,58,804**	**2,26,58,804**	**2,26,58,804**

*Give details of implementing agency:

6. 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

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Policy, is in compliance with CSR objectives and Policy of the company.

   As our vision statement speak: 'To make concerted efforts in the area of Education for the under privileged' we have put our best effort to identify various projects and partner by going through the track record, audited financial results and going to the actual site visit which was very important and also created a lot of bonding with our CSR club volunteers. As a company, we not only want to meet the financial needs of the under privileged communities education but also want a long standing relation to see the ultimate goal achieved. The CSR is not now a compliance piece for company but also a passion for employees and we expect it would pay off tomorrow.

Chairman of CSR Committee
Mr. Rajat Mukherjee

ANNEXURE-7

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-2019 to 31-Mar-2020	63,637,687	NA	
2	Comviva Technologies Nigeria Limited	100 % Subsidiary	Service Fees	01-Apr-2019 to 31-Mar-2020	26,467,000	NA	
3	Comviva Technologies BV	100 % Subsidiary	Revenue	01-Apr-2019 to 31-Mar-2020	211,144,508	NA	
4	Comviva Technologies BV	100 % Subsidiary	Fixed Assets	01-Apr-2019 to 31-Mar-2020	132,482,488	NA	
5	Tech Mahindra Limited	Holding company	Revenue	01-Apr-2019 to 31-Mar-2020	120,726,698	NA	
6	Tech Mahindra Ltd - Belgium	Fellow subsidiary	Revenue	01-Apr-2019 to 31-Mar-2020	4,219,036	NA	
7	PT Tech Mahindra Indonesia	Fellow subsidiary	Revenue	01-Apr-2019 to 31-Mar-2020	-81,950,226	NA	
8	Tech M - Johannesburg, SA	Fellow subsidiary	Revenue	01-Apr-2019 to 31-Mar-2020	1,066,242	NA	
9	Tech Mahindra Growth Factories Limited	Fellow subsidiary	Cost of Services	01-Apr-2019 to 31-Mar-2020	2,891,433	NA	
10	Tech Mahindra Limited	Holding company	Facility Charges	01-Apr-2019 to 31-Mar-2020	2,455,824	NA	
11	Tech Mahindra Limited	Holding company	Facility Charges	01-Apr-2019 to 31-Mar-2020	4,423,200	NA	
12	Tech Mahindra Foundation	Fellow subsidiary	Corporate Social Responsibility	01-Apr-2019 to 31-Mar-2020	12,462,342	NA	
13	Mr. Manoranjan Mahopatra*	Key Management Personnel	Managerial Remuneration	01-Apr-2019 to 31-Mar-2020	28,666,150	NA	
14	Mr. Neeraj Jain*	Key Management Personnel	Managerial Remuneration	01-Apr-2019 to 31-Mar-2020	11,000,000	NA	
15	Mr. Parminder Singh Bakshi*	Key Management Personnel	Managerial Remuneration	01-Apr-2019 to 31-Mar-2020	1,700,000	NA	

*Does not include ESOP and any other benefits extended above CTC

for Comviva Technologies Limited

Mr. CP Gurnani
(Director)
Din: 00018234

INDEPENDENT AUDITORS' REPORT

To the Members of Comviva Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Comviva Technologies Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   A. 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

      d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

      e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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".

B. 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, 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 as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 29 to the standalone 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. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

DEEPESH SHARMA
Partner
Membership No. 505725
ICAI UDIN: 20505725AAAAAU7005

Place: New Delhi
Date: 28 April 2020

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 2020

(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 years. 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) According to the information and explanations given to us, the inventories, except stock lying with third parties, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business. For stocks lying with third parties as at the year-end, written confirmations have been obtained. As informed to us, the discrepancies noticed on comparison of physical verification of inventories with book records were not material and have been properly dealt with in the books of account.

(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.

(vi) 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, Goods and Services Tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax, Goods and Services Tax, Cess and other material statutory dues were in arrears as at 31 March 2020 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 (Rs. in million)	Amount paid under protest (Rs. in million)
Income Tax Act, 1961	Income Tax	2004-2005	Assistant Commissioner of Income Tax	3	2
Income Tax Act, 1961	Income Tax	2005-2006	Assistant Commissioner of Income Tax	2	-
Income Tax Act, 1961	Income Tax	2006-2007	Assistant Commissioner of Income Tax	3	2
DR Congo Tax Administration	Corporate Tax/ VAT	Calendar year 2012 to 2018	Republique Democratique Congo Ministere Des Finances	11	-
Chad Tax Administration	Corporate Tax/ VAT	Calendar year 2014	Directorate General of Taxation, Ministry of Finances and Budget, Republique of Chad	45	6.75
Chad Tax Administration	Corporate Tax/ VAT	Calendar year 2015	Directorate General of Taxation	2.5	0.5

Name of the Statute	Nature of dues	Financial year to which amount relates	Forum where dispute is pending	Amount (Rs. in million)	Amount paid under protest (Rs. in million)
Republique du Congo Authorities	Corporate Tax/ VAT	Calendar year 2012, 2013 and 2014	Direction Départementale des Vérifications, Fiscale De Pointe-Noire	44	9.01
Income Tax Act, 1961	Income tax	2012-13	Commissioner of Income Tax (Appeals)	29	-
Income Tax Act, 1961	Income tax	2013-14	Commissioner of Income Tax (Appeals)	119	-
Burkina Faso authorities	Corporate tax, employer and apprentices hip tax, patent Tax, single tax on wages and salaries, VAT	Calendar year 2012 to 2018	Assessing Officer	25	-
Income Tax Act, 1961	Transfer pricing adjustment	2014-15	Commissioner of Income Tax (Appeals)	12	-
Chad Tax Administration	Corporate Tax, VAT, WHT, Payroll Tax	Calendar year 2018	Directorate General of Taxation	7	-
Malawi tax authorities	Corporate Tax	2018-19	Income Tax Officer	5	-
Uganda Tax Authorities	Income Tax	2017-18	Uganda Tax Authority	38	-
Chad Tax Authorities	Corporate Tax, VAT, WHT, Payroll Tax	Calendar year 2017	Directorate General of Taxation	50	-
Chad Tax Authorities	Corporate Tax, VAT, WHT, Payroll Tax	Calendar year 2017	Directorate General of Taxation	46	-
Burkina Faso Tax Authorities	Corporate Tax	Calendar 2018	Assessing Officer	3	-
Niger Tax Authorities	Payroll & WHT matters	Calendar year 2018	Assessing Officer	6	-
Finance Act, 1994	Service Tax	FY 2004-2005 to 2007-2008	Custom Excise & Service Tax Appellate Tribunal	392*	-
Bangladesh Revenue Authorities	Value Added Tax Act, 1991	FY 2012-2013 to2015-2016	Deputy Commissioner, Customs, Excise and VAT Gulshan Division, Bangladesh	16	-
Gabon Tax Authorities		FY 2013-2014 to2017-2018	General Secretariat, Provincial Department of Estate Taxes, Ministry of Sustainable Development, Economy, Investment Promotion And Planning	3	-
Kenya Revenue Authority	Value Added Tax	Feb 2018	Domestic Taxes Department Medium Tax Payers Office	0.90	-

* Net of Rs. 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
ICAI Firm Registration No.: 101248W/W-100022

DEEPESH SHARMA
Partner
Membership No. 505725
ICAI UDIN: 20505725AAAAAU7005

Place: New Delhi
Date: 28 April 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Comviva Technologies Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of Comviva Technologies Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' 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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 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 such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

DEEPESH SHARMA
Partner
Membership No. 505725
ICAI UDIN: 20505725AAAAAU7005

Place: New Delhi
Date: 28 April 2020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

Rs. in million

Particulars	Note No.	**As at March 31, 2020**	As at March 31, 2019
I ASSETS			
A Non current assets			
(a) Property, plant and equipment	3A	**639**	221
(b) Capital work-in-progress		**-**	15
(c) Other intangible assets	3B	**118**	9
(d) Financial assets			
(i) Investments	4(i)	**241**	385
(ii) Loans	5	**18**	28
(iii) Other financial assets	12(i)	**74**	52
(e) Income tax assets (net)		**1,207**	1,037
(f) Deferred tax assets (net)	6	**350**	495
(g) Other non-current assets	7(i)	**50**	273
Total non-current assets		**2,697**	2,515
B Current assets			
(a) Inventories	8	**89**	41
(b) Financial assets			
(i) Investments	4(ii)	**490**	-
(ii) Trade receivables	9	**4,270**	3,676
(iii) Cash and cash equivalents	10	**832**	576
(iv) Other balances with bank	11	**50**	161
(v) Other financial assets	12(ii)	**893**	1,389
(c) Other current assets	7(ii)	**811**	583
Total current assets		**7,435**	6,426
TOTAL ASSETS		**10,132**	8,941
II EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	13	**219**	219
(b) Other equity	14	**7,183**	6,358
		7,402	6,577
B Liabilities			
1 Non current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	19(i)	**334**	-
(b) Provisions	16(i)	**199**	259
(c) Other non-current liabilities	17(i)	**15**	18
Total non-current liabilities		**548**	277
2 Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	**1**	342
(ii) Trade payables	18		
- Dues of Micro, Small and Medium enterprises		**-**	0
- Dues of creditors other than MSME		**1,257**	960
(iii) Other financial liabilities	19(ii)	**464**	293
(b) Other current liabilities	17(ii)	**288**	267
(c) Provisions	16(ii)	**66**	52
(d) Current tax liabilities (net)		**106**	173
Total current liabilities		**2,182**	2,087
TOTAL EQUITY AND LIABILITIES		**10,132**	8,941
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
Firm Registration No : 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
Comviva Technologies Limited

C. P. Gurnani
Director
Noida

Jagdish Mitra
Director
Noida

Vivek Satish Agarwal
Director
Bengaluru

Sunita Umesh
Director
Gurugram

Rajat Mukherjee
Director
New Delhi

Manoranjan Mohapatra
Chief Executive Officer
Gurugram

Neeraj Jain
Chief Financial Officer
Gurugram

Parminder Singh Bakshi
Company Secretary
Gurugram

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in million

Particulars		Note No.	**For the year ended March 31,2020**	For the year ended March 31,2019
I.	Revenue from operations	20	**6,297**	6,467
II.	Other income	21	**373**	99
III.	**Total Income (I+II)**		**6,670**	6,566
IV.	**Expenses**			
	(a) Employee benefits expense	22	**2,565**	2,494
	(b) Subcontracting cost		**587**	449
	(c) Finance costs	23	**59**	31
	(d) Depreciation and amortization expense	3	**248**	174
	(f) Other expenses	24	**2,215**	2,283
	Total expenses		**5,674**	5,431
V.	**Profit before exceptional items and tax**		**996**	1,135
VI.	**Exceptional items :**	25	**432**	-
VII.	**Profit before tax**		**1,428**	1,135
VIII.	**Tax expenses:**			
	(a) Current tax		**395**	472
	(b) Deferred tax (refer note 41)		**153**	(162)
			548	310
IX.	**Profit after tax**		**880**	825
X.	**Other comprehensive income**			
A)	(I) Items that will not be reclassified to profit or loss			
	(a) Re-measurement loss on defined benefit plans		**(14)**	(5)
	(II) Income tax relating to items that will not be reclassified to profit or loss		**3**	2
B)	(I) Items that will be reclassified to profit or loss			
	(a) Net movement of effective portion on cash flow hedge		**(17)**	10
	(II) Income tax relating to items that will be reclassified to profit or loss		**5**	(4)
XI.	**Other comprehensive income for the year**		**(23)**	3
XII.	**Total comprehensive income for the year**		**857**	828
XIII.	**Earnings per Equity share (Face value of Rs. 10/- each)**	34		
	(a) Basic (in Rs.)		**40.25**	37.71
	(b) Diluted (in Rs.)		**40.25**	37.71
	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
Firm Registration No : 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
Comviva Technologies Limited

C. P. Gurnani
Director
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Director
Bengaluru

Sunita Umesh
Director
Gurugram

Rajat Mukherjee
Director
New Delhi

Manoranjan Mohapatra
Chief Executive Officer
Gurugram

Neeraj Jain
Chief Financial Officer
Gurugram

Parminder Singh Bakshi
Company Secretary
Gurugram

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a. Equity share capital

Particulars	Number of Shares	Equity Share Capital (Rs. in Million)
Balance As at April 1, 2018	21,869,000	219
Balance as at March 31, 2019	**21,869,000**	**219**
Balance as at April 1, 2019	21,869,000	219
Balance as at March 31, 2020	**21,869,000**	**219**

b. Other Equity

Rs. 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, 2018	566	53	4,913	(2)	5,530
Profit for the year	-	-	825	-	825
Other comprehensive Income	-	-	(3)	6	3
Total comprehensive income	**-**	**-**	**822**	**6**	**828**
Additions during the year	-	-	-	-	-
Balance as at March 31, 2019	566	53	5,735	4	6,358
Balance as at April 1, 2019	**566**	**53**	**5,735**	**4**	**6,358**
Transition Impact of Ind AS 116			(32)		(32)
Profit for the year	-	-	880	-	880
Other comprehensive income	-	-	(11)	(12)	(23)
Total comprehensive income	**-**	**-**	**869**	**(12)**	**857**
Additions during the year	-	-	-	-	-
Balance as at March 31, 2020	**566**	**53**	**6,572**	**(8)**	**7,183**

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
Comviva Technologies Limited

C. P. Gurnani
Director
Noida

Jagdish Mitra
Director
Noida

Vivek Satish Agarwal
Director
Bengaluru

Sunita Umesh
Director
Gurugram

Rajat Mukherjee
Director
New Delhi

Manoranjan Mohapatra
Chief Executive Officer
Gurugram

Neeraj Jain
Chief Financial Officer
Gurugram

Parminder Singh Bakshi
Company Secretary
Gurugram

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in million

	Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Rs.	**Rs.**	Rs.	Rs.
A]	**Cash flows from operating activities**				
	Profit before tax		**1,428**		1,135
	Adjustments for:				
	Depreciation and amortization	**248**		174	
	(Profit)/loss on sale of property, plant and equipment	**(0)**		(1)	
	Profit of on sale of investment	**(0)**		-	
	Interest expense	**59**		31	
	Interest income	**(7)**		(27)	
	Dividend income	**(10)**		(10)	
	Profit on sale of investment in subsidiary	**(473)**		-	
	Provision for impairment	**41**		-	
	Unrealised foreign exchange gain net	**(191)**		(7)	
	Provision for doubtful debts (net)	**206**		261	
	Provision for warranty	**10**		-	
	Reversal of provision no longer required	**(61)**		(75)	
			(178)		346
	Operating Profit before working capital changes		**1,250**		1,481
	Adjustments for changes in working capital:				
	Increase/(decrease) in trade payable, other liabilities and provisions	**367**		(72)	
	Increase in trade receivables	**(627)**		(662)	
	Increase /(decrease) in other assets, loans and advances	**520**		(644)	
			260		(1,378)
	Cash generated from operations		**1,510**		103
	Direct taxes paid (net)		**(633)**		(351)
	Net cash flows generated/(used) in operating activities (A)		**877**		(248)
B]	**Cash flows from investing activities**				
	Purchase of property, plant and equipment & intangible assets	**(263)**		(154)	
	Interest received	**4**		22	
	Dividend received	**9**		10	
	Purchase of current investments (net)	**(490)**		-	
	Investment in subsidiary	**(72)**		89	
	Sale of Investment in subsidiary	**661**		5	
	Sale of property, plant and equipment	**1**		1	
	Proceed from sub-lease	**10**		-	
	Net Cash flows used in investing activities (B)		**(140)**		(27)

Rs. in million

Particulars		For the year ended March 31, 2020		For the year ended March 31, 2019	
		Rs.	Rs.	Rs.	Rs.
C]	**Cash flows from financing activities**				
	Repayment of other borrowings (net)	-		(4)	
	Proceeds/repayment from short term borrowings (net)	(342)		205	
	Lease obligation	(86)		-	
	Interest Paid	(57)		(31)	
	Net cash flows generated/(used) from financing activities (C)		(485)		170
D]	**Exchange differences on translation of foreign currency cash and cash equivalents**		4		1
	Net Increase/(decrease) in cash and cash equivalents(A + B+ C + D)		256		(104)
	Cash & cash equivalents at the end of the year (refer note 1 below)		832		576
	Cash & cash equivalents at the beginning of the year		576		680
	Net Increase/(decrease) in cash and cash equivalents		256		(104)

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
Note 1:		
Cash and cash equivalents include:		
Cash on hand	1	0
Remittances in transit	133	0
Balance with banks		
- In current accounts	698	576
Total Cash and cash equivalents - refer note 10	832	576

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
Firm Registration No : 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020 were approved by the Board of Directors and authorised for issue on April 28, 2020.

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 proportionate method for measurement of performance obligation in accounting for its fixed price contracts. Use of the proportionate 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 Rs. 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Computer Software and hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of Software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of 4 years.

2.5 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

As a lessee:

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the company has chosen to apply the practical expedient as per the standard.

As a lessor

The company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The company does not have any significant impact on account of sub-lease on the application of this standard.

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

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the condensed interim statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered, revenue against these services recognised over the period of time using proportionate method for measuring performance obligation.

Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billings in excess of revenues.

Use of significant judgments in revenue recognition.

The Company’s contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

Dividend income is recognized when the Group’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.

1.18 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.

Note 3 - Property, Plant and Equipment

Rs. in million

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at April 1, 2019	Additions during the year	Disposals during the year	As at March 31, 2020	As at April 1, 2019	During the year	On disposal during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
3A. Tangible Assets										
Plant and equipments	898	82	167	813	760	83	166	677	136	138
(Previous year)	910	61	73	898	755	78	73	760	138	155
Furniture and fixtures	45	2	14	33	37	3	14	26	7	8
(Previous year)	45	0	0	45	33	5	1	37	8	12
Office equipments	72	29	3	98	49	12	4	57	41	23
(Previous year)	65	7	0	72	40	9	0	49	23	25
Improvement to leased premises	120	1	12	109	68	16	12	72	37	52
(Previous year)	120	0	-	120	52	16	-	68	52	68
Right to use of office premises	-	514	-	514	-	96	-	96	418	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
Total	**1,135**	**628**	**196**	**1,567**	**914**	**210**	**196**	**928**	**639**	**221**
Previous year	1,140	68	73	1,135	880	108	74	914	221	260
3B. Intangible Assets (Other than internally generated)										
Computer software	545	19	-	564	545	19	-	564	0	-
(Previous year)	499	56	10	545	498	57	10	545	-	1
Intellectual property rights	35	128	-	163	26	19	-	45	118	9
(Previous year)	35	-	-	35	17	9	-	26	9	18
Total	**580**	**147**	**-**	**727**	**571**	**38**	**-**	**609**	**118**	**9**
Previous Year	534	56	10	580	515	66	10	571	9	19

Note 4 (i)- Non-current investments :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
In subsidiaries		
Comviva Technologies Nigeria Limited		
A wholly owned subsidiary incorporated in Nigeria.		
683,916,187 (March 31, 2019: 683,916,187) Common Stock of Naira 1 each, fully paid up	**151**	151
Comviva Technologies FZ-LLC	**1**	1
A wholly owned subsidiary incorporated in UAE.		
55 (March 31, 2019: 55) Common Stock of AED 1,000 each, fully paid up		
Comviva Technologies Singapore PTE Limited	**28**	28
A wholly owned subsidiary incorporated in Singapore.		
561,000 (March 31, 2019 : 561,000) Common Stock of SGD 1 each, fully paid up		
Less: provision for impairment(refer note 25)	**(28)**	-
Comviva Technologies B.V.	**72**	1
A wholly owned subsidiary incorporated in Netherlands.		
9,11,131 (March 31, 2019: 10,001) Common Stock of EUR 1 each, fully paid up		
Terra Payment Services (Netherlands) B.V.	**-**	187
A wholly owned subsidiary incorporated in Netherland.		
(March 31, 2019 : 2,549,554) Common Stock of EUR 1 each, fully paid up		
Comviva Technologies (Argentina) S.A.	**14**	14
790 (March 31, 2019: 790) common stock ARL 1 Each, fully paid)		
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA)	**2**	2
5,000 (March 31, 2019: 5,000) common stock BRL 1 Each, fully paid		
Terra Payment Services South Africa (PTY) Ltd.	**-**	0
120 shares (March 31, 2019: 120) for USD 100 at Nill par value		
Investment in Comviva Technologies Madagascar Sarlu	**1**	1
3,200 shares (March 31, 2019: 3,200) for MGA 20,000 Each, fully paid		
Total	**241**	385

Note 4 (ii) - Current investments :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Investment in mutual funds-Unquoted (Carried at fair value through P&L)		
UTI Mutual Fund : 181,207.184 units (Previous year: Nil) @ NAV Rs. 2712.4764 (Previous year: Nil)	**490**	-
Total	**490**	-

Note 5 - Loans : Non Current

Rs. in million

Particulars	As at March 31, 2020	March 31,2019
(Unsecured, considered good unless otherwise stated)		
Loan to subsidiary (refer note 28)	**31**	28
Less: Provision for Impairment(Refer Note 25)	**(13)**	-
Total	**18**	28

Note 6 - Deferred tax assets(Refer Note 42):

Rs. in million

Particulars	As at March 31, 2020	March 31,2019
Break up of deferred tax assets		
Provision for Employee benefits	**137**	184
Provision for Inventory and Trade receivables	**155**	176
Property, Plant & Equipment and Intangible assets	**-**	50
MAT credit entitlement	**-**	18
Cash flow hedging reserve	**3**	-
Others	**122**	69
Break up of deferred tax liability		
Cash flow hedging reserve	**-**	(2)
Property, Plant & Equipment and Intangible assets	**(67)**	-
Total	**350**	495

Note 7 - Other Assets :

(i) Other non current assets

Rs. in million

Particulars	As at March 31, 2020	March 31,2019
- Balance with Government authorities	**44**	203
- Prepaid expenses	**6**	70
Total	**50**	273

(ii) Other current assets

Rs. in million

Particulars	As at March 31, 2020	March 31,2019
- Advance to suppliers		
-Considered good	**21**	3
-Other loan and advances		
-Considered good	**44**	36
-Considered doubtful	**9**	-
	53	36
-Provision for doubtful advances	**9**	-
	44	36
- Balance with Government authorities	**267**	125
- Prepaid expenses	**115**	60
- Contract Asset	**363**	359
- Dividend receivable	**1**	-
Total	**811**	583

Note 8 - Inventories :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
(Valued at lower of cost and net realizable value)		
- Others - Stock of IT equipments and purchased software (consumed in IT projects)	**89**	41
Total	**89**	41

Note 9 - Trade receivables :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Trade Receivables (Unsecured)		
- Considered good*	**4,270**	3,676
- Considered doubtful	**613**	475
	4,883	4,151
Less: Allowance for doubtful debts	**613**	475
Total	**4,270**	3,676

* Net of advances aggregating to Rs. 157 million (previous year: Rs. 139 million) pending adjustments with invoices.

Note 10- Cash and cash equivalents :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Cash on hand	**1**	0
Remittances in transit	**133**	0
Balances with banks:		
- In current accounts	**698**	576
Total	**832**	576

Note 11 - Other balances with bank :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Earmarked balances with bank		
-Balance held under Escrow account	**23**	20
Remittances in transit (more than three months)	**-**	87
Balances held as margin money/security towards obtaining bank guarantees	**27**	54
Total	**50**	161

Note 12 - Other financial assets :

(i) Other Financial assets : Non Current

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Unbilled receivables	**27**	-
Security deposits		
- Considered good	**47**	52
- Considered doubtful	**3**	2
	50	54
- Provision for doubtful advances	**3**	2
	47	52
Total	**74**	52

(ii) Other Financial assets : Current

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Unbilled receivables	**778**	1,214
Dues from subsidiary companies (Refer note 28)	**95**	79
Fair values of foreign exchange forward contracts	**-**	33
Interest accrued	**13**	12
Security deposits	**7**	51
Total	**893**	1,389

Note 13 - Share capital :

Rs. in million

Particulars	As at March 31, 2020		As at March 31,2019	
	Number	**Rs. in million**	**Number**	Rs. in million
(a) Authorized :				
Equity shares of Rs. 10 each	**25,500,000**	**255**	25,500,000	255
Series A 0.001% fully convertible non-cumulative preference shares of Rs. 10 each	**8,000,000**	**80**	8,000,000	80
(b) Issued, subscribed and fully paid up :				
Equity shares of Rs. 10 each fully paid up	**21,869,000**	**219**	21,869,000	219
Total	**21,869,000**	**219**	21,869,000	219

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, 2020		As at March 31,2019	
	Number	**Rs. in million**	**Number**	Rs. in million
Equity Shares				
Opening Balance	**21,869,000**	**219**	21,869,000	219
Add: Shares issued during the year	**-**	**-**	-	-
Closing Balance	**21,869,000**	**219**	21,869,000	219

(ii) Terms, rights and restrictions attached to:

Equity Shares:

The Company has equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

Series A 0.001% fully convertible non-cumulative preference shares:

The Company has class of fully convertible non-cumulative redeemable preference shares having a par value of Rs. 10 per share.

(iii) Details of shares held by the holding company

Particulars	As at	
	March 31, 2020	March 31,2019
Tech Mahindra Limited	**21,866,906**	21,866,906

(iv) Details of equity shares held by shareholder holding more than 5%:

Particulars	March 31, 2020		March 31,2019	
	No of Shares	**% of Holding#**	**No of Shares**	% of Holding#
Tech Mahindra Limited	**21,866,906**	**99.99%**	21,866,906	99.99%

This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

Note 14 - Other Equity :

Rs. in million

Particulars	As at			
	March 31, 2020		**March 31,2019**	
Securities premium account		**566**		566
Capital Reserves		**53**		53
Hedging reserve (refer note 30)				
Opening balance	**4**		(2)	
Add/(less): Other Comprehensive income	**(12)**		6	
Closing balance		**(8)**		4
Surplus in the statement of profit and loss				
Opening balance	**5,735**		4,913	
(Less): Transition impact of Ind AS 116	**(32)**		-	
Add : Profit for the year	**880**		825	
(Less): Other comprehensive income	**(11)**		(3)	
Closing balance		**6,572**		5,735
Total		**7,183**		6,358

Note 15 -Short-term borrowings :

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Secured		
-Cash credit *	**1**	62
-Working Capital Demand Loan	**-**	280
Total	**1**	342

*Secured by book debt, inventory and moveable fixed assets and carries an interest rate of 7.9% . These loans are repayable on demand

Note 16 - Provisions :

(i) Long-term provisions

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Provision for employee benefits		
-Gratuity (refer note 26)	**157**	133
-Compensated absences	**42**	36
-Provision for long term incentives and others	**-**	90
Total	**199**	259

(ii) Short-term provisions

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Provision for employee benefits		
-Gratuity (refer note 26)	**29**	23
-Compensated absences	**27**	22
	56	45
Provision for warranties (refer note 35)	**10**	7
Total	**66**	52

Note 17 - Other liabilities :

(i) Non-current liabilities

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Unearned revenue	**15**	18
Total	**15**	18

(ii) Current liabilities

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Unearned revenue	**35**	32
Statutory remittances	**141**	101
Advance from customers	**112**	134
Total	**288**	267

Note 18 - Trade payables :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Creditors for supplies / services	**1,257**	960
Total	**1,257**	960

* Refer note 38 for Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Note 19 - Other Financial liabilities:

(i) Other Financial liabilities: Non Current

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Lease obligation	**324**	-
Liability for sub-lease refundable security	**10**	-
Total	**334**	-

(ii) Other Financial liabilities : Current

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Employee related payables	**295**	232
Lease obligation	**80**	-
Payables on purchase of Property, plant and equipment	**36**	52
Contractual obligation	**10**	9
Fair values of foreign exchange forward contracts	**43**	-
Total	**464**	293

Note 20 - Revenue from operations :

Rs. in million

Particulars	For the year ended March 31,2020	For the year ended March 31, 2019
Income from Comviva Product and related managed support:		
Licence Fee with Implementation and other services*	**3,817**	3,868
Revenue sharing arrangements	**668**	684
Annual maintenance contract services	**1,712**	1,437
	6,197	5,989
Income from sale of equipments and software (third party)**	**100**	478
Total	**6,297**	6,467

* 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, software and other items sold (refer note 24).

Note 21 - Other income :

Rs. in million

Particulars	For the year ended March 31,2020	For the year ended March 31, 2019
Interest income	**7**	27
Dividend income		
- Dividend received from subsidiary	**9**	10
- Gain due to fair valuation	**1**	-
Foreign exchange gain	**270**	(15)
Sundry Balances written back	**61**	75
(Profit) on Sale of property, plant and equipment (Net)	**0**	1
Miscellaneous Income	**4**	1
Income from sub-lease	**21**	-
Total	**373**	99

Note 22- Employee benefits expense :

Rs. in million

Particulars	**For the year ended March 31,2020**	For the year ended March 31, 2019
Salaries, wages and bonus*	**2,273**	2,271
Contribution to provident and other funds (refer note 26)	**218**	131
Staff welfare expenses	**74**	92
Total	**2,565**	2,494

"* It includes long term incentive plan payable to senior management based on future projected earnings of the company. However, based on revised projections, same is not payable on account and hence has been reversed during the year amounting to INR 89 million (Previous year: Nil)

Note 23- Finance costs :

Rs. in million

Particulars	**For the year ended March 31,2020**	For the year ended March 31, 2019
Interest expense on bank overdraft and others	**26**	31
Finance cost related to ROU liability	**33**	-
Total	**59**	31

Note 24- Other expenses :

Rs. in million

Particulars		**For the year ended March 31,2020**		**For the year ended March 31, 2019**
Cost of hardware equipments,softwares and other items		**710**		818
Royalty and software charges		**37**		49
Travelling and conveyance		**495**		441
Freight and forwarding charges		**4**		6
Recruitment Expenses		**15**		9
Power and fuel		**29**		30
Rent		**51**		132
Rates and taxes		**17**		41
Insurance		**46**		27
Repairs and maintenance:				
- Machinery and computers	**6**		12	
- Building	**38**		35	
- Others	**184**		104	
		228		151
Advertising and sales promotion		**64**		75
Communication costs		**43**		44
Corporate Social Responsibility		**23**		23
Legal and professional fees(refer note 31)		**124**		104
Conference expenses		**64**		34
General office expenses		**25**		23
Provision for doubtful debts (net)				
- Bad debts	**102**		3	
- Provision for debts	**114**		258	
		216		261
Miscellaneous expenses (including warranty) (refer note 35)		**24**		15
Total		**2,215**		2,283

Note 25- Exceptional items :

Rs. in million

Particulars	**For the year ended March 31,2020**	For the year ended March 31, 2019
Profit on sale of investment in subsidiary(Refer Note 44)	**473**	-
Provision for impairment*	**(41)**	-
Total	**432**	-

*During the year, the Company has made a provision for impairment loss of Rs. 28 million against the investment made in and Rs. 13 million against loan given to Comviva technologies Singapore PTE Limited, on account of continuing losses and future projection as assessed by management.

26. 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 Rs. 186 million (year ended March 31, 2019 : Rs. 99 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, 2020, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 1241 million (March 31, 2019 Rs. 1048 million) and Rs. 697 million (March 31, 2019 Rs.587 million) respectively. In accordance with an actuarial valuation, there is deficiency in the interest cost as the present value of the expected future earnings on the fund is lower than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.50% with a expected shortfall of 0.08%. The actuarial assumptions include discount rate of 6.80%. The Company recognised Rs. 76 million (March 31, 2019: Rs. 68 million) for provident fund contributions in the statement of profit and loss and also during the year company has also recognised the provision against expected future fall of investment value of Rs 76 million through profit and loss account

b) Defined Benefit Plan - Gratuity

i) The Defined Benefit Plan comprises of Gratuity.

ii) Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

iii) The defined benefit plan is partially 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 :

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Present Value of Defined Benefit Obligation as at the beginning of the year	**161**	138
Service Cost	**22**	23
Interest cost	**10**	10
Benefits Paid	**(19)**	(14)
Actuarial (gain)/loss - experience	**9**	2
Actuarial (gain)/loss - demographic assumptions	**(0)**	-
Actuarial (gain)/loss - financial assumptions	**5**	2
Present Value of Defined Benefit Obligation as at the end of the year	**188**	161

II] Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Opening fair value of plan assets as at the beginning of the year	**5**	10
Interest income on plan assets	**0**	1
Contributions by employer	**4**	8
Benefits Paid	**(7)**	(13)
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	(1)
Closing fair value of plan assets as at end of the year	**2**	5

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)

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Net defined benefit asset/(liability) at end of prior period	**(156)**	(128)
Service Cost	**(22)**	(23)
Net interest on net defined benefit liability / (asset)	**(10)**	(9)
Amount recognised in OCI	**(14)**	(5)
Employer contribution	**4**	9
Benefits Paid (Net)	**12**	-
Net defined benefit Asset/(Liability) recognised in Balance Sheet	**(186)**	(156)

IV] Components of employer expenses recognised in the Statement of Profit and Loss:

Rs. in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Service Cost	**22**	23
Interest cost	**10**	10
Expected return on plan assets	**(0)**	(1)
Net Actuarial (Gain)/ Loss	**-**	-
Total expense recognised in the Statement of Profit & Loss	**32**	32

V] Components of employer expenses recognised in the other comprehensive income:

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Actuarial (gain)/loss due to DBO experience	**(9)**	2
Actuarial (gain)/loss - demographic assumptions	**0**	-
Actuarial (gain)/loss due to DBO assumption changes	**(5)**	2
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	1
Actuarial (gain)/loss recognised in OCI	**(14)**	5

VI] Assumptions

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	**6.10%**	7.10%
Salary Escalation Rate	**6.50%**	7.00%
Employee Separation Rate	**17.00%**	16.00%

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

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
A: Discount rate		
1. Effect on DBO due to 0.5% increase in discount rate	**(4)**	(4)
2. Effect on DBO due to 0.5% decrease in discount rate	**4**	4
B: Salary Escalation Rate		
1. Effect on DBO due to 0.5% increase in Salary escalation rate	**4**	4
2. Effect on DBO due to 0.5% decrease in Salary escalation rate	**(4)**	(3)
C: Withdrawal Rate		
1. Effect on DBO due to 5% increase in withdrawal rate	**(2)**	(1)
2. Effect on DBO due to 5% decrease in withdrawal rate	**3**	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 period ended (Rs. in million)

1. March 31, 2021	33
2. March 31, 2022	32
3. March 31, 2023	30
4. March 31, 2024	31
5. March 31, 2025	34
6. March 31, 2026 to March 31, 2030	148

IX] Expected employer contributions for the period ended March 31, 2021 (Rs. in million) 8

X] Weighted average duration of defined benefit obligation 5 years

XI] Accrued benefit obligation as at March 31, 2020 (Rs. in million) 138

XII] Vested benefit obligation as at March 31, 2020 (Rs. in million) 163

XIII] Plan asset information:

Particulars	As at March 31, 2020	As at March 31, 2019
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 partially 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 insurance funded arrangements.

27 Disclosure as per IND AS 116-Leases

I. The details of the right-of-use asset held by the company is as follows:

Rs. in million

Particulars	**Additions for the year ended March 31, 2020**	Net carrying amount as at March 31, 2020
Right to use of office premises	**514**	418
Total	**514**	418

II. Amounts recognised in statement of profit and loss:

A. Expense recognised:

Rs. in million

Particulars	**For the year ended March 31, 2020**
Depreciation	**96**
Short-term lease expense	**51**
Interest on lease liability	**33**
Total	**180**

B. Income recognised:

Rs. in million

Particulars	**For the year ended March 31, 2020**
Income from sub-lease	**21**
Total	**21**

III. Amounts recognised in statements of cash flows:

Particulars	**For the year ended March 31, 2020**
Cash outflow for leases	**118**
Total	**118**

IV. Maturity analysis for lease liabilities

i) Minimum Lease payments

Rs. in million

Particulars	For the year ended March 31, 2020
For 1 Year	**104**
For 2 to 5 years	**359**
Above five year	**14**
Total	**477**

ii) Present Value of Minimum Lease Payments

Rs. in million

Particulars	For the year ended March 31, 2020
For 1 Year	**82**
For 2 to 5 years	**309**
Above five year	**13**
Total	**404**

Impact of COVID-19

The leases that the company has entered with lessors towards properties used as delivery centres/sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

28. Related Party Disclosure

a) Name of the related party and nature of relationship:-

Name of the Related Party	Extent of holding / Relationship
Tech Mahindra Limited	Holding company
Where control exists:	
Comviva Technologies 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 USA INC.***	100 % Subsidiary
Comviva Technologies Myanmar Limited****	100 % Subsidiary
Comviva Technologies Cote D'Ivoire ##	100 % Subsidiary
Comviva Technologies Madagascar Sarlu.	100 % Subsidiary
YABX Technologies (Netherlands) BV	100 % Subsidiary
Comviva Technologies B.V. and its subsidiaries #	100 % Subsidiary
Comviva Technologies (Argentina) S.A.	95% subsidiary of Comviva Technologies B.V.
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as 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 Healthcare LLC	Fellow subsidiary
Tech Mahindra Nigeria Limited	Fellow subsidiary
Tech Mahindra Guatemala, S.A.	Fellow subsidiary
Tech Mahindra Growth Factories Limited	Fellow subsidiary
Leadcom Integrated Solutions Limited	Fellow subsidiary
Bharti Telesoft International Pvt. Ltd. Executives Providend Fund Trust	Post-employment benefit plan (Trust)
Bharti Telesoft Ltd. Employee Group Gratuity Trust	Post-employment benefit plan (Trust)
Key Management Personnel:	
Manoranjan Mohapatra	Chief Executive Officer
Neeraj Jain	Chief Financial Officer
Sriram Gopalakrishnan	Chief Financial Officer(Till 8 Nov.2018)

^^^ With effect from 2 January 2020 , subsidiary has been sold off.

^^^^^ With effect from 6 March 2020, subsidiary has been sold off.

*** Incorporated on 5 November 2019.

**** Incorporated on 6 December 2019.

Incorporated on 18 February 2020, yet to commence operations.

“# Corporate Guarantee of Rs. 2,080 million (USD 28 million) to Bank of America for availing credit facility by Comviva Technologies B.V.

^^ With effect from 2 March 2020, subsidiary has been sold off.

^^^^ With effect from 11 December 2019, subsidiary’s name has been stricken off.

b) Transactions with Related Parties:

Rs. in million

Particulars	Transactions For the year ended March 31, 2020 Revenue / (Expense)								Balance as at March 31, 2020 Debit / (Credit)											
	Sales	Interest Income	Cost of Goods/ Service (received)/ provided	Reimbursement of Expenses	Cost of fixed assets	Donation Given	Share Capital	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Contract Asset	Other Current Assets	Trade Payables#	Loans & other financial assets / liabilities	Contractual obligation s	Investment	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Subsidiary Companies																				
Comviva Technologies Inc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comviva Technologies Nigeria Limited	-	-	(25)	-	-	-	-	-	39	-	-	-	-	89	-	151	-	-	-	-
Comviva Technologies Singapore PTE. Ltd.	-	-	-	-	-	-	-	-	6	-	-	-	(21)	31	-	28	13	-	(3)	-
Comviva Technologies FZ-LLC	91	-	-	-	-	-	-	-	192	16	0	-	(71)	(1)	-	1	-	(9)	(3)	-
Terra Payment Services (Netherlands) BV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comviva Technologies B.V.	64	-		7	(128)	-	(71)	-	204	30	7	-	-	7	(10)	72	-	-	(7)	-
Comviva Technologies (Argentina) S.A. **	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-	-	-	-
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-
Terra Payment Services (Netherlands) BV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terra Payment Services (Tanzania) Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mobex Money Transfer Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terra payment services South Africa (Pty) limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Transactions For the year ended March 31, 2020 Revenue / (Expense)								Balance as at March 31, 2020 Debit / (Credit)											
	Sales	Interest Income	Cost of Goods/ Service (received)/ provided	Reimbursement of Expenses	Cost of fixed assets	Donation Given	Share Capital	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Contract Asset	Other Current Assets	Trade Payables#	Loans & other financial assets / liabilities	Contractual obligation s	Investment	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Comviva Technologies Madagascar Sarlu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
Holding Company																				
Tech Mahindra Limited	167	-	-	(29)	-	-	-	-	250	46	19	-	(27)	-	-	-	-	(0)	(0)	
Fellow Subsidiaries																				
PT Tech Mahindra Indonesia	22	-	-	-	-		-	-	72	9	-	-	-	-	-	-	-	-	(10)	-
Tech Mahindra Foundation	-	-	-	-	-	(12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Healthcare LLC				10						1			(10)							
Tech Mahindra Nigeria Limited	-	-	-	-	-		-	-	32	0	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Guatemala, S.A.	(34)	-	-	-	-		-	-	32	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Growth Factories Limited	-	-	(2)	-	-		-	-	-			1	(2)	-	-	-	-	-	-	-
Tech Mahindra South Africa (Pty) Limited	1	-	-	-		-	-	-	1											
Key Management Personnel*																				
Manoranjan Mohapatra	-	-	-	-	-	-	-	(40)	-	-	-	-	-	-	-	-	-	-	-	(4)
Neeraj Jain	-	-	-	-	-	-	-	(11)	-	-	-	-	-	-	-	-	-	-	-	(1)

* * Shares purchased from Comviva Technologies BV

Particulars	Transactions For the year ended March 31, 2019 Revenue / (Expense)								Balance as at March 31, 2019 Debit / (Credit)											
	Sales	Interest Income	Cost of Goods/ Service (received)/ provided	Reimbursement of Expenses	Cost of fixed assets	Donation Given	Share Capital	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Contract Asset	Other Current Assets	Trade Payables#	Loans & other financial assets / liabilities	Contractual obligation s	Investment	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Subsidiary Companies																				
Comviva Technologies Inc	-	-	-	-	-	-	(10)	-	-	-	-	-	-	-	-	-	-	-	-	-
Comviva Technologies Nigeria Limited	-	-	(14)	-	-	-	-	-	36	-	-	-	-	82	-	151	-	-	-	-
Comviva Technologies Singapore PTE. Ltd.	-	2	-	-	-	-	-	-	5	-	-	-	(19)	28	-	28	12	-	(3)	-
Comviva Technologies FZ-LLC	92	-	(4)	-	(1)	-	-	-	144	12	4	-	(65)	(3)	-	1	-	(20)	(13)	-
Terra Payment Services (Netherlands) BV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	187	-	-	-	-
Comviva Technologies B.V.	234	-	-	-	-	-	-	-	22	141	15	-	-	-	(9)	1	-	-	(11)	-
ATS Advanced Technology Solutions S.A.**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-	-	-	-
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-
Terra Payment Services (Netherlands) BV	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terra Payment Services (Tanzania) Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-
Mobex Money Transfer Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-
Terra payment services South Africa (Pty) limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-
Comviva Technologies Madagascar Sarlu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
														-						
Holding Company														-	-	-	-	-	-	-

Particulars	Transactions For the year ended March 31, 2019 Revenue / (Expense)								Balance as at March 31, 2019 Debit / (Credit)											
	Sales	Interest Income	Cost of Goods/ Service (received)/ provided	Reimbursement of Expenses	Cost of fixed assets	Donation Given	Share Capital	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Contract Asset	Other Current Assets	Trade Payables#	Loans & other financial assets / liabilities	Contractual obligation s	Investment	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Tech Mahindra Limited	169	-	-	(2)	-	-	-	-	171	126	18	-	(1)	-	-	-	-	(0)	(17)	-
Fellow Subsidiaries																				
PT Tech Mahindra Indonesia	76	-	-	-	-	-	-	-	20	55	-	-	-	-	-	-	-	-	(0)	-
Tech Mahindra Foundation	-	-	-	-	-	(13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	1	-	-	-	-	-	-	-	29	0	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Guatemala, S.A.	29	-	-	-	-	-	-	-	29	33	7	-	-	-	-	-	-	-	-	-
Tech Mahindra Growth Factories Limited	-	-	(6)	1	-	-	-	-	1	-	-	-	(0)	-	-	-	-	-	-	-
Leadcom Integrated Solutions limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel*																				
Manoranjan Mohapatra	-	-	-	-	-	-	-	(31)	-	-	-	-	-	-	-	-	-	-	-	(4)
Neeraj Jain	-	-	-	-	-	-	-	(4)	-	-	-	-	-	-	-	-	-	-	-	(1)
Sriram Gopalakrishnan	-	-	-	-	-	-	-	(8)	-	-	-	-	-	-	-	-	-	-	-	(1)

*The breakup of compensation of Key management personnel is as follows:

Rs. in million

Key Management Personnel	Short-term employee benefits	Post-employment benefits**	Other long-term benefits**	Termination benefits	Total
Manoranjan Mohapatra	40	-	-	-	40
	[31]	[-]	[-]	[-]	[31]
Neeraj Jain	11	-	-	-	11
	[4]	[-]	[-]	[-]	[4]
Sriram Gopalakrishnan	-	-	-	-	-
	[8]	[-]	[-]	[-]	[8]

** 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, 2019.

Trade payables includes creditors for capital goods.

29 Contingent Liabilities and Commitments:

(i) Contingent Liabilities:

Rs. in million

Sr. No.	Particulars	**As at March 31, 2020**	As at March 31, 2019
1	Bank Guarantees	**110**	72
2	Corporate Guarantee*	**2,080**	1,902
3	Income tax matters (refer note I)	**429**	424
4	Indirect tax matters (refer note II)	**427**	424
5	Other claims against the company not acknowledged as debts (refer note III)	**50**	50

*Corporate Guarantee of USD 28 million (Rs.2,080 million) given to the bank for availing credit facility by Comviva Technologies B.V. (100% subsidiary of the company).

Note:

I Income Tax Matter:

a) Demand from Income Tax Authorities for Assessment year 2005-06 (from Assistant Commissioner of Income Tax) Rs. 3 million (March 31, 2019 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2019 - Rs. 2 million) under protest.

b) Demand from Income Tax Authorities for Assessment year 2006-07 (from Assistant Commissioner of Income Tax) Rs. 2 million (March 31, 2019 Rs. 2 million)

c) Demand from Income Tax Authorities for Assessment year 2007-08 u/s 154 (from Assistant Commissioner of Income tax) Rs. 3 million (March 31, 2019 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2019 Rs. 2 million) under protest.

d) DR Congo tax authorities has raised tax demands (including interest and penalties) by issuing AMR's for the year's 2012-2018 on account of late deposit of tax returns, VAT and WHT notices for an amount of CDF 241 million (Rs 11 million) (March 31, 2019: CDF 230 million (Rs. 10 million) net of provision. Recovery of these AMR's have been done from our bank account as well as from our customers. We are in the process of discussions with the tax authorities. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

e) The Chad Income tax authorities have raised the tax demand for the year 2014 and the company has disclosed contingent liability of XAF 351 million (Rs 45 million) (March 31, 2019 : XAF 351 million, Rs. 39 million). The company has filed an appeal against the final order in June 2018 and deposited 15% of the disputed tax demand with the tax authorities in April 2018. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

f) The Chad Income tax authorities have revised the tax demand to XAF 24 million (Rs 3 million) (March 31, 2019 : XAF 24 million, Rs 3 million) for the year 2015 vide final order dated March 15, 2018. The company has filed an appeal against the final order in June 2018 and deposited 15% of the disputed tax demand with the tax authorities in April 2018. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

g) The Company has received an order u/s 143(3) of the Income Tax Act,1961 from the AO for Assessment year 2013-14 with adjustments in the returned income and short grant of prepaid taxes. Consequently there is reduction in refund of Rs 29 million (March 31, 2019: Rs 29 million). The Company has filled appeal before CIT (A) on January 27, 2017 and has furnished additional evidences to the CIT(A) in the last hearing dated 25 March 2019 and 22 November 2019. The order is still awaited from the CIT(A) on this matter.

h) The Company has received an order u/s 143(3) of Income Tax Act,1961 from the AO for Assessment year 2014-15 with adjustments in the returned income and short grant of prepaid taxes. Consequently there is reduction in refund of Rs 119 Million (March 31, 2019: Rs 119 million). The Company has filled appeal before CIT (A) on January 27, 2017 and has furnished additional evidences to the CIT(A) in the last hearing dated 25 March 2019 The order is still awaited from the CIT(A) on this matter.

i) 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 (Rs. 35 million) (March 31, 2019 : XAF 277 million, Rs 31 million).

j) Tax demand of XOF 193 million (Rs. 25 million) (March 31, 2019 : XOF 193 million (Rs. 23 million)) has been raised in Burkina Faso for corporate tax, employer and apprenticeship tax, patent Tax, single tax on wages and salaries, VAT and applicable penalties from Calendar Year 2012 to Calendar Year 2018 as per the summary tax notice received from the tax authorities. We have not been provided with the complete backup notices for the tax demand raised by the tax authorities. The company is in the process of filing an objection letter with the tax department.

k) The Company has received an order u/s 143(3) of Income Tax Act,1961 read with section 144C from the AO/ TPO for Assessment year 2015-16 with transfer pricing adjustment to the returned income for an amount of Rs. 12 million. The Company has filed an appeal before CIT(A) on March 1, 2019 and is pending for hearing.

l) The Company has received a draft tax order for Calendar Year 2016 from the Chad tax authorities with tax demand being raised for issues relating to VAT, WHT and Corporate Tax, payroll tax and penalties thereon for an amount of XAF 58 million (Rs. 7 million) in December 2018 (March 31, 2019 : XAF 58 million (Rs. 7 million)). We have received the final order dated 26 December 2019 from the tax authorities and have filed an appeal against the same. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

m) The Company has received a draft tax order from the Malawi tax authorities with tax demand being raised for issues relating to Corporate Tax and penalties thereon for an amount of MWK 187 million. This order was further revised in May 2019 and the tax demand has been reduced to MWK 48 million (Rs. 5 million) (March 31, 2019 : MWK 187 million (Rs. 18 million)). We are in the process of further filing objections before the Malawi tax authorities.

n) The Company has received a tax order from the Uganda tax authorities for FY 2017-18 in June 2019 wherein the tax authorities have raised a tax demand on a best judgement basis for an amount of UGX 1,893 million (Rs. 38 million) (March 31, 2019 : Nil). We have filed an appeal before the Uganda tax authorities.

o) The Company has received a tax order for Calendar Year 2017 from the Chad tax authorities with tax demand being raised for issues relating to VAT, WHT and Corporate Tax, payroll tax and penalties thereon for an amount of XAF 393 million (Rs. 50 million) (March 31, 2019 : Nil). The company has filed objections against the said notice. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

p) The Company has received a draft tax order for Calendar Year 2018 from the Chad tax authorities with tax demand being raised for issues relating to VAT, WHT and Corporate Tax, payroll tax and penalties thereon for an amount of XAF 359 million (Rs. 46 million) (March 31, 2019 : Nil). We are awaiting for final order from the authorities.

q) Tax demand of XOF 25 million (Rs. 3 million) (March 31, 2019 : Nil) has been raised in Burkina Faso for corporate tax, and applicable penalties for the period Calendar Year 2018 as per the summary tax notice received from the tax authorities. The demand has been raised on the best judgement assessment. The company is in the process of filing an objection letter with the tax department.

r) The company has received a final tax notification from the Niger Tax authorities dated January 16, 2020 for the year 2018 raising demand of XOF 49 million (Rs. 6 million) (March 31, 2019 : Nil) for payroll and WHT matter. The company is in process of filing an appeal against the demand raised.

II Indirect Tax Matter:

a) The Company has received an order from Commissioner of service tax confirming demand (including penalty of Rs. 204 million) for the financial years 2004-05 to 2007-08 amounting to Rs. 407 million (March 31, 2019 - Rs. 407 million). An amount of Rs. 15 million has been adjusted against the cenvat credit as a protest payment. The Company has filed an appeal before the Honourable Customs, Excise & Service Tax Appellate(CESTAT) and the same is pending for 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 arrear VAT Demand to the tune of BDT 18 Million (Rs.16 million) (March 31, 2019 : BDT 18 Million (Rs.15 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 draft order from Gabon Tax office pursuant to article P 911 of general tax code (CGI) for the amount of XAF 20 million (Rs. 3 million) (March 31, 2019 : XAF 20 million (Rs. 2 million)). The officer has confirmed the demand for the Financial Years 2013-14 to 2017-18.

d) The company has received an auto-assessment order from KRA dated November 15, 2019 for the period February 2018 requiring us to pay incremental VAT of KES 0.4 million (Rs. 0.29 million) (March 31, 2019 : Nil). The company has filed objections against the demand raised.

e) The company has received an auto-assessment order from KRA dated February 28, 2020 for the period February 2018 requiring us to pay incremental VAT of KES 0.85 million (Rs. 0.61 million) (March 31, 2019 : Nil). The company is in process of filing the objection against the demand raised.

III Other Claims:

a) It includes demand from BSES, New Delhi amounting to Rs. 15 million (March 31, 2019 Rs 15 Million) and from BESCOM, Bangalore amounting to Rs. 7 million (March 31, 2019 Rs 7 Million).

b) Includes a claim of USD-0.6 million (Rs. 45 million) (March 31, 2019 USD-0.6 million (Rs. 41 million)) by a leading telecom customer in Africa. The Company has issued a credit note of Rs. 22 million (50% of the claim amount) as an interim settlement and provided for an amount of Rs. 11 million based on it's estimate of the liability and the balance amount is shown under contingent liabilities.

c) Includes a claim of KES-22 million (Rs. 16 million) (March 31, 2019 KES-22 million (Rs. 15 million)) by a leading telecom customer in Africa. The Company has issued a credit note of Rs 5 million (30% of the claim amount) as an interim settlement and the balance amount is shown under contingent liabilities.

d) Includes a claim of KES- 7 million (Rs. 5 million) (March 31, 2019 KES- 7 Million (Rs. 5 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 December 31, 2019.

(ii) Commitments :

Rs. in million

Sr. No.	Particulars	**As at March 31, 2020**	As at March 31, 2019
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**31**	25

30. Financial Instruments

I] Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 were as follows:

Rs. 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)	832	-	-	832
Other balances with banks (refer note 11)	50	-	-	50
Trade receivables (refer note 9)	4,270	-	-	4,270
Loans (refer note 5)	18	-	-	18
Other financial assets (refer note 12(i) & 12(ii))	966	-	-	966
Total	**6,136**	**-**	**-**	**6,136**
Liabilities:				
Trade payables (refer note 18)	1,257	-	-	1,257
Borrowings (refer note 15)	1	-	-	1
Other financial liabilities (refer note 19(i) & 19(ii))	754	32	11	797
Total	**2,012**	**32**	**11**	**2,055**

The carrying value of financial instruments by categories as at March 31, 2019 were as follows:

Rs. 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)	576	-	-	576
Other balances with banks (refer note 11)	161	-	-	161
Trade receivables (refer note 9)	3,676	-	-	3,676
Loans (refer note 5)	28	-	-	28
Other financial assets (refer note 12(i) & 12(ii))	1,408	28	5	1,441
Total	**5,849**	**28**	**5**	**5,882**
Liabilities:				
Trade payables (refer note 18)	960	-	-	960
Borrowings (refer note 15)	342	-	-	342
Other financial liabilities (refer note 19(i) & 19(ii))	293	-	-	293
Total	**1,595**	**-**	**-**	**1,595**

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, 2020:

Rs. in million

Particulars	Fair value measurement as at end of the reporting period using			
	As at March 31, 2020	Level 1	Level 2	Level 3
Assets				
Derivative financial instruments - foreign currency forward contracts	-	-	-	-
Liabilities				
Derivative financial instruments - foreign currency forward contracts	43	-	43	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2019:

Rs. in million

Particulars	Fair value measurement as at end of the reporting period using			
	As at March 31, 2019	Level 1	Level 2	Level 3
Assets				
Derivative financial instruments - foreign currency forward contracts	33	-	33	-
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, 2020 in foreign currency	Fair value Gain/ (loss) in Rs.	Amount outstanding as at March 31, 2020 in Rs.	No. of Contracts
In USD	13 million	42 million*	999 million	9 Contracts
	(March 31, 2019: 21 mn)	(March 31, 2019: 29 mn)	(March 31, 2019: 1,475 mn)	(March 31, 2019: 16 Contracts)
In Euro	0.5 million	0.42 million*	41 million	1 Contract
	(March 31, 2019: 0.5 mn)	(March 31, 2019: 4 mn)	(March 31, 2019: 39 mn)	(March 31, 2019: 1 Contract)

* Loss during the year

Impact of COVID-19

The company basis their assessment believes that the probability of occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The company has also considered the effect of change, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness.

(ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit Risk Exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 5,254 million, Rs. 5,112 million as at March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of trade receivables, unbilled revenue and other financial assets. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantee is called on. Refer note 29 (i).

Trade receivable

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all 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:

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at the beginning of the year	**475**	220
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses.	**138**	255
Balance at the end of the year	**613**	475

(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's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020

Particulars	**Less Than 1 Year**	**More Than 1 Year**	**Total**
Borrowings	1	-	1
Trade Payables	1,257	-	1,257
Other financial liabilities	463	334	797

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019

Particulars	**Less Than 1 Year**	**More Than 1 Year**	**Total**
Borrowings	342	-	342
Trade Payables	960	-	960
Other financial liabilities	293	-	293

iv] Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:-

Rs. in million

Particulars	Currency	**As at March 31, 2020**		As at March 31, 2019	
		Amount in Foreign Currency	**Amount in INR Currency**	Amount in Foreign Currency	Amount in INR Currency
Trade Receivables, Unbilled Debtors & Contract Assets	BDT	**2**	**2**	2	1
	CDF	**74**	**3**	56	2
	EUR	**11**	**884**	7	547
	GBP	**0**	**7**	0	1
	GHS	**1**	**10**	0	4
	KES	**4**	**3**	10	7
	MWK	**27**	**3**	43	4
	RWF	**153**	**12**	27	2
	SCR	**1**	**5**	0	0
	SLL	**214**	**2**	78	1
	TZS	**107**	**4**	0	0
	MGA	**-**	**-**	119	2
	UGX	**262**	**5**	9	0
	KWD	**0**	**11**	0	27
	AUD	**0**	**20**	1	38
	USD	**35**	**2,659**	16	1,123
	XAF	**143**	**18**	29	3
	XOF	**155**	**20**	111	13
	ZMW	**3**	**11**	1	4
Other financial assets	AED	**0**	**7**	0	6
	BDT	**-**	**-**	7	5
	CDF	**-**	**-**	152	6
	EUR	**0**	**12**	0	9
	GBP	**0**	**1**	0	0
	KES	**4**	**3**	7	5
	MGA	**-**	**-**	116	2
	RWF	**1**	**0**	1	0
	SLL	**-**	**-**	466	4
	QAR	**-**	**-**	0	1
	TZS	**-**	**-**	77	2
	USD	**1**	**48**	0	33
	XAF	**5**	**1**	164	18
	ZMW	**-**	**-**	0	1

Rs. in million

Particulars	Currency	**As at March 31, 2020**		As at March 31, 2019	
		Amount in Foreign Currency	**Amount in INR Currency**	Amount in Foreign Currency	Amount in INR Currency
Trade Payables and Other financial liabilities	AED	**0**	**7**	0	6
	AUD	**0**	**1**	0	1
	BDT	**0**	**0**	5	4
	CDF	**(139)**	**(6)**	26	1
	EUR	**1**	**73**	1	77
	GBP	**0**	**2**	0	0
	GHS	**0**	**1**	0	2
	IDR	**190**	**1**	-	-
	KES	**3**	**2**	24	16
	KWD	**0**	**1**	0	0
	LKR	**7**	**3**	8	3
	MGA	**(157)**	**(3)**	0	0
	MWK	**7**	**1**	1	0
	MYR	**(0)**	**(2)**	0	0
	RWF	**8**	**1**	14	1
	SCR	**0**	**0**	0	1
	SGD	**0**	**0**	0	2
	SLL	**(441)**	**(3)**	125	1
	TZS	**(80)**	**(3)**	44	1
	UGX	**(12)**	**(0)**	77	1
	USD	**8**	**632**	6	448
	XAF	**121**	**15**	289	32
	XOF	**65**	**8**	9	1
	QAR	**(0)**	**(2)**	-	-
	ZAR	**1**	**6**	1	4
	ZMW	**(1)**	**(3)**	0	0

Forex sensitivity analysis:

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the company would result in increase/decrease in the company's profit before tax by approximately Rs. 368 million as at March 31, 2020 (Rs. 178 million as at March 31, 2019) for Trade Receivables, Unbilled Debtors & Contract Assets and Rs. 7 million as at March 31, 2020 (Rs. 9 million as at March 31, 2019) for other financial assets.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the company would result in decrease/increase in the company's profit before tax by approximately Rs. 73 million as at March 31, 2020 (Rs. 61 million as at March 31, 2019) for trade payables or other financial liabilities.

31 Auditor Remuneration(net of indirect taxes)

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Statutory Audit	**4**	5
Tax Audit	**1**	0
Certification and other services	**2**	1
For reimbersement of expenses	**1**	1
Total	**8**	7

32 Corporate Social Responsibilty

a) Gross Amount required to be spent by the company Rs. 23 million during the year

b) Amount spent during the year Rs. 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	-	23
	[23]	[-]	[23]

* Numbers in brackets pertains to previous year.

33 Research & development expenditure under section 35(2AB) OF Income tax Act.1961

The company has incurred research development expenditure

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue Expenditure	**-**	317
Capital Expenditure	**-**	-
Total	**-**	317

Note: The company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act'1961 as introduced by the Taxation laws(Amendment) Ordinance,2019. Accordingly, the company has not claimed tax deduction for R&D expenditure under section 35(2AB) while computing the tax provision.

34 Basic and Diluted Earning per share

Rs. in million except earning per share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Nominal value per equity share	**10**	10
Profit for the year	**880**	825
Profit attributable to equity shareholders	**880**	825
	No. of Shares	No. of Shares
Weighted average number of equity shares	**22**	22
Weighted average number of diluted equity shares	**22**	22
Earning Per Share- Basic	**40.25**	37.71
Earning Per Share- Diluted	**40.25**	37.71

35 Provision for warranty:

The movement in the said provision is summarized below: Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	**7**	8
Add: Additional provision made during the period/year	**3**	-
Less: Provision reversed during the period/year		(1)
Closing balance	**10**	7

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.

36 Segment Information has been presented in the Consolidated Financial Statements as permitted by Ind AS 108 on Operating Segments.

37 The Company has accounted as an expense of Rs. 23 million (year ended March 31, 2019: Rs. 7 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.

38 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, 2020**	As at March 31, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year:		
Principal	-	0
Interest	-	-
The amounts of the payments made to micro,small and medium 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, 2020 and March 31, 2019 has been made in the financial statements based on information received and available with the Company.

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, 2020**	**Period**	**Rate of interest**	**Purpose**
For details of investments made, refer note 4					
Comviva Technologies B.V.	Guarantee	Rs. 2,080 Million (USD 28 Million) [Rs. 1,902 Million (USD 28 Million)]	Over the period of Loan	-	Corporate Guarantee of Rs. 2,080 million (USD 28 million) to Bank of America for availing credit facility by Comviva Technologies B.V.
Comviva Technologies Singapore PTE. Ltd.	Loan	Rs. 31 Million (USD 0.41 Million) [Rs. 28 Million (USD 0.39 Million)]	Repayable on demand	Libor+550 bps	Working capital loan

Figures in brackets “[ ]” are for the previous year ended March 31, 2019.

40 Disclosures for revenue from contracts with customers

a) Disaggregation of revenue

Revenue disaggregation by reportable segments is as follows:

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Licence fee with implementation and other services	**3,817**	3,868
Revenue sharing arrangements	**668**	684
Annual maintenance contract services	**1,712**	1,437
Income from sale of equipments and software (third party)	**100**	478
Total	**6,297**	6,467

Revenue disaggregation by geography is as follows:

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
India	**1,037**	1,195
Rest of world	**5,260**	5,272
Total	**6,297**	6,467

b) Significant changes in the contract assets balances is as follows:

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Opening balance	**360**	217
Add: Revenue recognised during the period	**299**	239
Less: Invoiced during the period	**(249)**	(96)
Add/less: Others	**(46)**	-
Closing balance	**364**	360

c) Significant changes in the contract liabilities balances is as follows:

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Opening balance	**50**	146
Less: Revenue recognised during the period	**(34)**	(105)
Add: Invoiced during the period	**34**	9
Closing balance	**50**	50

d) The following table provides information in respect of amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price:

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Contracted transaction for period	**6,297**	6,467
Less: Adjustment for volume discount	**-**	-
Less: Adjustment for cash discount	**-**	-
Less: Adjustment for upfront discount	**-**	-
Less: Adjustment for penalties / liquidated damages	**-**	-
Revenue recognized in the statement of profit and loss for the period	**6,297**	6,467

Impact of COVID-19

The Company has evaluated the impact of the pandemic, amongst other matters, resulting from :

(i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts, and

(ii) termination or deferment of contracts by customers.

The Company has concluded that the impact of the pandemic is not material based on these estimates.

41 Income Tax Expense

Tax expense in the statement of profit and loss comprises:

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Current tax:		
-Tax expense related to current year	**375**	472
-Tax expense related to earlier year	**20**	-
Total Current tax	**395**	-
Deferred tax	**153**	(162)
Income tax expense recognised in profit or loss	**548**	310
Deferred tax asset in other comprehensive income	**(8)**	2
Total tax expense recognised in total comprehensive income	**540**	312

The tax expense for the period can be reconciled to the accounting profit as follows:

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Profit before Tax	**1,428**	1,135
Effective Tax Rate	**27.68%**	41.61%
Current tax (A)	**395**	472
Effective Deferred Tax Rate	**10.68%**	-14.26%
Deferred tax (B)*	**153**	(162)
Tax expense recognised in profit or loss (A+B)	**548**	310
Enacted tax rate	**25.170%**	34.944%
Income tax expense calculated at enacted rate	**359**	397
Deferred tax on account of write back of deferred tax asset - due to change in tax rates	**152**	-
Effect of expenses/income that are not admissible in determining taxable profit	**(4)**	25
Effect of differential overseas tax rates	**21**	9
Additional deduction on Research & Development expenditure	**-**	(56)
Others	**20**	(65)
Income tax expense recognised in profit or loss	**548**	310

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.

*This includes the write back of MAT credit of Rs. 18 millions.

The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the ended 31st March 2020 and re-measured the balance of net deferred tax assets, basis the rate prescribed in the aforesaid section and recognised the effect of change in the profit and loss account. The remeasurement has resulted in a write down of the net deferred tax assets pertaining to earlier years by ~INR 150 Mn which has been fully charged to the profit and Loss account.

42 Deferred Tax:

The following is the analysis of deferred tax assets presented in the balance sheet:

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Deferred tax assets	**414**	497
Deferred tax liabilities	**(64)**	(2)
Deferred tax assets (net)	**350**	495

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Rs in million

Particulars	For the year ended March 31,2020			
	Opening balance	**Recognized in Profit and loss**	**Recognized in OCI**	**Closing balance**
Provision for Employee benefits	184	(44)	(3)	137
Provision for Inventory and Trade receivables	176	(21)	-	155
Property, Plant & Equipment and Intangibles assets	50	(117)	-	(67)
MAT Credit Entitlement	18	(18)	-	-
Others	69	53	-	122
Cash flow hedging reserve	(2)	10	(5)	3
Net Deferred Tax Assets	495	(137)	(8)	350

Rs in million

Particulars	For the year ended March 31,2019			
	Opening balance	**Recognized in Profit and loss**	**Recognized in OCI**	**Closing balance**
Provision for Employee benefits	116	66	2	184
Provision for Inventory and Trade receivables	91	85	-	176
Property, Plant & Equipment and Intangibles assets	40	10	-	50
MAT Credit Entitlement	18	-	-	18
Others	68	1	-	69
Cash flow hedging reserve	2	0	(4)	(2)
Net Deferred Tax Assets	335	162	(2)	495

43 Foreign Exchange Management Act,1999 disclosure :

As per FEMA Regulations, company is required to collect outstanding dues from customers outside India within 9 months of supply of goods or service. If any Company is unable to collect the due amount within the stipulated timeline, it has to apply to RBI for extention. The Company has trade receivable amounting to Rs. 1,302 Million outside India which has not been collected within the stipulated deadline. For these trade receivables, the Company has filed an extension request (ETX filing) with RBI through its authorised dealers.

Further, a Company is also required to pay the outstanding dues to vendors outside India within 9 months of receipt of goods or service. The trade payables outside India outstanding for more than 9 months are Rs. 77 million The Company has not filed any extention request for the same till now.

44 Sale of investment in subsidiary

The Board of Directors of company in its meeting held on 26 July 2019, concluded and accordingly divested its investment in Terra group for a consideration of INR 660 Million. The company signed definite SPA with shareholders and subsequently the shareholding was divested on 2 March,2020 in Terra Payment(Netherlands) B.V. and on 6 March,2020 in Terra Payment services South Africa Pty. Ltd.

45 Previous year’s figures have been re-classified to conform to 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

Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
Comviva Technologies Limited

C. P. Gurnani
Director
Noida

Jagdish Mitra
Director
Noida

Vivek Satish Agarwal
Director
Bengaluru

Sunita Umesh
Director
Gurugram

Rajat Mukherjee
Director
New Delhi

Manoranjan Mohapatra
Chief Executive Officer
Gurugram

Neeraj Jain
Chief Financial Officer
Gurugram

Parminder Singh Bakshi
Company Secretary
Gurugram

INDEPENDENT AUDITORS' REPORT

To the Members of Comviva Technologies Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Comviva Technologies Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of 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 each company 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 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 management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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 respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 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 the Group (company and subsidiaries) 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

(a) We did not audit the financial statements / financial information of four subsidiaries, whose financial statements/financial information reflect total assets of Rs. 3,143 million as at 31 March 2020, total revenues of Rs. 1,716 million and net cash flows amounting to Rs. 250 million for the year ended on that date, as considered in the consolidated financial statements. This 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, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors. These 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. 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.

b) The financial statements/financial information of ten subsidiaries, whose financial statements/financial information reflect total assets of Rs. 946 million as at 31 March 2020, total revenues of Rs. 570 million and net cash flows amounting to Rs. 18 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. This unaudited financial statements/financial information 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, this financial statements/financial information are not material to the Group.

Our opinion 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.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, 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 (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Ind AS 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 2020 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 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to 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”.

B. 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 reports of the other auditors on separate financial statements of the subsidiaries, as noted in the ‘Other Matters’ paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer note 30 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 2020.

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020.

C. With respect to the matter to be included in the Audit Report under Section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

DEEPESH SHARMA
Partner
Membership No. 505725
ICAI UDIN: 20505725AAAAAU7005

Place: New Delhi
Date: 28 April 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Comviva Technologies Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Comviva Technologies Limited (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A Company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to consolidated 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 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 financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

DEEPESH SHARMA
Partner
Membership No. 505725
ICAI UDIN: 20505725AAAAAU7005

Place: New Delhi
Date: 28 April 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

Rs. in million

Particulars			Note No.	**As at March 31, 2020**	As at March 31, 2019
I	**ASSETS**				
A	**Non current assets**				
	(a)	Property, plant and equipment	3A	**742**	254
	(b)	Capital work-in-progress		**18**	21
	(c)	Other intangible assets	3B	**93**	144
	(d)	Goodwill		**210**	399
	(e)	Financial assets			
	(i)	Other financial assets	11(i)	**76**	78
	(f)	Income tax Asset (net)		**1,314**	1,137
	(g)	Deferred tax assets (net)	4A	**433**	584
	(h)	Other non-current assets	5(i)	**56**	280
	Total non-current assets			**2,942**	2,897
B	**Current assets**				
	(a)	Inventories	6	**96**	55
	(b)	Financial assets			
		(i) Investments	7	**503**	-
		(ii) Trade receivables	8	**4,719**	4,026
		(iii) Cash and cash equivalents	9	**1,223**	1,199
		(iv) Other balances with bank	10	**108**	169
		(v) Other financial assets	11(ii)	**986**	1,654
		(vi) Loans	12	**159**	-
	(c)	Other current assets	5(ii)	**862**	758
	Total current assets			**8,656**	7,861
	TOTAL ASSETS			**11,598**	10,758
II	**EQUITY AND LIABILITIES**				
A	**Equity**				
	(a)	Equity share capital	13	**219**	219
	(b)	Other equity	14	**5,856**	5,322
	Equity attributable to owners of the company			**6,075**	5,541
1	**Non current liabilities**				
	(a)	Financial liabilities			
		(i) Other financial liabilities	19(i)	**381**	173
	(b)	Provisions	16(i)	**221**	268
	(c)	Other non-current liabilities	17(i)	**20**	54
	(d)	Deferred tax liabilities (net)	4B	**4**	12
	Total non-current liabilities			**626**	507
2	**Current Liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	15	**1,703**	2,073
		(ii) Trade payables	18	**1,802**	1,545
		(iii) Other financial liabilities	19(ii)	**734**	387
	(b)	Other current liabilities	17(ii)	**415**	427
	(c)	Provisions	16(ii)	**109**	99
	(d)	Current tax liabilities (net)		**134**	179
	Total current liabilities			**4,897**	4,710
	TOTAL EQUITY AND LIABILITIES			**11,598**	10,758
	See accompanying notes forming part of the consolidated financial statements		1-43		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
Comviva Technologies Limited

C. P. Gurnani Director Noida	**Jagdish Mitra** Director Noida	**Vivek Satish Agarwal** Director Bengaluru
Sunita Umesh Director Gurugram	**Rajat Mukherjee** Director New Delhi	**Manoranjan Mohapatra** Chief Executive Officer Gurugram
	Neeraj Jain Chief Financial Officer Gurugram	**Parminder Singh Bakshi** Company Secretary Gurugram

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in million

	Particulars	Note No.	**For the year ended March 31,2020**	For the year ended March 31,2019
I.	Revenue from operations	20	**8,119**	8,959
II.	Other income	21	**209**	109
III.	**Total Income (I+II)**		**8,328**	9,068
IV.	**Expenses**			
	(a) Employee benefits expense	22	**3,357**	3,284
	(b) Subcontracting cost		**790**	612
	(c) Finance costs	23	**117**	88
	(d) Depreciation and amortization expense	3	**331**	295
	(f) Other expenses	24	**3,138**	3,929
	Total expenses		**7,733**	8,208
V.	**Profit before tax from Continuing Operations before exceptional items**		**595**	860
VI.	**Exceptional items :**	25	**178**	-
VII.	**Profit before tax from Continuing Operations**		**417**	860
VIII.	**Tax expenses:**	38		
	(a) Current tax		**349**	514
	(b) Deferred tax (refer note 41)		**160**	(206)
			509	308
IX.	**Profit /(loss) after tax from Continuing Operations**		**(92)**	552
X.	**DISCONTINUED OPERATIONS**	41		
	(a) Profit/(Loss) from Discontinued Operations		**691**	(34)
	(b) Tax from Discontinued Operations		**101**	39
	(c) Profit after tax from Discontinued Operations		**590**	(73)
XI.	**Profit after tax for the year**		**498**	479
XII.	**Other comprehensive income**			
A)	(I) Items that will not be reclassified to profit or loss			
	(a) Re-measurement loss on defined benefit plans		**(14)**	(5)
	(II) Income tax relating to items that will not be reclassified to profit or loss		**3**	2
B)	(I) Items that will be reclassified to profit or loss			
	(a) Net movement of effective portion on cash flow hedge		**(17)**	10
	(b) Exchange difference in translating the financial statements of foreign operations		**21**	17
	(c) Hyperinflation adjustment in Opening retained Earning		**(6)**	(15)
	(II) Income tax relating to items that will be reclassified to profit or loss		**5**	(4)
XIII.	**Other comprehensive income for the year**		**(8)**	5
XIV.	**Total comprehensive income for the year**		**490**	484
	Proft/(Loss) for the year attributable to:			
	Owners of the Company		**498**	493
	Non controlling interests		**-**	(14)
	Other comprehensive income for the year attributable to:			
	Owners of the Company		**(8)**	5
	Total comprehensive income for the year attributable to:			
	Owners of the Company		**490**	498
XV.	**Earnings per equity share for continuing operations**	32		
	(Face value of Rs. 10/- each)			
	(a) Basic (in Rs.)		**(4.20)**	25.89
	(b) Diluted (in Rs.)		**(4.20)**	25.89
	Earnings per equity share for discontinued operations	32		
	(Face value of Rs. 10/- each)			
	(a) Basic (in Rs.)		**27.00**	(3.33)
	(b) Diluted (in Rs.)		**27.00**	(3.33)
	Earnings per equity share for continuing and discontinued operations	32		
	(Face value of Rs. 10/- each)			
	(a) Basic (in Rs.)		**22.80**	22.56
	(b) Diluted (in Rs.)		**22.80**	22.56
	See accompanying notes forming part of the consolidated financial statements	1-43		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
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C. P. Gurnani
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Noida

Jagdish Mitra
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Vivek Satish Agarwal
Director
Bengaluru

Sunita Umesh
Director
Gurugram

Rajat Mukherjee
Director
New Delhi

Manoranjan Mohapatra
Chief Executive Officer
Gurugram

Neeraj Jain
Chief Financial Officer
Gurugram

Parminder Singh Bakshi
Company Secretary
Gurugram

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a. Equity share capital

Particulars	Number of Shares	Equity Share Capital (Rs. in Million)
Balance at April 1, 2018	21,869,000	219
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	**21,869,000**	**219**
Balance at April 1, 2019	21,869,000	219
Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	**21,869,000**	**219**

b. Other Equity

Rs. in Million

Particulars	Reserves & Surplus			Items of OCI		Owners Equity	Non-Controlling interest	Total
	Securities Premium	Capital reserve	Retained Earnings	Foreign Currency Translation Reserve	Effective portion of cash flow hedge			
Balance at April 1, 2018	567	53	4,259	27	(2)	4,904	(66)	4,838
Profit/(Loss) during the year	-	-	493	-	-	493	(14)	479
Transfer of Non Controlling interest to Owners's Equity	-	-	(80)	-	-	(80)	80	-
Other comprehensive income	-	-	(18)	17	6	5	-	5
Total comprehensive income	-	-	395	17	6	418	66	484
Balance as at March 31, 2019	**567**	**53**	**4,654**	**44**	**4**	**5,322**	**-**	**5,322**
Balance at April 1, 2019	567	53	4,654	44	4	5,322	-	5,322
Transition Impact of Ind AS 116	-	-	(33)	-	-	(33)	-	(33)
Profit during the year	-	-	498	-	-	498		498
Other adjustment to minority interest	-	-	-	-	-	-	77	77
Transfer of Non Controlling interest to Owners's Equity	-	-	77	-	-	77	(77)	-
Other comprehensive income	-	-	(17)	21	(12)	(8)	-	(8)
Total comprehensive income	-	-	558	21	(12)	567	-	567
Balance as at March 31, 2020	**567**	**53**	**5,179**	**65**	**(8)**	**5,856**	**-**	**5,856**

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022
Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
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Director
Bengaluru

Manoranjan Mohapatra
Chief Executive Officer
Gurugram

Parminder Singh Bakshi
Company Secretary
Gurugram

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in million

Particulars		For the year ended March 31, 2020		For the year ended March 31, 2019	
		Rs.	**Rs.**	Rs.	Rs.
A]	**Cash flows from operating activities**				
	Profit before tax		**1,108**		826
	Adjustments for:				
	Depreciation and amortization	**331**		295	
	Profit on sale of property, plant and equipment	**(0)**		(0)	
	Profit on sale of investment	**(3)**		-	
	Dividend income	**(1)**		(0)	
	Interest expense	**117**		97	
	Interest income	**(7)**		(25)	
	Profit from discontinued operations	**(735)**		-	
	Unrealised foreign exchange difference (net)	**(10)**		118	
	Provision for impairement of goodwill	**178**		-	
	Reversal of provision no longer required	**(62)**		(81)	
	Provision for doubtful debt	**224**		262	
			32		666
	Operating gain before working capital changes		**1,140**		1,492
	Adjustments for changes in working capital:				
	(Increase)/decrease in trade payable, other liabilities and provisions	**339**		(95)	
	Increase in trade receivables	**(735)**		(741)	
	(Increase)/decrease in other assets, loans and advances	**776**		(581)	
			380		(1,417)
	Cash generated from operations		**1,520**		75
	Direct taxes paid (net)		**(672)**		(409)
	Net cash flows generated/(used) in operating activities (A)		**848**		(334)
B]	**Cash flows from investing activities**				
	Purchase of property, plant and equipment	**(161)**		(190)	
	Interest Received	**4**		23	
	Dividend Received	**(0)**		0	
	Purchase of Investments (Net)	**(500)**		-	
	Deferred consideration paid	**-**		(52)	
	Proceed from sale of subsidiary	**661**		-	
	Sale of property, plant and equipment	**1**		1	
	Proceed from sub-lease	**10**		-	
	Other loan	**(159)**		-	
	Net cash flows used in investing activities (B)		**(144)**		(218)

Rs. in million

Particulars	For the year ended March 31, 2020 Rs.	Rs.	For the year ended March 31, 2019 Rs.	Rs.
C] Cash flows from financing activities				
Payment of lease liability	**(91)**		-	
Proceeds from borrowings (net)	**(480)**		584	
Repayment of Other borrowings (net)	**-**		(4)	
Finance Cost	**(117)**		(83)	
Net cash flows from/(used in) financing activities (C)		**(688)**		497
D] Exchange differences on translation of foreign currency cash and cash equivalents		**8**		14
Net Increase/(decrease) in cash and cash equivalents (A + B+ C + D)		**24**		(41)
Cash & cash equivalents at the end of the year (refer note 1 below)		**1,223**		1,199
Cash & cash equivalents at the beginning of the year		**1,199**		1,240
Net decrease in cash and cash equivalents		**24**		(41)

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
Note 1:		
Cash and cash equivalents include:		
Cash on hand	**2**	1
Remittances in transit	**150**	0
Balance with banks		
- In current accounts	**1,071**	1,198
Total Cash and cash equivalents - refer note 10	**1,223**	1,199

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 period's figures have been rearranged/regrouped wherever necessary.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022
Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
Comviva Technologies Limited

C. P. Gurnani
Director
Noida

Jagdish Mitra
Director
Noida

Vivek Satish Agarwal
Director
Bengaluru

Sunita Umesh
Director
Gurugram

Rajat Mukherjee
Director
New Delhi

Manoranjan Mohapatra
Chief Executive Officer
Gurugram

Neeraj Jain
Chief Financial Officer
Gurugram

Parminder Singh Bakshi
Company Secretary
Gurugram

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020 were approved by the Board of Directors and authorized for issue on April 28, 2020.

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, 2020	As at March 31, 2019
1	Comviva Technologies Nigeria Limited and its following 75% subsidiary:	Nigeria	100%	100%
2	-Hedonmark {Management Services} Limited **	Nigeria	Nil	75%
3	Comviva Technologies Singapore Pte. Ltd.	Singapore	100%	100%
4	Comviva Technologies FZ-LLC	Dubai	100%	100%
5	Comviva Technologies B.V. and its subsidiaries:	Netherlands	100%	100%
6	-Comviva Technologies (Argentina) S.A. (5% held by Comviva Technologies limited)	Argentina	100%	100%
7	-Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA) (5% held by Comviva Technologies limited)	Brazil	100%	100%
8	-Comviva Technologies Colombia S.A.S.	Colombia	100%	100%
9	Terra payment Services (Netherlands) B.V. and its following 100% subsidiaries***	Netherlands	Nil	100%
10	- Mobex Money Transfer Services limited	Kenya	Nil	100%
11	- Terrapay Services (UK) Limited	UK	Nil	100%
12	- Terra Payment Services (Tanzania) Limited	Tanzania	Nil	100%
13	- Terra Payment Services (Uganda) Limited	Uganda	Nil	100%
14	- Terra Payment Services S.A.R.L. – Senegal	Senegal	Nil	100%
15	- Terra Payment Services S.A.R.L. –DR Congo	DR Congo	Nil	100%
16	- Terra Payment Services S.A.R.L. –Congo B	Congo B	Nil	100%
17	- Terra Payment Services Botswana (Pty) Limited	Botswana	Nil	100%
18	- Terra Payment Services (UK) Ltd.	UK	Nil	100%
19	- Terra Payment Services Mauritius	Mauritius	Nil	100%
20	- Terra Payment Services (India) Private Limited.	India	Nil	100%
21	Terra payment Services South Africa (PTY) Ltd. ^***	South Africa	-	100%
22	Comviva Technologies Madagascar Sarlu	Madagascar	100%	100%
23	Comviva Technologies (Australia) Pty. Ltd.	Australia	100%	100%
24	Emagine International Pty. Ltd.	Australia	100%	100%
25	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%	100%
26	YABX Technologies (Netherlands) BV$	Netherlands	100%	100%
27	Comviva Technologies USA Inc.	USA	100%	-
28	Comviva Technologies Myanmar Ltd.	Myanmar	100%	-
29	Comviva Technologies Cote D'ivorie*	Ivory Coast	100%	-

^^^^^ 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, 2020 and the company has not yet commenced operations.

$ The Company, in June 2018, incorporated a 100% subsidiary named YABX Technologies (Netherlands) BV through its subsidiary Comviva Technologies B.V. and has not infused capital till March 31, 2020.

The Company also maintains an ESOP named "Comviva ESOP Trust" which is also consolidated in company financial statements.

* During the year, company has incorporated subsidiary Comviva Technologies Cote D'ivorie, however till March 31,2020 no business in same was started.

** During the period, Hedonmark {Management Services} Limited was sold.

*** During the period, Terra payment Services (Netherlands) B.V. and its subsidiaries were sold.

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 proportionate method for measurement of performance obligation in accounting for its fixed price contracts. Use of the proportionate 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 2.16.

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 2.18.

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 Rs. 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Computer Software and Hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of 4 years.

Customer relationships and contracts are amortized over a period of 3 years.

Licenses are amortized over a period of 2 years.

2.7 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from thecommencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

As a lessee:

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

As a lessor

The company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The company does not have any significant impact on account of sub-lease on the application of this standard.

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 Non – current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

If the criteria stated by IND AS 105 “Non-current Assets Held for Sale and Discontinued Operations” are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of:

i. It’s carrying amount before the asset was classified as held for sale, and

ii. It’s recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.11 Revenue recognition

Effective April 1, 2018, the Company has applied IND AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. IND AS 115 replaces IND AS 18 Revenue and IND AS 11 Construction Contracts. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the condensed interim statement of profit and loss is not restated – i.e. the comparative information continues to be reported under IND AS 18 and IND AS 11. The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.

Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered, revenue against these services recognized over the period of time using proportionate method for measuring performance obligation.

Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognized when there are billings in excess of revenues.

Use of significant judgments in revenue recognition.

The Company’s contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalization. The assessment of this criterion requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

Dividend income is recognized when the Group’s right to receive dividend is established.

2.12 Foreign currency transactions

(a) Presentation and functional currencies

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.

(b) Translation

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.

(c) Adjustment due to hyperinflation

After July 1, 2018, the Argentine economy was considered, for purposes of IND AS 29 as hyperinflationary. The financial statements of the subsidiaries whose functional currency is the Argentine Peso have been restated.

The non-monetary items of the statement of financial position as well as the income statement, comprehensive incomes and cash flows of the group’s entities, whose functional currency corresponds to a hyperinflationary economy, are adjusted for inflation and re-expressed in accordance with the variation of the consumer price index (“CPI”), at each presentation date of its financial statements. The re-expression of non-monetary items is made from the date of initial recognition in the statements of financial position and considering that the financial statements are prepared under the historical cost criterion.

Net losses or gains arising from the re-expression of non-monetary items and income and costs are recognized in the consolidated income statement under “Hyperinflation Adjustment on net monetary position”.

Net gains and losses on the re-expression of opening balances due to the initial application of IND AS 29 are recognized in the consolidated retained earnings.

Re-expression due to hyperinflation will be recorded until the period in which the economy of the entity ceases to be considered as a hyperinflationary economy, at that time, the adjustments made by hyperinflation will be part of the cost of non-monetary assets and liabilities.

The comparative amounts in the financial statements of the Company are presented in a stable currency and are not adjusted for subsequent changes in the price level or exchange rates.

2.13 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.

2.14 Financial Instruments:

Financial assets and liabilities are recognized 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 recognized 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 re-measurement 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 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) De-recognition of financial instruments

The group derecognizes 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 derecognizes financial liabilities when, and only when, the group’s obligation is discharged, cancelled or have expired.

2.15 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.

2.16 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 is 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.

Deferred income tax liabilities are recognized 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.

2.17 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.

2.18 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 recognized as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

2.23 Discontinued operations

A discontinued operation is a component of Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represents a separate major line of business or geographical area of operations and

i. Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or

ii. Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit loss is re-presented as if the operation had been discontinued from the start of the comparative period.

2.24 Government grants:

Government grants are recognized 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 recognized 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 recognized 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.

Note 3 - Property, Plant and Equipment

Rs. in million

Particulars	Gross Block								Accumulated Depreciation / Amortization							Net Block	
	As at April 1, 2019	Additions on Acquisition during the period	Additions during the period	Disposals during the period	Discontinued Operations	Adjustment impact due to Ind AS-29 Hyperinflation	Translation exchange difference during the period	As at March 31, 2020	As at April 1, 2019	For during the period	On disposal during the period	Discontinued Operations	Adjustment impact due to Ind AS-29 Hyperinflation	Translation exchange difference during the period	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
3A. Tangible Assets																	
Plant and equipment	1,049	-	104	167	1	5	(1)	989	883	99	166	1	3	1	819	170	166
(Previous year)	1,038	-	74	73	-	5	5	1,049	858	92	73	-	2	4	883	166	180
Furniture and fixtures	81	-	2	13	-	9	(8)	71	69	6	13	-	8	(8)	62	9	12
(Previous year)	82	-	0	1	-	16	(16)	81	61	7	1	-	14	(12)	69	12	21
Office equipment	78	-	30	3	0	0	(1)	104	54	13	3	0	0	(1)	63	41	24
(Previous year)	74	-	7	3	-	0	(0)	78	47	10	3	-	0	(0)	54	24	27
Vehicle	0	-	(0)	-	-	0	(0)	0	0	0	-	-	0	(0)	0	0	0
(Previous year)	0	-	0	-	-	0	(0)	0	0	0	-	-	0	(0)	0	0	-
Improvement to leased premises	131	-	1	12	-	0	(1)	119	79	16	12	-	0	(1)	82	37	52
(Previous year)	131	-	0	-	-	0	(0)	131	61	18	-	-	0	(0)	79	52	70
Right of Use for Office Premises	-	-	597	-	-	-	1	598	-	113	-	-	-	(0)	113	485	-
(Previous year)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,339**	**-**	**734**	**195**	**1**	**14**	**(10)**	**1,881**	**1,085**	**247**	**194**	**1**	**11**	**(9)**	**1,139**	**742**	**254**
Previous Year	1,325	-	81	77	-	21	(11)	1,339	1,027	127	77	-	16	(8)	1,085	254	298
3B. Intangible Assets (Other than internally generated)																	
Computer software	566	-	22	-	-	3	(2)	589	564	22	-	-	3	(2)	587	2	2
(Previous year)	517	-	57	10	-	5	(3)	566	513	60	10	-	4	(3)	564	2	4
Intellectual property rights	221	-	(0)	-	-	-	5	226	95	51	-	-	-	(6)	140	86	126
(Previous year)	217	-	10	-	-	-	(6)	221	42	55	-	-	-	(2)	95	126	175
Intangible Assets-Customer rights	169	-	0	-	-	-	7	176	153	11	-	-	-	7	171	5	16
(Previous year)	175	-	0	-	-	-	(6)	169	108	51	-	-	-	(6)	153	16	67
Intangible Assets-Licences	9	-	0	-	9	-	0	(0)	9	0	-	9	-	0	(0)	(0)	-
(Previous year)	9	-	0	-	-	-	(0)	9	7	2	-	-	-	(0)	9	-	2
Total	**965**	**-**	**22**	**-**	**9**	**3**	**10**	**991**	**821**	**84**	**-**	**9**	**3**	**(1)**	**898**	**93**	**144**
Previous Year	918	-	67	10	-	5	(15)	965	670	168	10	-	4	(11)	821	144	248

Note 4A - Deferred tax assets (net) :

Deferred tax assets have been offset where they arise in the same taxing jurisdiction with a legal right to offset but not otherwise.

Accordingly the net deferred tax assets have been disclosed in the Balance Sheet as follows:

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Break up of deferred tax assets		
Provision for Employee benefits	**149**	196
Provision for Inventory and Trade receivables	**155**	176
Carried forward of business losses	**59**	59
Property, Plant & Equipment and Intangible assets	**-**	62
MAT credit entitlement	**-**	18
Cash flow hedging reserve	**3**	-
Others	**121**	75
Break up of deferred tax liability		
Cash flow hedging reserve	**-**	(2)
Property, Plant & Equipment and Intangible assets	**(54)**	(0)
Total	**433**	584

Deferred tax assets in the Company have been recognised to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse. For certain components of the Group, deferred tax assets on carry forward unused tax losses have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax asset at respective entities.

Unused tax losses / unused tax credit for which no deferred tax asset has been recognized amount to Rs. 354 million as at March 31, 2020 and Rs. 49 Million as at March 31, 2019.

Note 4B - Deferred tax liablities (net) :

Deferred tax assets and liabilities have been offset where they arise in the same taxing jurisdiction with a legal right to offset but not otherwise. Accordingly the net deferred tax (assets)/liability has been disclosed in the Balance Sheet as follows

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Others	**4**	12
Total	**4**	12

Note 5 - Other Assets :

(i) Other non current assets

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Capital advances		
Considered good	**1**	1
Prepaid expenses	**5**	69
Balance with Government authorities	**50**	210
Total	**56**	280

(ii) Other current assets

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Advance to suppliers		
Considered good	**30**	121
Other loans and advances		
Considered good	**50**	46
Considered doubtful	**9**	-
	59	46
Provision for doubtful advances	**9**	-
	50	46
Balance with Government authorities	**278**	133
Prepaid expenses	**127**	78
Contract Assets	**372**	380
Other receivables	**4**	-
Dividend receivable	**1**	-
Total	**862**	758

Note 6 - Inventories :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Others - Stock of IT equipments, purchased software (Consumed in IT projects) and others	**96**	55
(Valued at lower of cost and net realizable value)		
Total	**96**	55

Note 7 - Investments : current

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Investment in Mutual Funds		
ICBC-Alpha Fondos de Inversion : Alpha Pesost: 8,183,669.9553 Units (Previous Year : Nil) @ NAV ARS 6.72070 (Previous Year : Nil)	**13**	-
UTI Mutual Fund : 181,207.184 units (Previous Year : Nil) @ NAV INR 2712.4764 (Previous Year : Nil)	**490**	-
Total	**503**	-

Note 8 - Trade receivables :

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
- Considered good*	**4,719**	4,026
- Considered doubtful	**638**	496
	5,357	4,522
Less: Provision for doubtful trade receivables	**638**	496
Total	**4,719**	4,026

* Net of Advances aggregating to Rs. 172 million (Previous Year: Rs. 149 million) pending adjustments with invoices

Note 9- Cash and cash equivalents :

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Cash on hand	**2**	1
Remittances in transit	**150**	0
Balances with banks:		
- In current accounts	**1,071**	1,198
Total	**1,223**	1,199

Note 10 - Other balances with bank :

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Earmarked balances with bank		
-Balance held under Escrow account	**74**	29
Balances held as Margin Money/Security towards obtaining Bank Guarantees	**34**	54
Remittances in transit (More than three months)	**-**	86
Total	**108**	169

Note 11 - Other financial assets :

(i) Other non current financial assets

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Security deposits		
Considered good	**50**	54
Considered doubtful	**3**	2
	53	56
Provision for doubtful security deposit	**3**	2
	50	54
Balances held as Margin Money/Security towards obtaining Bank Guarantees	**-**	24
Unbilled Revenue	**26**	-
Total	**76**	78

(ii) Other current financial assets

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Unbilled Revenue	**979**	1,567
Fair values of foreign exchange forward contracts	**-**	33
Security deposits	**7**	53
Interest accrued	**0**	1
Total	**986**	1,654

Note 12 - Loans

Rs. in million

Particulars	As at	
	March 31, 2020	March 31,2019
Other loans	**159**	-
Total	**159**	-

Note 13 -Equity Share capital :

Rs. in million

Particulars	As at			
	March 31, 2020		**March 31,2019**	
	Number	**Rs. in million**	**Number**	Rs. in million
(a) Authorized :				
Equity shares of Rs. 10 each	**25,500,000**	**255**	25,500,000	255
Series A 0.001% fully convertible non-cumulative preference shares of Rs. 10 each	**8,000,000**	**80**	8,000,000	80
(b) Issued, subscribed and fully paid up :				
Equity shares of Rs. 10 each fully paid up	**21,869,000**	**219**	21,869,000	219
Total	**21,869,000**	**219**	21,869,000	219

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, 2020		**March 31,2019**	
	Number	**Rs. in million**	**Number**	Rs. in million
Equity Shares				
Opening Balance	**21,869,000**	**219**	21,869,000	219
Add: Shares issued during the year	**-**	**-**	-	-
Closing Balance	**21,869,000**	**219**	21,869,000	219

(ii) Terms, rights and restrictions attached to:

Equity Shares:

The Company has equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

Series A 0.001% fully convertible non-cumulative preference shares:

The Company has class of fully convertible non-cumulative redeemable preference shares having a par value of Rs. 10 per share.

(iii) Details of shares held by the holding company

Particulars	As at March 31, 2020	As at March 31,2019
Tech Mahindra Limited	**21,866,906**	21,866,906

(iv) Details of equity shares held by shareholder holding more than 5%:

Particulars	March 31, 2020		March 31,2019	
	No of Shares	**% of Holding#**	**No of Shares**	% of Holding#
Equity shares of Rs. 10 each fully paid up				
Tech Mahindra Limited	**21,866,906**	**99.99%**	21,866,906	99.99%

This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

Note 14 - Other Equity :

Rs. in million

Particulars	As at March 31, 2020		As at March 31,2019	
Securities premium account		**567**		567
Capital Reserve		**53**		53
Hedging Reserve (refer note 31)				
Opening balance	**4**		(2)	
Add/(less): change in fair value of forward contracts (net)	**(12)**		6	
Closing balance		**(8)**		4
Foreign Currency Translation Reserve				
Opening balance	**44**		27	
Add: Foreign currency translation For the year	**21**		17	
Closing balance		**65**		44
Surplus in the statement of profit and loss				
Opening balance	**4,654**		4,259	
Less: Transition impact of Ind AS 116	**(33)**		-	
Less: Transfer from non controlling interest	**77**		(80)	
Add: Profit for the year	**498**		493	
Less: Other comprehensive income	**(17)**		(18)	
Closing balance		**5,179**		4,654
Statutory Reserve*		**0**		0
Total		**5,856**		5,322

*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, 2020.

Note 15 -Short-term borrowings :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Secured		
From bank (Secured by book debt, inventory, fixed deposits and guarantee)*	**1,681**	1,722
-Working Capital Demand Loan	**-**	280
From Other (refer note 29)	**22**	71
Total	**1,703**	2,073

“* Includes cash credit and loan from Bank of America. Cash credit is secured against book debt, inventory, fixed deposits and guarantee carrying an interest rate of 9.7%. These loans are repayable on demand.

* Loan from Bank of America is secured against bank guarantee and is carrying an interest rate of LIBOR + 80 BP.

* Includes working capital loans from SCB carying an interest rate of 29.59% and 27.4% p.a. annually. These loans are repayable on demand.

Note 16 - Provisions :

(i) Long-term provisions

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Provision for employee benefits		
-Gratuity (refer note 26)	**172**	142
-Compensated absences	**49**	36
-Provision for long term incentives and others	**-**	90
Total	**221**	268

(ii) Short-term provisions

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Provision for employee benefits		
-Gratuity (refer note 26)	**29**	23
-Compensated absences	**70**	69
	99	92
Provision for warranties (refer note 33)	**10**	7
Total	**109**	99

Note 17 - Other liabilities :

(i) Non-current liabilities

Particulars	As at March 31, 2020	As at March 31,2019
Unearned revenue	**20**	54
Total	**20**	54

(ii) Current liabilities

Particulars	As at March 31, 2020	As at March 31,2019
Unearned revenue	**88**	78
Statutory remittances	**194**	131
Advance from customers	**133**	218
Total	**415**	427

Note 18 - Trade payables :

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Creditors for supplies / services	**1,802**	1,545
Creditors for supplies / services under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)	**-**	0
Total	**1,802**	1,545

Note 19 - Other Financial liabilities:

(i) Other Financial liabilities: Non Current

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Contingent Contractual Obligation	**0**	173
Lease Obligation	**371**	-
Sublease Refundable Security Deposit	**10**	-
Total	**381**	173

(ii) Other Financial liabilities : Current

Rs. in million

Particulars	As at March 31, 2020	As at March 31,2019
Contingent Contractual Obligation	**163**	-
Lease Obligation	**112**	-
Payables on purchase of property, plant and equipment	**46**	52
Interest accrued	**11**	29
Employee related payables	**359**	306
Fair values of foreign exchange forward contracts	**43**	-
Total	**734**	387

Note 20 - Revenue from operations :

Rs. in million

Particulars	For the year ended March 31,2020	For the year ended March 31, 2019
Income from Comviva Product and related managed support		
Licence Fee with Implementation and other services*	**4,134**	4,555
Revenue sharing arrangements	**1,811**	1,999
Annual maintenance contract services	**2,038**	1,764
	7,983	8,318
Income from sale of equipments and software (third party)**	**136**	641
Total	**8,119**	8,959

“*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 equipments, softwares and other items (refer note 24)

Note 21 - Other income :

Rs. in million

Particulars	**For the year ended March 31,2020**	For the year ended March 31, 2019
Interest income	**7**	25
Profit on sale of investment	**3**	-
Dividend income	**1**	0
Exchange gain (net)	**109**	-
Profit on sale of property, plant and equipment	**0**	0
Sundry Balances written back	**62**	81
Miscellaneous Income	**6**	3
Income from Sublease	**21**	-
Income from sub-lease	**209**	109

Note 22- Employee benefits expense :

Rs. in million

Particulars	**For the year ended March 31,2020**	For the year ended March 31, 2019
Salaries, wages and bonus*	**2,952**	2,934
Contribution to provident and other funds (refer note 26)	**319**	242
Staff welfare expenses	**86**	108
Total	**3,357**	3,284

“*It includes long term incentive plan payable to senior management based on future projected earnings of the company. However, based on revised projections, same is not payable on account and hence has been reversed during the year (amounting to INR 89 Million, (previous year : NIL))

Note 23- Finance costs :

Rs. in million

Particulars	**For the year ended March 31,2020**	For the year ended March 31, 2019
Interest expense on bank overdraft and others	**83**	88
Finance cost related to ROU liability	**34**	-
Total	**117**	88

Note 24 - Operating and other expense:

Rs. in million

Particulars		**For the year ended March 31,2020**		For the year ended March 31, 2019
Cost of hardware equipment, softwares and other items		**759**		1,129
Royalty and software charges		**659**		885
Travelling and conveyance		**559**		494
Freight and forwarding charges		**4**		12
Recruitment Expenses		**22**		8
Power and fuel		**30**		32
Rent		**71**		167
Rates and taxes		**59**		72
Insurance		**70**		48
Repairs and maintenance:				
Machinery and computers	**6**		12	
Building	**54**		52	
Others	**207**		122	
		267		186
Advertising and sales promotion		**76**		86
Communication costs		**60**		60
Corporate Social Responsibility		**23**		23
Legal and professional fees		**131**		145
Conference expenses		**67**		35
General office expenses		**26**		24
Provision for doubtful debts (net)				
- Bad debts	**102**		4	
- Provision for bad debts	**122**	**224**	258	262
Exchange loss (net)		**-**		238
Miscellaneous expenses (including warranty) (refer note 33)		**31**		23
Total		**3,138**		3,929

Note 25- Exceptional items :

Rs. in million

Particulars	**For the year ended March 31,2020**	For the year ended March 31, 2019
Impairment of goodwill (refer note 36)	**178**	-
Total	**178**	-

26. 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 Rs. 282 million (year ended march 31, 2019 : Rs. 201 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, 2020, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 1241 million (March 31, 2019 Rs. 1048 million) and Rs. 697 million (March 31, 2019 Rs.587 million) respectively. In accordance with an actuarial valuation, there is deficiency in the interest cost as the present value of the expected future earnings on the fund is lower than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.50% with a expected shortfall of 0.08%. The actuarial assumptions include discount rate of 6.80%. The Company recognised Rs. 76 million (March 31, 2019:

Rs. 68 million) for provident fund contributions and provision against expected future diminution in the investment value of Rs 76 million through profit and loss account.

b) Defined Benefit Plan - Gratuity

i) The Defined Benefit Plan comprises of Gratuity.

ii) Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

iii) The defined benefit plan is partially 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 :

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Present Value of Defined Benefit Obligation as at the beginning of the year	**170**	151
Service Cost	**27**	33
Interest cost	**10**	10
Benefits Paid	**(18)**	(28)
Actuarial (gain)/loss - experience	**9**	2
Actuarial (gain)/loss - demographic assumptions	**(0)**	-
Actuarial (gain)/loss - financial assumptions	**5**	2
Present Value of Defined Benefit Obligation as at the end of the year	**203**	170

II] Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Opening fair value of plan assets	**5**	10
Interest income on plan assets	**0**	1
Contributions by employer	**4**	8
Benefits Paid	**(7)**	(13)
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	(1)
Closing fair value of plan assets as at end of the year	**2**	5

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) Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Net defined benefit asset/(liability) at end of prior period	**(165)**	(141)
Service Cost	**(27)**	(33)
Net interest on net defined benefit liability/(asset)	**(10)**	(9)
Amount recognised in OCI	**(14)**	(5)
Employer contribution	**4**	8
Benefits Paid (Net)	**11**	15
Net defined benefit Asset/(Liability) recognised in Balance Sheet	**(201)**	(165)

IV] Components of employer expenses recognised in the Statement of Profit and Loss:

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Service Cost	**27**	33
Interest cost	**10**	10
Expected return on plan assets	**(0)**	(1)
Total expense recognised in the Statement of Profit & Loss	**37**	42

V] Components of employer expenses recognised in the other comprehensive income:

Particulars	**As at March 31, 2020**	As at March 31, 2019
Actuarial (Gain)/Loss due to DBO experience	**(9)**	2
Actuarial (gain)/loss - demographic assumptions	**0**	-
Actuarial (Gain)/Loss due to financial assumptions	**(5)**	2
Remeasurement- Return on plan assets excluding amount included in interest income	**0**	1
Actuarial (Gain)/Loss recognised in OCI	**(14)**	5

VI] Assumptions

Particulars	**As at March 31, 2020**	As at March 31, 2019
Discount Rate	**6.10%**	7.10%
Salary Escalation Rate	**6.50%**	7.00%
Employee Separation Rate	**17.00%**	16.00%

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 expectation of employee turnover.

VII] Sensitivity analysis

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
A: Discount rate		
1. Effect on DBO due to 0.5% increase in discount rate	**(4)**	(4)
2. Effect on DBO due to 0.5% decrease in discount rate	**4**	4
B: Salary Escalation Rate		
1. Effect on DBO due to 0.5% increase in Salary escalation rate	**4**	4
2. Effect on DBO due to 0.5% decrease in Salary escalation rate	**(4)**	(3)
C: Withdrawal Rate		
1. Effect on DBO due to 5% increase in withdrawal rate	**(2)**	(1)
2. Effect on DBO due to 5% decrease in withdrawal rate	**3**	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 period ended (Rs. in million)

1. March 31, 2021	33
2. March 31, 2022	32
3. March 31, 2023	30
4. March 31, 2024	31
5. March 31, 2025	34
6. March 31, 2026 to March 31, 2030	148

IX] Expected employer contributions for the period ended March 31, 2021 (Rs. in million)	8
X] Weighted average duration of defined benefit obligation	5 years
XI] Accrued benefit obligation as at March 31, 2020 (Rs. in million)	138
XII] Vested benefit obligation as at March 31, 2020 (Rs. in million)	163

XIII] Plan asset information:

Particulars	**As at March 31, 2020**	As at March 31, 2019
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 partially 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 insurance funded arrangements.

27 Disclosure as per IND AS 116-Leases

I. The details of the right-of-use asset held by the company is as follows:

Rs. in million

Particulars	**Additions for the year ended March 31, 2020**	Net carrying amount as at March 31, 2020
Right to use of Office premises	**597**	485
Total	**597**	485

II. Amounts recognised in statement of profit and loss:

A. Expense recognised:

Rs. in million

Particulars	**For the year ended March 31, 2020**
Depreciation	**113**
Short-term lease expense	**70**
Interest on lease liability	**34**
Total	**217**

B. Income recognised:

Rs. in million

Particulars	For the year ended March 31, 2020
Income from sub-lease	**21**
Total	**21**

III. Amounts recognised in statements of cash flows:

Particulars	For the year ended March 31, 2020
Cash outflow for leases	**123**
Total	**123**

IV. Maturity analysis for lease liabilities

i) Minimum Lease payments

Rs. in million

Particulars	For the year ended March 31, 2020
For 1 Year	**133**
For 2 To 5 years	**410**
Above five year	**13**
Total	**556**

ii) Present Value of Minimum Lease Payments

Rs. in million

Particulars	For the year ended March 31, 2020
For 1 Year	**112**
For 2 To 5 years	**358**
Above five year	**13**
Total	**483**

Impact of COVID-19

The leases that the company has entered with lessors towards properties used as delivery centres/sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

28. 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, 2020 is given below:

Operating Segments:

A) India

B) Rest of World

Rs. in million

Particulars	**For the year ended March 31, 2020**			For the year ended March 31, 2019		
	India	**Rest of the world**	**Total**	India	Rest of the world	Total
Revenue from operations	**1,037**	**7,318**	**8,355**	1,195	7,938	9,133
Total Segmental Revenue	**1,037**	**7,318**	**8,355**	1,195	7,938	9,133
Unallocable Expenses	**-**	**-**	**8,013**	-	-	8,417
Other Income (net)	**-**	**-**	**209**	-	-	109
Profit before tax from continuing operation	**-**	**-**	**594**	-	-	860
Tax expense	**-**	**-**	**610**	-	-	308
Profit after tax for continuing operation	**-**	**-**	**(92)**	-	-	552
Exceptional items	**-**	**-**	**(178)**	-	-	-
Profit from discontinued operations	**-**	**-**	**691**	-	-	(73)
Depreciation and Amortization Expenses	**-**	**-**	**331**	-	-	295

Rs. in million

Statement of Segment Assets and Liabilities	**As at March 31, 2020**	As at March 31, 2019
Segment Assets		
Trade Receivables		
India	**853**	559
Rest of the World	**3,915**	3,467
Total Trade Receivables	**4,768**	4,026
Unallocated Assets	**7,452**	6,732
Total Assets	**12,220**	10,758
Segment Liabilities		
Unallocable Liabilities	**6,271**	5,217
Total Liabilities	**6,271**	5,217

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.

Above numbers are inclusive of discontinued operations, refer note 41 for information on discontinued operations.

Information about major Customer:

Total revenue from rest of the world includes Rs. 3,476 million from three customers (year ended March 31, 2019: Rs. 2,476 million from two customers).

29. 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
Related parties with whom transactions during the quarter:	
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
Tech Mahindra Growth Factories Limited	Fellow subsidiary
Tech Mahindra Healthcare LLC	Fellow subsidiary
Tech Mahindra South Africa (Pty) Limited	Fellow subsidiary
Bharti Telesoft International Pvt. Ltd. Executive Providend Fund Trust	Post-employment benefit plan (Trust)
Bharti Telesoft Ltd. Employee Group Gratuity Trust	Post-employment benefit plan (Trust)
Key Management Personnel:	
Manoranjan Mohapatra	Chief Executive Officer
Neeraj Jain	Chief Financial Officer
Sriram Gopalakrishnan	Chief Financial Officer (Till November 8, 2018)

b) Transactions with Related Parties:

Rs. in million

Particulars	Transactions For the year ended March 31, 2020 Revenue / (Expense)						Balance as at March 31, 2020 Debit / (Credit)										
	Sales	Interest Expense	Cost of Goods/ Service (received)	Reimbursement of Expenses (Net)	Donation Given	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Contract Asset	Trade Payables#	Loans	Other current assets	Prepaid Expenses	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Holding Company																	
Tech Mahindra Limited	172	-	-	(24)	-	-	257	46	19	(39)	-	-	0	-	(0)	(0)	-
Fellow Subsidiaries																	
PT Tech Mahindra Indonesia	22	-	-	-	-	-	72	9	-	-	-	-	-	-	-	(10)	-
Tech Mahindra Foundation	-	-	-	-	(12)	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	-	(3)	-	-	-	-	32	0	-	-	(22)	-	-	(10)	-	(24)	-
LCC Middle East FZ- LLC	-	-	-	-	-	-	-	-	-	(0)	-	-	-	-	-	-	-
Tech Mahindra Guatemala, S.A.	(34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Growth Factories Limited	-	-	(2)	-	-	-	-	-	-	(2)	-	-	1	-	-	-	-
Tech Mahindra South Africa (Pty) Limited	0	-	-	-	-	-	1	6	1	-	-	-	-	-	-	-	-
Tech Mahindra Healthcare LLC	-	-	-	10	-	-	-	1	-	(10)	-	-	-	-	-	-	-
Key Management Personnel*																	
Manoranjan Mohapatra	-	-	-	-	-	(40)	-	-	-	-	-	-	-	-	-	-	(4)
Neeraj Jain	-	-	-	-	-	(11)	-	-	-	-	-	-	-	-	-	-	(1)

Particulars	Transactions For the year ended March 31, 2019 Revenue / (Expense)						Balance as at March 31, 2019 Debit / (Credit)										
	Sales	Interest Expense	Cost of Goods/ Service (received)	Reimbursement of Expenses (Net)	Donation Given	Managerial Remuneration	Trade Receivable	Unbilled Revenue	Contract Asset	Trade Payables#	Loans	Other current assets	Prepaid Expenses	Interest Accrued	Deferred Revenue	Advance from Customers	Accrued benefit payable
Holding Company																	
Tech Mahindra Limited	176	-	-	(7)	-	-	179	131	18	(3)	-	-	-	-	(0)	(17)	-
Fellow Subsidiaries																	
PT Tech Mahindra Indonesia	76	-	-	-	-	-	20	55	-	-	-	-	-	-	-	(0)	-
Tech Mahindra Foundation	-	-	-	-	(13)	-	-	-	-	-	-	-	-	-	-	-	-
Tech Mahindra Nigeria Limited	1	(12)	-	-	-	-	29	0	-	-	(71)	-	-	(22)	-	(26)	-
LCC Middle East FZ- LLC	-	-	-	-	-	-	-	-	-	(0)	-	-	-	-	-	-	-
Tech Mahindra Guatemala, S.A.	29	-	-	-	-	-	29	33	7	-	-	-	-	-	-	-	-
Tech Mahindra Growth Factories Limited	-	-	(6)	1	-	-	1	-	-	(0)	-	-	-	-	-	-	-
Key Management Personnel*																	
Manoranjan Mohapatra	-	-	-	-	-	(31)	-	-	-	-	-	-	-	-	-	-	(4)
Neeraj Jain	-	-	-	-	-	(4)	-	-	-	-	-	-	-	-	-	-	(1)
Sriram Gopalakrishnan	-	-	-	-	-	(8)	-	-	-	-	-	-	-	-	-	-	(1)

*The breakup of compensation of Key management personnel is as follows:

Key Management Personnel

Key Management Personnel	**Short-term employee benefits**	**Post-employment benefits****	**Other long-term benefits****	Termination benefits	Total
Manoranjan Mohapatra	**40**	**-**	**-**	-	40
	[31]	**[-]**	**[-]**	[-]	[31]
Neeraj Jain	**11**	**-**	**-**	-	11
	[4]	**[-]**	**[-]**	[-]	[4]
Sriram Gopalakrishnan	**-**	**-**	**-**	-	-
	[8]	**[-]**	**[-]**	[-]	[8]

** 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, 2019.

Trade payables includes creditors for capital goods.

30 Contingent Liabilities and Commitments:

(i) Contingent Liabilities:

Rs. in million

Sr. No.	Particulars	**As at March 31, 2020**	As at March 31, 2019
1	Bank Guarantees	**110**	72
2	Corporate Guarantee*	**2,080**	1,902
3	Income tax matters (refer note I)	**446**	461
4	Indirect tax matters (refer note II)	**426**	424
5	Other claims against the company not acknowledged as debts (refer note III)	**49**	50

*Corporate Guarantee of USD 27.5 million (Rs.2,080 million) given to the bank for availing credit facility by Comviva Technologies B.V. (100% subsidiary of the company).

Note:

I Income Tax Matter:

a) Demand from Income Tax Authorities for Assessment year 2005-06 (from Assistant Commissioner of Income Tax) Rs. 3 million (March 31, 2019 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2019 - Rs. 2 million) under protest.

b) Demand from Income Tax Authorities for Assessment year 2006-07 (from Assistant Commissioner of Income Tax) Rs. 2 million (March 31, 2019 Rs. 2 million)

c) Demand from Income Tax Authorities for Assessment year 2007-08 u/s 154 (from Assistant Commissioner of Income tax) Rs. 3 million (March 31, 2019 Rs. 3 million) against which company has paid Rs. 2 million (March 31, 2019 Rs. 2 million) under protest.

d) DR Congo tax authorities has raised tax demands (including interest and penalties) by issuing AMR’s for the year’s 2012-2018 on account of late deposit of tax returns, VAT and WHT notices for an amount of CDF 241 million (Rs 11 million) (March 31, 2019: CDF 230 million (Rs. 10 million) net of provision. Recovery of these AMR’s have been done from our bank account as well as from our customers. We are in the process of discussions with the tax authorities. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

e) The Chad Income tax authorities have raised the tax demand for the year 2014 and the company has disclosed contingent liability of XAF 351 million (Rs 45 million) (March 31, 2019 : XAF 351 million, Rs. 39 million). The company has filed an appeal against the final order in June 2018 and deposited 15% of the disputed tax demand with the tax authorities in April 2018. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

f) The Chad Income tax authorities have revised the tax demand to XAF 24 million (Rs 3 million) (March 31, 2019 : XAF 24 million, Rs 3 million) for the year 2015 vide final order dated March 15, 2018. The company has filed an appeal against the final order in June 2018 and deposited 15% of the disputed tax demand with the tax authorities in April 2018. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

g) The Company has received an order u/s 143(3) from the AO for Assessment year 2013-14 with adjustments in the returned income and short grant of prepaid taxes. Consequently there is reduction in refund of Rs 29 million (March 31, 2019: Rs 29 million). The Company has filled appeal before CIT (A) on January 27, 2017 and has furnished additional evidences to the CIT(A) in the last hearing dated 25 March 2019 and 22 November 2019. The order is still awaited from the CIT(A) on this matter.

h) The Company has received an order u/s 143(3) from the AO for Assessment year 2014-15 with adjustments in the returned income and short grant of prepaid taxes. Consequently there is reduction in refund of Rs 119 Million (March 31, 2019: Rs 119 million). The Company has filled appeal before CIT (A) on January 27, 2017 and has furnished additional evidences to the CIT(A) in the last hearing dated 25 March 2019 The order is still awaited from the CIT(A) on this matter.

i) 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 (Rs. 35 million) (March 31, 2019 : XAF 277 million, Rs 31 million).

j) Tax demand of XOF 193 million (Rs. 25 million) (March 31, 2019 : XOF 193 million (Rs. 23 million)) has been raised in Burkina Faso for corporate tax, employer and apprenticeship tax, patent Tax, single tax on wages and salaries, VAT and applicable penalties from Calendar Year 2012 to Calendar Year 2018 as per the summary tax notice received from the tax authorities. We have not been provided with the complete backup notices for the tax demand raised by the tax authorities. The Company is in the process of filing an objection letter with the tax department.

k) The Company has received an order u/s 143(3) read with section 144C from the AO/ TPO for Assessment year 2015-16 with transfer pricing adjustment to the returned income for an amount of Rs. 12 million. The Company has filed an appeal before CIT(A) on March 1, 2019 and is pending for hearing.

l) The Company has received a draft tax order for Calendar Year 2016 from the Chad tax authorities with tax demand being raised for issues relating to VAT, WHT and Corporate Tax, payroll tax and penalties thereon for an amount of XAF 58 million (Rs. 7 million) in December 2018 (March 31, 2019 : XAF 58 million (Rs. 7 million)). We have received the final order dated 26 December 2019 from the tax authorities and have filed an appeal against the same. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

m) The Company has received a draft tax order from the Malawi tax authorities with tax demand being raised for issues relating to Corporate Tax and penalties thereon for an amount of MWK 187 million. This order was further revised in May 2019 and the tax demand has been reduced to MWK 48 million (Rs. 5 million) (March 31, 2019 : MWK 187 million (Rs. 18 million)). We are in the process of further filing objections before the Malawi tax authorities.

n) The Company has received a tax order from the Uganda tax authorities for FY 2017-18 in June 2019 wherein the tax authorities have raised a tax demand on a best judgement basis for an amount of UGX 1,893 million (Rs. 38 million) (March 31, 2019 : Nil). We have filed an appeal before the Uganda tax authorities.

o) The Company has received a tax order for Calendar Year 2017 from the Chad tax authorities with tax demand being raised for issues relating to VAT, WHT and Corporate Tax, payroll tax and penalties thereon for an amount of XAF 393 million (Rs. 50 million) (March 31, 2019 : Nil). The company has filed objections against the said notice. The Company believes that the tax demand is erroneous and will not sustain in the appeal before the appellate authorities.

p) The Company has received a draft tax order for Calendar Year 2018 from the Chad tax authorities with tax demand being raised for issues relating to VAT, WHT and Corporate Tax, payroll tax and penalties thereon for an amount of XAF 359 million (Rs. 46 million) (March 31, 2019 : Nil). We are awaiting for final order from the authorities.

q) Tax demand of XOF 25 million (Rs. 3 million) (March 31, 2019 : Nil) has been raised in Burkina Faso for corporate tax, and applicable penalties for the period Calendar Year 2018 as per the summary tax notice received from the tax authorities. The demand has been raised on the best judgement assessment. The Company is in the process of filing an objection letter with the tax department.

r) The Company has received a final tax notification from the Niger Tax authorities dated January 16, 2020 for the year 2018 raising demand of XOF 49 million (Rs. 6 million) (March 31, 2019 : Nil) for payroll and WHT matter. The Company is in process of filing an appeal against the demand raised.

s) Demand from Income tax Authorities (Federal Inland Revenue Service) on Comviva Technologies Nigeria Limited for the Assessment year 2011-12 and 2012-13 for payment of additional income tax for NGN 50 million (Rs 11 million) (March 31, 2019 NGN 50 million (Rs 11 million)).The Company has filed an objection letter with the respective tax department and appeal before Income Tax Appellant Tribunal against the said demand on March 29, 2016. The matter was heard on December 20, 2019 by the Tribunal and the final copy of the judgement is awaited.

t) The Company has received a tax demand of NGN 15 million for year 2017 and NGN 1.5 million for year 2018 (Rs. 4 million for year 2017 and 2018) (March 31,2019 : NGN 16.5 million (Rs. 4 million)) issued on Comviva Technologies Nigeria Limited on account of non filing of financial statements and tax return which was on account of non-availability of FRC number for the directors as prescribed by the Financial Reporting Council. The Company has got the financials signed and filed the same with the authorities.

u) Demand from Income tax Authorities (Federal Inland Revenue Services) levied on company for CY 2018 on account of non-filing of CBCR for the amount of NGN 5 million (Rs 1 million) including penalty (March 31,2019 : Nil). The Company is in the process of filing objection letter and required documents with the tax department.

II Indirect Tax Matter:

a) The Company has received an order from Commissioner of service tax confirming demand (including penalty of Rs. 204 million) for the financial years 2004-05 to 2007-08 amounting to Rs. 407 million (March 31, 2019 - Rs. 407 million). An amount of Rs. 15 million has been adjusted against the cenvat credit as a protest payment. The Company has filed an appeal before the Honorable Customs, Excise & Service Tax Appellate(CESTAT) and is pending hearing.

b) The Company has received an order u/s 6 (4Uma), 6 (8Chha, Aa) of the Value Added Tax Act, 1991 in Bangladesh containing arrear VAT Demand to the tune of BDT 18 Million (Rs.16 million) (March 31, 2019 : BDT 18 Million (Rs.15 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 draft order from Gabon Tax office pursuant to article P 911 of general tax code (CGI) for the amount of XAF 20 million (Rs. 2 million) (March 31, 2019 : XAF 20 million (Rs. 2 million)). The officer has confirmed the demand for the Financial Years 2013-14 to 2017-18.

d) The Company has received an auto-assessment order from KRA dated November 15, 2019 for the period February 2018 requiring us to pay incremental VAT of KES 0.4 million (Rs. 0.29 million). The company has filed objections against the demand raised.

e) The Company has received an auto-assessment order from KRA dated February 28, 2020 for the period February 2018 requiring us to pay incremental VAT of KES 0.85 million (Rs. 0.61 million) (March 31, 2019 : Nil). The company is in process of filing the objections against the demand raised.

III Other Claims:

a) It includes demand from BSES, New Delhi amounting to Rs. 15 million (March 31, 2019 Rs 15 Million) and from BESCOM, Bangalore amounting to Rs. 7 million (March 31, 2019 Rs 7 Million).

b) Includes a claim of USD-0.15 million (Rs. 11 million) (March 31, 2019 USD-0.15 million (Rs. 10 million)) (net of provsion and credit note of Rs. 32 million) filed by a telecom customer in Africa against Comviva Technologies Limited.

c) Includes a claim of KES -15 million (Rs. 11 million) (March 31, 2019 USD-15 million (Rs. 10 million)) (net of credit note of Rs. 5 million) filed by a telecom customer in Africa against Comviva Technologies Limited.

d) Includes a claim of KES- 7 million (Rs. 5 million) (March 31, 2019 KES- 7 Million (Rs. 5 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, 2020.

(ii) Commitments :

Rs. in million

Sr. No.	Particulars	**As at March 31, 2020**	As at March 31, 2019
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	**50**	29

31. Financial Instruments

I] Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 were as follows:

Rs. 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 9)	1,223	-	-	1,223
Other balances with banks (refer note 10)	108	-	-	108
Investment in mutual fund (refer note 7)	-	503	-	503
Trade receivables (refer note 8)	4,719	-	-	4,719
Other financial assets (refer note 11(i) and 11(ii))	1,062	-	-	1,062
Total	**7,111**	**503**	**-**	**7,615**
Liabilities:				
Trade payables (refer note 18)	1,802	-	-	1,802
Borrowings (refer note 15)	1,703	-	-	1,703
Other financial liabilities (refer note 19(i) and 19(ii))	1,072	32	11	1,115
Total	**4,577**	**32**	**11**	**4,620**

The carrying value of financial instruments by categories as at March 31, 2019 were as follows:

Rs. 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 9)	1,199	-	-	1,199
Other balances with banks (refer note 10)	169	-	-	169
Trade receivables (refer note 8)	4,026	-	-	4,026
Other financial assets (refer note 11(i) and 11(ii))	1,699	28	5	1,732
Total	**7,093**	**28**	**5**	**7,126**
Liabilities:				
Trade payables (refer note 18)	1,545	-	-	1,545
Borrowings (refer note 15)	2,073	-	-	2,073
Other financial liabilities (refer note 19(i) and 19(ii))	560	-	-	560
Total	**4,178**	**-**	**-**	**4,178**

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, 2020:

Rs. in million

Particulars	Fair value measurement as at end of the reporting period using			
	As at March 31, 2020	Level 1	Level 2	Level 3
Assets				
Investments in mutual fund	503	503	-	-
Derivative financial instruments - foreign currency forward contracts	-	-	-	-
Liabilities				
Contingent Contractual Obligation	163	-	-	163
Derivative financial instruments - foreign currency forward contracts	43	-	43	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2019:

Rs. in million

Particulars	Fair value measurement as at end of the reporting period using			
	As at March 31, 2019	Level 1	Level 2	Level 3
Assets				
Derivative financial instruments - foreign currency forward contracts	33	-	33	-
Liabilities				
Contingent Contractual Obligation	-	-	-	173

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, 2020 in foreign currency	Fair value Gain/ (loss) in Rs.	Amount outstanding as at March 31, 2020 in Rs.	No. of Contracts
In USD	13 million	42 million*	999 million	9 Contracts
	(March 31, 2019: 21 mn)	(March 31, 2019: 29 mn)	(March 31, 2019: 1,475 mn)	(March 31, 2019: 16 Contracts)
In Euro	0.5 million	0.42 million*	41.33 million	1 Contract
	(March 31, 2019: 0.5 mn)	(March 31, 2019: 4 mn)	(March 31, 2019: 39 mn)	(March 31, 2019: 1 Contract)

* Fair value loss

Impact of COVID-19

The company basis their assessment believes that the probability of occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The company has also considered the effect of change, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness.

(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 Rs. 5,739 million, Rs. 5,725 million as at March 31, 2020, March 31, 2019 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 29(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 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:

Rs. in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at the beginning of the year	**496**	242
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**142**	254
Balance at the end of the year	**638**	496

(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 Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020:

Particulars	Less Than 1 Year	More Than 1 Year	Total
Borrowings	1,703	-	1,703
Trade Payables	1,802	-	1,802
Other financial liabilities	734	381	1,115

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019

Particulars	Less Than 1 Year	More Than 1 Year	Total
Borrowings	2,073	-	2,073
Trade Payables	1,545	-	1,545
Other financial liabilities	387	173	560

iv] Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:-

Rs. in million

Particulars	Currency	**As at March 31, 2020**		As at March 31, 2019	
		Amount in Foreign Currency	**Amount in INR Currency**	Amount in Foreign Currency	Amount in INR Currency
Trade Receivables, Unbilled Debtors & Contract Assets	BDT	**2**	**2**	2	1
	CDF	**74**	**3**	56	2
	EUR	**9**	**727**	6	499
	GBP	**0**	**7**	0	1
	GHS	**1**	**10**	0	4
	KES	**4**	**3**	10	7
	MGA	**789**	**16**	119	2
	MWK	**27**	**3**	43	4
	RWF	**153**	**12**	27	2
	OMR	**0**	**1**	-	-
	SCR	**1**	**5**	0	0
	QAR	**0**	**0**	0	0
	NGN	**139**	**29**	0	0
	IDR	**1,617**	**7**	801	4
	SLL	**214**	**2**	78	1
	AUD	**0**	**20**	1	38
	KWD	**1**	**211**	0	58
	TZS	**107**	**4**	0	0
	UGX	**262**	**5**	9	0
	USD	**36**	**2,699**	17	1,199
	MMK	**1,150**	**62**	-	-
	XAF	**143**	**18**	29	3
	XOF	**155**	**20**	111	13
	ZMW	**3**	**11**	1	4

Rs. in million

Particulars	Currency	**As at March 31, 2020**		As at March 31, 2019	
		Amount in Foreign Currency	**Amount in INR Currency**	Amount in Foreign Currency	Amount in INR Currency
Other financial assets	AED	**0**	**7**	-	-
	AUD	**-**	**-**	0	0
	BDT	**-**	**-**	7	5
	CDF	**-**	**-**	152	6
	EUR	**0**	**29**	0	31
	GBP	**0**	**1**	0	5
	GHS	**-**	**-**	0	1
	KES	**4**	**3**	7	5
	HKD	**-**	**-**	0	0
	MGA	**-**	**-**	116	2
	XOF	**-**	**-**	16	2
	QAR	**-**	**-**	0	1
	MUR	**-**	**-**	0	0
	MYR	**-**	**-**	-	-
	RWF	**1**	**0**	1	0
	SCR	**-**	**-**	-	-
	SLL	**-**	**-**	466	4
	TZS	**-**	**-**	77	2
	SGD	**-**	**-**	0	0
	UGX	**-**	**-**	-	-
	USD	**2**	**167**	3	197
	XAF	**5**	**1**	164	18
	ZMW	**-**	**-**	0	1

Rs. in million

Particulars	Currency	**As at March 31, 2020**		As at March 31, 2019	
		Amount in Foreign Currency	**Amount in INR Currency**	Amount in Foreign Currency	Amount in INR Currency
Trade Payables and Other financial liabilities	AED	**0**	**7**	0	6
	AUD	**4**	**162**	4	172
	BDT	**0**	**0**	5	4
	CDF	**(139)**	**(6)**	26	1
	EUR	**1**	**97**	1	95
	GBP	**0**	**2**	0	4
	GHS	**0**	**1**	0	1
	KES	**3**	**2**	24	16
	KWD	**0**	**116**	0	100
	LKR	**7**	**3**	8	3
	MGA	**(157)**	**(3)**	0	0
	MWK	**7**	**1**	1	0
	MYR	**(0)**	**(2)**	0	0
	RWF	**8**	**1**	14	1
	OMR	**0**	**1**	-	-
	SCR	**0**	**0**	0	1
	SGD	**0**	**0**	0	2
	SLL	**(441)**	**(3)**	125	1
	QAR	**0**	**0**	0	1
	TZS	**(80)**	**(3)**	44	1
	MUR	**-**	**-**	0	0
	IDR	**678**	**3**	455	2
	UGX	**(12)**	**(0)**	77	1
	USD	**39**	**2,985**	39	2,710
	XAF	**121**	**15**	290	33
	XOF	**65**	**8**	9	1
	ZAR	**1**	**6**	1	3
	ZMW	**(1)**	**(3)**	0	0

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. 388 million as at March 31, 2020 (Rs. 184 million as at March 31, 2019) for Trade Receivables, Unbilled Debtors & Contract Assets and Rs. 21 million as at March 31, 2020 (Rs. 28 million as at March 31, 2019) 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. 339 million as at March 31, 2020 (Rs. 316 million as at March 31, 2019) for trade payables and Other financial liabilities.

32 Basic and Diluted Earning per share

Rs. in million except earning per share

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Nominal value per equity share	**10**	10
Profit after tax from Continuing Operations	**(92)**	552
(Loss)/Profit after tax from Discontinued Operations	**667**	(73)
Profit for the year attributable to equity shareholders	**575**	479
	No. of Shares	No. of Shares
Weighted average number of equity shares	**21,869,000**	21,869,000
Weighted average number of diluted equity shares	**21,869,000**	21,869,000
Earnings per equity share for continuing operations		
(a) Basic (in Rs.)	**(4.20)**	25.91
(b) Diluted (in Rs.)	**(4.20)**	25.91
Earnings per equity share for discontinued operations		
(a) Basic (in Rs.)	**27.00**	(3.35)
(b) Diluted (in Rs.)	**27.00**	(3.35)
Earnings per equity share for continuing and discontinued operations		
(a) Basic (in Rs.)	**22.80**	22.56
(b) Diluted (in Rs.)	**22.80**	22.56

33 Provision for warranty:

The movement in the said provision is summarized below:

Rs. in million

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Opening Balance	7	9
Add: Additional provision made during the year	3	-
Add: Addition on Acquisition	-	-
Less: Provision reversed during the year	-	(2)
Closing balance	**10**	**7**

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.

34 The Group has accounted as an expense of Rs. 23 million (year ended March 31, 2019: Rs. 7 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.

35 There are no non-wholly owned subsidiaries that have material non-controlling interests.

36 Allocation of goodwill by segments as at March 31, 2020 and March 31, 2019 is as follows:

Following is the summary of changes in carrying amount of goodwill:

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of year	**399**	449
Transfer during the year	**(16)**	-
Effect of foreign currency exchange differences	**6**	(50)
Impairment loss recognised during the year	**(178)**	-
Balance at the end of the year	**210**	399

Allocation of goodwill by segments as at March 31, 2020 and March 31, 2019 is as follows:

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
India	**-**	-
Rest of World	**210**	399
Total	**210**	399

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.

Goodwill of Rs. 82 million and Rs.282 million as at March 31, 2020 and 2019, respectively, has been allocated to the acquisition of Emagine International Pty Ltd. The estimated value-in-use of this CGU is based on the future cash flows using a 2.50% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 14.42%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate) suggest the carrying amount of the CGU exceed the recoverable amount accordingly the Company has reconginsed an impairment loss of Rs.178 million during the year.

The remaining amount of goodwill of Rs 128 million and Rs 131 million as at March 31, 2020 and 2019, respectively, relating other CGUs has been evaluated based on the cash flow forecasts of the related CGUs and the recoverable amounts of these CGUs exceeded their carrying amounts. 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."

37 Disclosures for revenue from contracts with customers

a) Disaggregation of revenue

Revenue disaggregation by reportable segments is as follows: Rs in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Licence Fee with Implementation and other services	**4,134**	4,555
Revenue sharing arrangements	**1,811**	1,999
Annual maintenance contract services	**2,038**	1,764
Income from sale of equipments and software (third party)	**136**	641
Total	**8,119**	8,959

Revenue disaggregation by geography is as follows:

Rs in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
India	**1,037**	1,195
Rest of world	**7,318**	7,938
Total	**8,355**	9,133

b) Significant changes in the contract assets balances is as follows:

Rs in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance at beginning of year	**380**	277
Add: Revenue recognised during year	**401**	256
Less: Invoiced during year	**(359)**	(141)
Add/Less: Translation loss/(gain)	**(3)**	(12)
Add/Less: Others	**(48)**	-
Closing balance at end of year	**371**	380

c) Significant changes in the contract liabilities balances is as follows:

Rs in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance at beginning of year	**132**	226
Less: Revenue recognised during the year	**(96)**	(147)
Add: Invoiced during the year but not recognised as revenues	**67**	53
Add/Less: Translation loss/(gain)	**6**	-
Closing balance at end of year	**109**	132

d) The following table provides information in respect of amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price:

Rs in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contracted transaction	**8,119**	9,133
Less: Adjustment for volume discount	**-**	-
Less: Adjustment for cash discount	**-**	-
Less: Adjustment for upfront discount	**-**	-
Less: Adjustment for penalties / liquidated damages	**-**	-
Revenue recognized in the statement of profit and loss	**8,119**	9,133

Impact of COVID-19

The Company has evaluated the impact of the pandemic, amongst other matters, resulting from :

(i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts, and

(ii) termination or deferment of contracts by customers.

The Company has concluded that the impact of the pandemic is not material based on these estimates.

38 Income Tax Expense

Tax expense in the statement of profit and loss comprises:

Rs in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax:		
-Tax expense related to current year	**429**	514
-Tax expense related to earlier year	**21**	-
Total Current tax	**450**	514
Deferred tax	**160**	(167)
Income tax expense recognized in profit or loss	**610**	347
Deferred tax in other comprehensive income	**(8)**	2
Total tax expense recognized in total comprehensive income	**602**	349

The tax expense for the period can be reconciled to the accounting profit as follows:

Rs in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before Tax - continued operations	**418**	860
Profit before Tax - discontinued operations	**691**	(34)
Effective Tax Rate	**55.06%**	41.97%
Enacted tax rate	**25.17%**	34.94%
Income tax expense calculated at Effective Tax Rate	**279**	288
Effect of differential overseas tax rates	**27**	(110)
Tax effect of losses in subsidiaries	**208**	165
Deferred tax on account of write back of deferred tax asset - due to change in tax rates	**152**	-
Effect of expenses/income that are not admissible in determining taxable profit	**(4)**	124
Others	**(52)**	(120)
Income tax expense recognised in profit or loss	**610**	347
Deferred tax in other comprehensive income	**(8)**	-
Income tax expense recognised in profit or loss	**602**	347

Note:

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.

The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the ended 31st March 2020 and re-measured the balance of net deferred tax assets, basis the rate prescribed in the aforesaid section and recognised the effect of change in the profit and loss account. The remeasurement has resulted in a write down of the net deferred tax assets pertaining to earlier years by~ INR 150 Mn which has been fully charged to the profit and Loss account.

39 Deferred Tax:

The following is the analysis of deferred tax assets presented in the balance sheet:

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	**484**	586
Deferred tax liabilities	**(51)**	(2)
Deferred tax assets	**433**	584

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Rs in million

Particulars	For the year ended March 31,2020				
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Exchange rate difference**	**Closing balance**
Provision for Employee benefits	196	(50)	3	-	149
Provision for Inventory and Trade receivables	176	(21)	-	-	155
Carried forward of business losses	59	(0)	-	0	59
Property, Plant & Equipment and Intangible assets	62	(116)	-	-	(54)
MAT credit entitlement	18	(18)	-	-	-
Others	75	46	-	-	121
Cash flow hedging reserve	(2)	-	5	-	3
Deferred Tax Assets	584	(159)	8	0	433

The following is the analysis of Deferred tax liabilities presented in the Balance Sheet:

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	**-**	-
Deferred tax liabilities	**4**	12
Deferred tax liabilities	**4**	12

The tax effect of significant timing differences that has resulted in deferred tax liabilities are given below:

Rs in million

Particulars	For the year ended March 31,2020				
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Exchange rate difference**	**Closing balance**
Others	12	(8)	-	-	4
Deferred Tax Liabilities	**12**	**(8)**	**-**	**-**	**4**

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Rs in million

Particulars	For the year ended March 31,2019				
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Exchange rate difference**	**Closing balance**
Provision for Employee benefits	126	68	2	-	196
Provision for Inventory and Trade receivables	91	85	-	-	176
Carried forward of business losses	61	(2)	-	-	59
Property, Plant & Equipment and Intangible assets	52	8	-	2	62
MAT credit entitlement	18	-	-	-	18
Others	68	7	-	-	75
Cash flow hedging reserve	2	0	(4)	-	(2)
Deferred Tax Assets	418	166	(2)	2	584

The tax effect of significant timing differences that has resulted in deferred tax liabilities are given below:

Rs in million

Particulars	For the year ended March 31,2019				
	Opening balance	**Recognised in Profit and loss**	**Recognised in OCI**	**Exchange rate difference**	**Closing balance**
Others	13	(1)	-	-	12
Deferred Tax Liabilities	**13**	**(1)**	**-**	**-**	**12**

40 Disclosure for Hyperinflation adjustments as per Ind AS 29:

For the calculation of the hyperinflation adjustment of Subsidiary Company with functional Argentine Peso, the company uses the index calculated by the Argentine Federation of Professional Councils of Economic Sciences resulting from combining the National Consumer Price Index ("CPI") published by the National Institute of Statistics and Censuses of the Argentine Republic ("INDEC") with the IPIM.

Month	**Index**	Coefficient
Apr-19	**213.052**	1.428
May-19	**219.569**	1.386
Jun-19	**225.537**	1.349
Jul-19	**230.494**	1.320
Aug-19	**239.608**	1.270
Sep-19	**253.710**	1.199
Oct-19	**262.066**	1.161
Nov-19	**273.216**	1.114
Dec-19	**284.964**	1.073
Jan-20	**289.830**	1.050
Feb-20	**295.666**	1.029
Mar-20	**304.240**	1.000

The effect of inflation on the Company's net monetary position in the consolidated income statements for the year ended March 31, 2020 were as follows:

Particulars	**Rs. in million**
Increase/(Decrease) in Assets	**(3)**
(Increase)/Decrease in Liabilities	**-**
(Increase)/Decrease in Components of Equity	**(36)**
Net monetary position impact (Income)/Loss	**(39)**

41 Discontinued Operations

The management during the year has decided to sell off two of the subsidiaries, one being an immediate subsidiary and other being a step down subsidiary. (Terra group and Hedonmark Services Pvt Ltd.)

The company in it's board meeting held on 26th July 2019, decided to sell of Terra Group (a wholly subsidiary) and took note to sell of Hedonmark Services Pvt Ltd. (a step down subsidiary) on 2nd Jan 2020.

Given below is the analysis of loss from the discontinued operations during the year.

The financial performance from these two sold of companies is shown below :

Rs in million

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Revenue from operations	**236**	174
Other income (net)	**(1)**	0
Total income	**235**	174
Expenses		
(a) Employee benefits expense	**24**	20
(b) Subcontracting cost	**52**	35
(c) Finance costs	**7**	9
(d) Depreciation and amortization expense	**0**	0
(e) Other expenses	**197**	145
Total expenses	**280**	209
Profit/(Loss) before tax from Discontinued Operations	**(44)**	(35)
Tax expenses of Discontinued Operations	**-**	39
(Loss)/Profit after tax from Discontinued Operations	**(44)**	(74)

The following assets and liabilities have been reclassified as held for sale in relation to the discontinued operations as at March 31, 2020:

Rs. in million

Particulars	**As at March 31, 2020**
ASSETS	
Non current assets	
(a) Property, plant and equipment	**0**
(b) Capital work-in-progress	
(c) Other intangible assets	
(d) Goodwill on acquisition	**4**
(e) Financial assets	
(i) Other financial assets	
(f) Income tax Asset (net)	
(g) Deferred tax assets (net)	**0**
(h) Other non-current assets	
Total non-current assets	**4**
Current assets	
(a) Inventories	**-**
(b) Financial assets	
(i) Trade receivables	**3**
(ii) Cash and cash equivalents	**522**
(iii) Other balances with bank	
(iv) Other financial assets	**371**
(c) Other current assets	**18**
(d) Assets Classified as held for distribution	
Total current assets	**914**
TOTAL ASSETS	**918**
LIABILITIES	
Non current liabilities	
(a) Financial liabilities	
(i) Other financial liabilities	
(b) Provisions	
(c) Other non-current liabilities	
(d) Deferred tax liabilities (net)	
Total non-current liabilities	
Current liabilities	
(a) Financial liabilities	
(i) Borrowings	
(ii) Trade payables	**81**
(iii) Other financial liabilities	**743**
(b) Other current liabilities	**157**
(c) Provisions	**(0)**
(d) Current tax liabilities (net)	**5**
(e) Liabilities associated with the assets classified as held for distribution	
Total current liabilities	**986**
TOTAL LIABILITIES	**986**

Net cash flow attributable to the operating, investing and financing activities of discontinued operations is presented below:

Rs. in million

Particulars	**As at March 31, 2020**
Cah flow from operating activities	**322**
Cahs flow from investing activities*	**685**
Cash flow from financing activities	**104**

42. Additional Information as required by Schedule III to the Companies Act, 2013 of enterprises consolidated as subsidiaries

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. 2019-2020		F.Y. 2018-2019		F.Y. 2019-2020		F.Y. 2018-2019		F.Y. 2019-2020		F.Y. 2018-2019		F.Y. 2019-2020		F.Y. 2018-2019	
	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	122%	7,403	119%	6,578	177%	880	172%	824	276%	(22)	80%	4	175%	858	171%	828
Subsidiaries:																
Foreign																
Comviva Technologies Inc.#	0%	-	0%	-	0%	-	-1%	(5)	0%	-	0%	-	0%	-	-1%	(5)
Comviva Technologies Nigeria Limited	-2%	(125)	2%	91	-45%	(224)	2%	10	0%	-	0%	-	-46%	(224)	2%	10
Comviva Technologies Singapore PTE. Limited	0%	8	0%	15	-1%	(7)	-1%	(4)	0%	-	0%	-	-1%	(7)	-1%	(4)
Comviva Technologies FZ-LLC	3%	189	4%	236	-13%	(63)	4%	17	0%	-	0%	-	-13%	(63)	4%	17
Hedonmark {Management Services} Limited^^^	0%	-	-6%	(311)	0%	-	-12%	(57)	0%	-	0%	-	0%	-	-12%	(57)
Comviva Technologies Netherland BV	-8%	(470)	-6%	(312)	-44%	(219)	-37%	(177)	0%	-	0%	-	-45%	(219)	-37%	(177)
Terra Payment Services (Netherlands) B.V.^^	0%	-	1%	30	0%	-	-6%	(26)	0%	-	0%	-	0%	-	-5%	(26)
Comviva Technologies (Argentina) S.A. (formerly, ATS Advanced Technology Solutions S.A.)	1%	52	2%	91	-9%	(46)	9%	44	75%	(6)	-316%	(15)	-11%	(52)	6%	28
ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E Exportacao Ltda	-1%	(68)	-2%	(90)	-12%	(59)	-2%	(9)	0%	-	0%	-	-12%	(59)	-2%	(9)
Terra Payment Services (UK) Limited^^	0%	-	0%	3	0%	-	-2%	(10)	0%	-	0%	-	0%	-	-2%	(10)
Terra Payment Services (Uganda) Limited^^	0%	-	0%	(1)	0%	-	1%	3	0%	-	0%	-	0%	-	1%	3
Terra Payment Services Botswana (Pty) Limited^^	0%	-	0%	(1)	0%	-	0%	(0)	0%	-	0%	-	0%	-	0%	(0)
Terra Payment Services South Africa (PTY) Ltd^^^^^	0%	-	0%	22	0%	-	0%	(1)	0%	-	0%	-	0%	-	0%	(1)
Terra Payment Services S.A.R.L. -(DRC)^^	0%	-	0%	0	0%	-	0%	(1)	0%	-	0%	-	0%	-	0%	(1)

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. 2019-2020		F.Y. 2018-2019		F.Y. 2019-2020		F.Y. 2018-2019		F.Y. 2019-2020		F.Y. 2018-2019		F.Y. 2019-2020		F.Y. 2018-2019	
	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)
Terra Payment Services S.A.R.L. -(Congo B)^^	0%	-	0%	(1)	0%	-	0%	(1)	0%	-	0%	-	0%	-	0%	(1)
Terra Payment Services (Tanzania) Limited^^	0%	-	0%	(4)	0%	-	-1%	(3)	0%	-	0%	-	0%	-	-1%	(3)
Terra Payment Services (Mauritius)^^	0%	-	0%	(14)	0%	-	-1%	(3)	0%	-	0%	-	0%	-	-1%	(3)
Mobex Money Transfer Services Limited^^	0%	-	0%	16	0%	-	0%	(1)	0%	-	0%	-	0%	-	0%	(1)
Terra Payment Services S.A.R.L. -(Senegal)^^	0%	-	0%	(0)	0%	-	0%	(0)	0%	-	0%	-	0%	-	0%	(0)
Comviva Technologies (Australia) Pty. Ltd	-3%	(160)	-2%	(92)	-16%	(78)	-8%	(40)	0%	-	0%	-	-16%	(78)	-8%	(40)
Emagine International Pty. Ltd.	4%	222	4%	241	-1%	(4)	-8%	(37)	0%	-	0%	-	-1%	(4)	-8%	(37)
Comviva Technologies Mexico, S. de R.L. de C.V.	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Terra Payment Services (India) Private Limited^^^^	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Comviva Technologies Colombia S.A.S	0%	20	0%	3	4%	19	1%	3	0%	-	0%	-	4%	19	1%	3
Comviva Technologies Madagascar Sarlu.	0%	20	0%	21	0%	(2)	2%	9	0%	-	0%	-	0%	(2)	2%	9
Terrapay Services (UK) Limited^^	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
YABX Technologies (Netherlands) BV	0%	(16)	0%	(4)	-2%	(11)	-1%	(4)	0%	-	0%	-	-2%	(11)	-1%	(4)
Comviva Technologies USA INC.*	0%	(2)	0%	-	0%	(2)	0%	-	0%	-	0%	-	0%	(2)	0%	-
Comviva Technologies Myanmar Limited**	1%	37	0%	-	7%	37	0%	-	0%	-	0%	-	8%	37	0%	-
Comviva Technologies COTE D'IVOIRE***	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Adjustments on consolidation	-17%	(1,033)	-18%	(976)	56%	277	-11%	(51)	-251%	20	336%	16	60%	296	-7%	(35)
Total	100%	6,075	100%	5,541	100%	498	100%	479	100%	(8)	100%	5	100%	490	100%	484
Minority interest in all subsidiaries	0%	-	0%	0%	0%	-	-3%	(14)	0%	-	0%	-	0%	-	-3%	(14)

Subsidiary was disolved last year.

* Incorporated on 5th November 2019.

** Incorporated on 6th December 2019.

*** Incorporated on 18th February, 2020.

^^ With effect from 2nd March 2020, company has been sold off.

^^^ With effect from 2nd Jan 2020 , company has been sold off.

^^^^ With effect from 11th December 2019, company has been stricken off.

^^^^^ With effect from 6th March 2020, company has been sold off.

43 Previous year's figures have been re-classified to conform to 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
Deepesh Sharma
Partner
Membership No.: 505725
New Delhi

For and on behalf of the Board of Directors of
Comviva Technologies Limited

C. P. Gurnani Director Noida	**Jagdish Mitra** Director Noida	**Vivek Satish Agarwal** Director Bengaluru
Sunita Umesh Director Gurugram	**Rajat Mukherjee** Director New Delhi	**Manoranjan Mohapatra** Chief Executive Officer Gurugram
	Neeraj Jain Chief Financial Officer Gurugram	**Parminder Singh Bakshi** Company Secretary Gurugram

COMVIVA TECHNOLOGIES MADAGASCAR SARLU

Directors
Ganeshmurthy Patil
Anil Kumar Krishnan
Devendra Curpen

Registered No:
RCS Antananarivo 2016 B 01082

Registered Office
Immeuble ARO Ampefiloha Escalier A 4è étage
porte A 402 - Antananarivo 101
Analamanga 101, Antananarivo Renivohitra,
Madagascar

COMVIVA TECHNOLOGIES MADAGASCAR SARLU

BALANCE SHEET AS AT MARCH 31, 2020

Amount in MGA

Particulars		Note No.	As at March 31, 2020	As at March 31, 2019
I	**Assets**			
A	**Non current assets**			
	(a) Property, Plant and Equipment	1	4,033,333	1,966,667
	(b) Income tax assets (net)		42,865,675	5,295,136
	Total non-current assets		**46,899,008**	**7,261,803**
B	**Current Assets**			
	(a) Financial Assets			
	(i) Trade receivables	2	788,785,056	26,438,306
	(ii) Cash and cash equivalents	3	95,908,258	1,231,817,033
	(iii) Others financial assets	4	261,403,711	-
	Total current assets		**1,146,097,025**	**1,258,255,339**
	TOTAL ASSETS		**1,192,996,034**	**1,265,517,142**
II	**Equity and Liabilities**			
A	**Equity**			
	(a) Equity Share capital		64,000,000	64,000,000
	(b) Other Equity	5	923,806,119	1,042,328,787
			987,806,119	**1,106,328,787**
B	**Liabilities**			
1	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade Payables	6	116,704,447	123,577,930
	(b) Other current liabilities	7	88,204,283	31,964,160
	(c) Provisions	8	281,185	3,646,265
	Total current liabilities		**205,189,915**	**159,188,355**
	TOTAL EQUITY AND LIABILITIES		**1,192,996,034**	**1,265,517,142**
C	**See accompanying notes forming part of the financial statements**	1-12		

For and on behalf of Comviva Technologies Madagascar Sarlu

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in MGA

	Particulars	Note No.	For the year ended March 31, 2020		For the year ended March 31, 2019	
I.	Revenue from operations	9		918,589,011		965,436,353
II.	Other income	10		-		(5,830,944)
III.	**Total income (I+II)**			**918,589,011**		**959,605,409**
IV.	**Expenses**					
	(a) Employee benefits expense	11		279,216,097		264,859,781
	(b) Subcontracting cost			(9,190,334)		45,951,668
	(c) Depreciation and Amortization expense			1,593,333		983,333
	(d) Other expenses	12		191,345,785		114,040,772
	Total expenses			**462,964,881**		**425,835,555**
V.	Profit/(Loss) before tax			455,624,130		533,769,854
VI.	Tax expenses					
	(a) Current tax		109,771,797		106,753,971	
	(b) Deferred tax		-		-	
				109,771,797		106,753,971
VII.	Profit/(Loss) after tax			345,852,333		427,015,883
VIII.	See accompanying notes forming part of the financial statements	1-12				

For and on behalf of Comviva Technologies Madagascar Sarlu

Note 1 - Other Intangible assets

Amount in MGA

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at 1st April, 2019	Additions during the period	Disposals during the period	As at March 31, 2020	As at 1st April, 2019	For the period	On disposal for the period	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
A.Tangible Assets(Computers)										
Computers	2,950,000	3,660,000	-	6,610,000	983,333	1,593,333	-	2,576,667	4,033,333	1,966,667
Total	**2,950,000**	**3,660,000**	**-**	**6,610,000**	**983,333**	**1,593,333**	**-**	**2,576,667**	**4,033,333**	**1,966,667**

Note 2 - Trade receivables :

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables (Unsecured)		
Over Six Months		
- Considered good	788,785,056	26,438,306
- Considered doubtful	-	-
	788,785,056	26,438,306
Total	**788,785,056**	**26,438,306**

Note 3 - Cash and cash equivalents :

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
- In current accounts	95,908,258	1,231,817,033
Total	**95,908,258**	**1,231,817,033**

Note 4 - Other Financial assets :

Current financial assets

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Unbilled Revenue	261,268,131	-
Dues from Inter Entity (Net)	135,580	-
Total	**261,403,711**	**-**

Note 5 - Other Equity :

Amount in MGA

Particulars	As at March 31, 2020		As at March 31, 2019	
Surplus in the statement of profit and loss				
Opening balance	1,042,328,786		615,312,904	
Add: profit/(loss) for the period/year	345,852,333		427,015,883	
Less: Dividend to holding company	464,375,000		-	
Closing balance		923,806,119		1,042,328,787
Total		**923,806,119**		**1,042,328,787**

Note 6 - Trade payables :

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Expenses payables other than Accrued Salaries and Benefits	104,654,775	110,092,295
Accrued Salaries and Benefits	12,049,672	13,485,635
Total	**116,704,447**	**123,577,930**

Note 7 - Other Current liabilities :

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Other payables	-	138,960
Statutory remittances	88,204,283	31,825,200
Total	**88,204,283**	**31,964,160**

Note 8 -Provisions :

Short-term provisions

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
-Compensated absences	281,185	3,646,265
	281,185	3,646,265
Total	**281,185**	**3,646,265**

Note 9 - Revenue from operations :

Amount in MGA

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
Income from Comviva Product and related managed support				
Licence Fee with Implementation and other services	918,589,011		965,436,353	
		918,589,011		965,436,353
Income from sale of equipments and software (third party)		-		-
Total		**918,589,011**		**965,436,353**

Note 10 - Other income :

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Exchange gain/loss (net)	-	(5,182,028)
Interest income	-	(648,915)
Total	**-**	**(5,830,944)**

Note 11 - Employee benefits expense :

Amount in MGA

Particulars	As at March 31, 2020	As at March 31, 2019
Salaries, wages and bonus	271,848,700	259,731,691
Contribution to provident and other funds	6,791,424	5,128,090
Staff Welfare Expenses	575,973	-
Total	**279,216,097**	**264,859,781**

Note 12 - Operating and other expense:

Amount in MGA

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Exchange loss (net)	488,319	-
Rates and taxes	4,083,668	511,956
Insurance	29,359,427	20,732,631
Communication costs	-	280,000
Legal and professional fees	156,057,048	91,135,961
Miscellaneous expenses	1,357,323	1,380,224
Total	**191,345,785**	**114,040,772**

YABX TECHNOLOGY (NETHERLANDS) BV

Managing Directors:
Sandeep Phadke
Syed Tanvir Hussain
Abhijeet Anant Awekar
Axaya Kansal

Registered No:
71797882

Registered Office:
Maanplein 20, Building 8,
2516 CK The Hague,
The Netherlands

BALANCE SHEET AS AT MARCH 31, 2020

Amount in USD

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I	**Assets**			
A	**Non current assets**			
	(a) Intangible assets	3	**109,375**	146,875
	Total non-current assets		**109,375**	146,875
B	**Current Assets**			
	(a) Inventories		**-**	-
	(b) Financial Assets			
	(i) Trade receivables	4	**2,428**	
	(ii) Cash and cash equivalents	5	**209,170**	8,893
	(c) Other current assets	6	**2,102**	2,022
	Total current assets		**213,700**	10,915
	TOTAL ASSETS		**323,075**	157,790
II	**Equity and Liabilities**			
A	**Equity**			
	(a) Equity Share capital		**-**	-
	(b) Other Equity	7	**(212,055)**	(62,656)
			(212,055)	(62,656)
III	**Liabilities**			
A	**Non Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	8	**319,421**	-
	Total non-current liabilities		**319,421**	-
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade Payables	9	**141,595**	154,551
	(ii) Others financial liabilities	10	**74,114**	65,895
	Total current liabilities		**215,709**	220,446
	TOTAL EQUITY AND LIABILITIES		**323,075**	157,790
IV	**See accompanying notes forming part of the financial statements**	3-13		

YABX TECHNOLOGY (NETHERLANDS) BV

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in USD

Particulars		Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I.	Revenue from operations	11	**3,317**	-
II.	Other income	12	**-**	166
III.	**Total income (I+II)**		**3,317**	166
IV.	**Expenses**			
	(a) Subcontracting cost		**96,864**	-
	(b) Depreciation and Amortization expense	3	**37,500**	3,125
	(c) Other expenses	13	**18,353**	59,697
	Total expenses		**152,717**	62,822
V.	**Profit/(Loss) before tax**		**(149,400)**	(62,656)
VI.	**Tax expenses**			
	(a) Current tax		**-**	-
	(b) Deferred tax		**-**	-
			-	-
VII.	**Profit/(Loss) after tax**		**(149,400)**	(62,656)
VIII.	**See accompanying notes forming part of the financial statements**	3-13		

Note 3 - Other Intangible assets

Amount in USD

Particulars	Gross Block				Accumulated Depreciation / Amortization					Net Block
	As at 1st April, 2019	**Additions during the period**	**Disposals during the period**	**As at March 31, 2020**	**As at 1st April, 2019**	**For the period**	**On disposal for the period**	**As at March 31, 2020**	**As at March 31, 2020**	**As at March 31, 2020**
Intangible Assets (Other than internally generated)										
Intellectual Property Rights	150,000	-	-	150,000	3,125	37,500	-	40,625	109,375	146,875
Total	**150,000**	**-**	**-**	**150,000**	**3,125**	**37,500**	**-**	**40,625**	**109,375**	**146,875**

Note 4 - Trade receivables :

Amount in USD

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables (Unsecured)		
- Considered good	**2,428**	-
- Considered doubtful	**-**	-
	2,428	-
Less: Provision for doubtful trade receivables	**-**	-
Total	2,428	-

Note 5 - Cash and cash equivalents :

Amount in USD

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
- In current accounts	**209,170**	8,893
Total	**209,170**	8,893

Note 6 - 0ther current assets

Amount in USD

Particulars	As at March 31, 2020	As at March 31, 2019
Others	**2,102**	2,022
Total	**2,102**	2,022

Note 7 - Other Equity :

Amount in USD

Particulars	As at March 31, 2020		As at March 31, 2019	
Surplus in the statement of profit and loss				
Opening balance	**(62,656)**		-	
Add: profit/(loss) for the period/year	**(149,400)**		(62,656)	
Closing balance		**(212,055)**		(62,656)
Total		**(212,055)**		(62,656)

Note 8 -Borrowings :

Amount in USD

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
-Loan To/From Intercompany/Associates	**319,421**	-
Total	**319,421**	-

Note 9 - Trade payables :

Amount in USD

Particulars	As at March 31, 2020	As at March 31, 2019
Expenses payables other than Accrued Salaries and Benefits	**141,595**	154,551
Total	**141,595**	154,551

Note 10 - Others financial liabilities

Amount in USD

Particulars	As at March 31, 2020	As at March 31, 2019
Dues from Subsidiary	**74,114**	65,895
Total	**74,114**	65,895

Note 11 - Revenue from operations :

Amount in USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue sharing arrangements	**3,317**	-
Total	**3,317**	-

Note 12 - Other income :

Amount in USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Exchange gain/loss (net)	**-**	166
Total	**-**	166

Note 13 - Operating and other expense:

Amount in USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Legal and professional fees	**7,650**	58,110
Exchange Loss	**5,223**	-
Miscellaneous expenses	**5,480**	1,587
Total	**18,353**	59,697

COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD.

Board of Directors

Directors:

Mr. Manoranjan Mohapatra

Mr. Manish Goenka

Mr. Ayush Keshan

Registered No:

201127764Z

Registered Office:

180B, Bencoolen Street, #12-05,

The Bencoolen, Singapore 189648

DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

The directors submit their report together with the management statements of Comviva Technologies Singapore Pte. Ltd. ("The Company"), for the year ended 31st March, 2020.

Principal Activity

The principal activity of the Company is to provide solutions for telecommunication and network.

Financial results and appropriations

The financial results of the Company for the year ended 31st March, 2020 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 interest

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 are as follows:

Mr. Manoranjan Mohapatra

Mr. Manish Goenka

Mr. Ayush Keshan (appointed as on 20th May, 2019)

Share Options

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

(b) Options 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.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

Acknowledgments:

Your Directors thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholders for the cooperation and assistance received from them.

Manoranjan Mohapatra	**Manish Goenka**	**Ayush Keshan**
Director	**Director**	**Director**

COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD.

BALANCE SHEET AS AT MARCH 31, 2020

Amount in SGD

	Particulars	Note No.	**As at March 31, 2020**	As at March 31, 2019
I	**Assets**			
A	**Non current assets**			
	(a) Property, Plant and Equipment	3(i)	**122,205**	165,296
	(b) Capital work-in-progress		**(1)**	49,530
	(c) Other Intangible assets	3(ii)	**5,428**	11,181
	(d) Advance Income tax (net)		**60,077**	50,264
	(e) Deferred tax assets	4	**-**	45,761
	Total non-current assets		**187,709**	322,032
B	**Current Assets**			
	(i) Trade receivables	5	**598,667**	429,844
	(ii) Cash and cash equivalents	6	**390,916**	461,374
	(iii) Others financial assets	7	**32,036**	48,490
	(b) Other current assets	8	**90,874**	84,621
	Total current assets		**1,112,493**	1,024,329
	TOTAL ASSETS		**1,300,202**	1,346,361
II	**Equity and Liabilities**			
A	**Equity**			
	(a) Equity Share capital	9	**561,000**	561,000
	(b) Other Equity	10	**(405,255)**	(272,679)
	Equity attributable to equity holders of the Company		**155,745**	288,321
III	**Liabilities**			
A	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	11	**586,021**	554,025
	(ii) Trade Payables	12	**239,582**	279,364
	(iii) Others financial liabilities	13	**269,792**	224,651
	(b) Other current liabilities	14	**49,062**	0
	Total current liabilities		**1,144,457**	1,058,040
	TOTAL EQUITY AND LIABILITIES		**1,300,202**	1,346,361
IV	**See accompanying notes forming part of the financial statements**	1-18		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in SGD

Particulars		Note No.	**For the year ended March 31, 2020**	For the year ended March 31, 2019
I.	Revenue from operations	15	**170,306**	224,049
II.	Other income	16	**11,002**	-
III.	**Total income (I+II)**		**181,308**	224,049
IV.	**Expenses**			
	(a) Employee benefits expense	17	**10,678**	2,072
	(b) Subcontracting cost		**43,880**	9,173
	(c) Finance costs		**-**	40,207
	(d) Depreciation and Amortization expense	3	**98,376**	90,512
	(e) Other expenses	18	**115,188**	176,539
	Total expenses		**268,123**	318,503
V.	**Profit/(Loss) before tax**		**(86,815)**	(94,454)
VI.	**Tax expenses**			
	(a) Current tax		**-**	-
	(b) Deferred tax		**(45,761)**	21,913
			(45,761)	21,913
VII.	**Profit/(Loss) after tax**		**(132,576)**	(72,541)
VIII.	**See accompanying notes forming part of the financial statements**	1-18		

Note 3(i) - Property, Plant and Equipment

Particulars	Gross Block					Accumulated Depreciation / Amortization				Net Block	
	As at 1st April, 2019	Additions during the year	Disposals during the year	Adjustment	As at March 31, 2020	As at 1st April, 2019	For the year	On disposal for the year	As at March 31, 2020	As at March 31, 2020	As at 1st April 2019
Network systems	40,140	-		-	40,140	22,373	7,896	-	30,269	9,871	17,767
Computers	349,225	49,530	-	-	398,756	201,696	84,726	-	286,421	112,334	147,530
Total	**389,365**	**49,530**	**-**	**-**	**438,896**	**224,069**	**92,622**	**-**	**316,691**	**122,205**	**165,296**

Note 3(ii) - Other Intangible assets

Particulars	Gross Block					Accumulated Depreciation / Amortization				Net Block	
	As at 1st April, 2019	Additions during the year	Disposals during the year	Adjustment	As at March 31, 2020	As at 1st April, 2019	For the year	On disposal for the year	As at March 31, 2020	As at March 31, 2020	As at 1st April 2019
Computer Software	28,685	-	-	-	28,685	17,504	5,754	-	23,257	5,428	11,181
Total	**28,685**	**-**	**-**	**-**	**28,685**	**17,504**	**5,754**	**-**	**23,257**	**5,428**	**11,181**

Note 4 - Deferred tax assets (net) :

Amount in SGD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Break up of deferred tax assets		
Nature of timing difference		
- Others	**-**	45,761
Total	**-**	45,761

Note 5 - Trade receivables :

Amount in SGD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade Receivables (Unsecured)		
- Considered good	**598,667**	429,844
Total	**598,667**	429,844

Note 6 - Cash and cash equivalents :

Amount in SGD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Balances with banks:		
- In current accounts	**390,916**	461,374
Total	**390,916**	461,374

Note 7 - Other Financial assets :

Amount in SGD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unbilled Revenue (Less alloances for credit loss)	**32,036**	48,490
Total	**32,036**	48,490

Note 8 - Other Current Assets :

Amount in SGD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Inter entity receivable	**87,666**	82,433
Others		
- Balance with Government authorities	**1,026**	596
- Loans and advances to employees	**-**	1,284
Prepaid expenses	**2,182**	308
Other receivables	**-**	-
Total	**90,874**	84,621

Note 9 -Equity Share capital :

Amount in SGD

Particulars	As at			
	31-Mar-20		31-Mar-19	
	Number	**Amount**	Number	Amount in SGD
(a) Authorised :				
Equity shares of SGD 1 each	**561,000**	**561,000**	561,000	561,000
(b) Issued, subscribed and fully paid up :				
Equity shares of SGD 1 each fully paid up	**561,000**	**561,000**	561,000	561,000
Total	**561,000**	**561,000**	561,000	561,000

Note 10 - Other Equity :

Amount in SGD

Particulars	As at			
	31-Mar-20		31-Mar-19	
	Number	**Amount**	Number	Amount in SGD
Surplus in the statement of profit and loss				
Opening balance	**(272,679)**		(200,138)	
Add: profit/(loss) for the period/year	**(132,576)**		(72,541)	
Closing balance		**(405,255)**		(272,679)
Total		**(405,255)**		(272,679)

Note 11 -Borrowings :

Amount in SGD

Particulars	As at	
	31-Mar-20	31-Mar-19
Loan from Head office (Comviva India)	**586,021**	554,025
Total	**586,021**	554,025

Note 12 - Trade payables :

Amount in SGD

Particulars	As at	
	31-Mar-20	31-Mar-19
Expenses payables other than Accrued Salaries and Benefits	**228,725**	277,293
Accrued Salaries and Benefits	**10,857**	2,072
Total	**239,582**	279,364

Note 13 - Other Financials liabilities:

Amount in SGD

Particulars	As at	
	31-Mar-20	31-Mar-19
Inter Company Receivable /Payable (Net)	**238,780**	224,651
Payables on purchase of property,plant and equipment	**31,012**	-
Interest accrued but not due	**-**	-
Total	**269,792**	224,651

Note 14 - Other Current liabilities :

Amount in SGD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Advance from customers	**49,062**	-
Total	**49,062**	-

Note 15 - Revenue from operations :

Amount in SGD

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue sharing arrangements	**170,306**	224,048
Total	**170,306**	224,048

Note 16 - Other income :

Amount in SGD

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sundry Balances written back	**11,002**	-
Total	**11,002**	-

Note 17 - Employee benefits expense :

Amount in SGD

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	**10,678**	2,072
Total	**10,678**	2,072

Note 18 - Operating and other expense:

Amount in SGD

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cost of hardware equipment and other items sold	**43,541**	26,141
Royalty and software charges	**13,573**	41,444
Travelling and conveyance	**(3,299)**	4,621
Freight and forwarding charges	**-**	23,795
Rates and taxes	**204**	-
Insurance	**-**	-
Repairs and maintenance:	**1,641**	39,557
Advertising and sales promotion	**326**	-
Communication costs	**157**	-
Legal and professional fees	**17,757**	17,042
Credit loss allowance on account receivable (net)	**-**	(3,398)
Exchange gain/loss (net)	**34,311**	23,564
Miscellaneous expenses	**6,976**	3,775
Total	**115,188**	176,539

COMVIVA TECHNOLOGIES FZ-LLC

Directors:
Manoranjan Mohapatra
Deshbandhu Rameshkumar Bansal
Ramy Mohamed Abdelhalim Moselhy

Registered No:
20773

Registered Office:
Premises: 1401 & 1408-1409 Floor: 14, PO Box 500583 Building: Al Shatha Tower Dubai, United Arab Emirates

DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

The Directors submit their report together with the Audited Financials of Comviva Technologies FZ-LLC ("The Company"), for the year ended 31st March, 2020.

Principal Activity

The principal activity of the Company is to provide solutions for telecommunication and network.

Financial results and appropriations

The financial results of the Company for the year ended 31st March, 2020 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 interest

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 are as follows:

Manoranjan Mohapatra

Deshbandhu Rameshkumar Bansal

Ramy Mohamed Abdelhalim Moselhy

On behalf of the Board of Directors,

Manoranjan Mohapatra **Director**	**Deshbandhu Rameshkumar Bansal** **Director**

Ramy Mohamed Abdelhalim Moselhy
Director

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 2020, 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 2020, 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.

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
Dubai	Reg. No : 271
16 April 2020	**Kreston Menon Chartered Accountants**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Assets	Note	**31.03.2020 AED**	31.03.2019 AED
Non-current assets			
Property and equipment	4	**108,902**	160,380
Right-of-use assets	5	**346,335**	-
Loan to related parties	6	**7,988,703**	3,047,362
Total non-current assets		**8,443,940**	3,207,742
Current assets			
Inventories	7	**-**	603,477
Trade and other receivables	8	**26,670,321**	31,836,551
Due from related parties	6	**1,637,181**	1,060,870
Other current financial assets	9	**2,478,551**	50,000
Cash and cash equivalents	10	**7,166,980**	11,431,621
Total current assets		**37,953,033**	44,982,519
Total assets		**46,396,973**	48,190,261
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	11	**55,000**	55,000
Statutory reserve	12	**27,500**	27,500
Retained earnings		**9,145,228**	12,436,654
Total shareholder's equity		**9,227,728**	12,519,154
Non-current liabilities			
Provision for employees' end of service benefits	13	**720,125**	461,861
Lease liability	14	**113,110**	-
Total non-current liabilities		**833,235**	461,861
Current liabilities			
Trade and other payables	15	**35,937,779**	34,746,062
Due to a related party	6	**-**	463,184
Lease liability	14	**398,231**	-
Total current liabilities		**36,336,010**	35,209,246
Total liabilities		**37,169,245**	35,671,107
Total shareholder's equity and liabilities		**46,396,973**	48,190,261

The accompanying notes on pages 9 to 31 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 4.

Authorised for issue by Directors on 16 April 2020.

For Comviva Technologies FZ-LLC

Manoranjan Mohapatra
Director

Deshbandhu Rameshkumar Bansal
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	**31.03.2020 AED**	31.03.2019 AED
Revenue	16	**48,792,952**	65,238,781
Cost of sales	17	**(40,323,927)**	(52,094,576)
Gross profit		**8,469,025**	13,144,205
Other income	18	**238,247**	202,848
Administrative and selling expenses	19	**(11,985,427)**	(12,429,536)
(Loss)/profit from operating activities		**(3,278,155)**	917,517
Finance costs	20	**(9,737)**	-
(Loss)/profit for the year		**(3,287,892)**	917,517
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(3,287,892)**	917,517

The accompanying notes on pages 9 to 31 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 4.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
Balance as at 1 April 2018	55,000	27,500	11,519,137	11,601,637
Total comprehensive income for the year	-	-	917,517	917,517
Balance as at 31 March 2019	**55,000**	**27,500**	**12,436,654**	**12,519,154**
Adjustment on initial application of IFRS 16	-	-	(3,534)	(3,534)
Adjusted balance at 1 April 2019	**55,000**	**27,500**	**12,433,120**	**12,515,620**
Total comprehensive income for the year	-	-	(3,287,892)	(3,287,892)
Balance as at 31 March 2020	**55,000**	**27,500**	**9,145,228**	**9,227,728**

The accompanying notes on pages 9 to 31 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 4.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	31.03.2020 AED	31.03.2019 AED
Cash flows from operating activities		
(Loss)/profit for the year	**(3,287,892)**	917,517
Adjustments for :		
Provision for employees' end of service benefits	**258,264**	474,153
Depreciation on property and equipment	**154,532**	248,302
Depreciation on right-of-use assets	**231,735**	-
Provision for slow moving inventories	**-**	33,411
Inventory written off	**51,648**	-
Interest on loan to related parties	**(219,367)**	(202,848)
Allowance for impairment of trade receivables	**374,533**	27,021
Interest on lease liabilities	**9,737**	-
Operating cash flows before changes in working capital	**(2,426,810)**	1,497,556
Decrease/(increase) in inventories	**551,829**	(514,129)
Decrease in trade and other receivables	**4,791,697**	498,464
(Increase)/decrease in due from related parties	**(356,944)**	619,112
Increase/(decrease) in trade and other payables	**1,191,717**	(7,729,508)
Decrease in due to a related party	**(463,184)**	(210,156)
Cash generated from/(used in) operations	**3,288,305**	(5,838,661)
Employees' end of service benefits paid	**-**	(732,575)
Net cash generated from/(used in) operating activities	**3,288,305**	(6,571,236)
Cash flows from investing activities		
Purchase of property and equipment	**(103,054)**	(100,763)
Loan given to a related party	**(11,446,854)**	(3,692,000)
Loan repaid by a related party	**6,505,513**	3,653,366
Increase in other current financial assets	**(2,428,551)**	-
Net cash used in investing activities	**(7,472,946)**	(139,397)
Cash flows from financing activities		
Payment of lease liability	**(80,000)**	-
Net cash used in financing activities	**(80,000)**	-
Net decrease in cash and cash equivalents	**(4,264,641)**	(6,710,633)
Cash and cash equivalents at beginning of year	**11,431,621**	18,142,254
Cash and cash equivalents at end of year (Note 10)	**7,166,980**	11,431,621

The accompanying notes on pages 9 to 31 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 4.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 (except IFRS 16 as detailed in Note 23) on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

IFRS 16: Leases

Amendments to IFRS 9: Financial Instruments - Amendments regarding Prepayment Features with Negative Compensation

Amendments to IAS 19: Employee Benefits - Amendments regarding Employee Benefit Plan, Curtailment or Settlement

Amendments to IAS 28: Investment in Associates and Joint Ventures - Amendments regarding long-term interests in Associates and Joint Ventures

Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23: Amendments resulting from Annual Improvements 2015-17 cycle

The following Standards, amendments thereto and interpretations have been issued prior to 31 March 2020 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 17: Insurance Contracts - 1 January 2021

Amendments to IFRS 3: Business Combinations - Amendments to clarify the definition of a Business - 1 January 2020

Amendments to IFRS 9, IAS 39 and IFRS 7: Amendments requiring additional disclosures around uncertainty arising from the interest rate benchmark reform - 1 January 2020

Amendments to IAS 1 and IAS 8: Amendments regarding the definition of Material - 1 January 2020

Amendments to References to the Conceptual Framework in IFRS Standards - 1 January 2020

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

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 Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- the payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs.

They are subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The useful life of the assets are 3 years.

The right-of-use assets are presented as a separate line in the statement of financial position. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

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 the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets

A financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) – debt investment; fair value through other comprehensive income (“FVOCI”) – equity investment; or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are; solely; payments of principal and interest on the outstanding principal amount.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method and is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Financial assets at FVTPL

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. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the sum of consideration paid and payable is recognised in profit or loss.

2.10 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model which requires considerable judgement in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. IFRS 9 requires the Company to record an allowance for ECLs for all financial assets at amortised cost, debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The Company has four types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Trade and other receivables (excluding prepayments and advance to suppliers)
- Cash and cash equivalents
- Other current financial assets, and
- Due from related parties

While the above financial assets are subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial (except trade receivables).

Under IFRS 9, loss allowances are measured on either of the following bases:

12 month ECLs: these are ECLs that result from possible default within 12 months after the reporting date; and

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instruments.

The Company has applied the standard's simplified approach for trade receivables and has calculated ECLs based on lifetime expected credit losses.

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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 Value Added Tax (VAT) payable/receivable

Value added tax (VAT) payable/receivable represents net VAT amount payable to or receivable from the U.A.E. Federal Tax Authority against the value added tax charged to the customers by the Company on its sales and services and the value added tax charged by the suppliers to the Company on its purchases and expenses as per the regulations of Federal Decree Law No. 8 and Cabinet Decision No. 52 of 2017 of United Arab Emirates.

2.15 Revenue recognition

The details of accounting policy in relation to the Company's recognition of revenue from sale of goods and rendering of services are set out below:

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. The Company recognises revenue from sale of goods and rendering of services based on a five-step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The impact of IFRS on the Company's accounting policies is not significant.

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. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery.

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.

Contract assets are recognised when there is excess of revenue earned over billings on contracts.

Contract assets are classified as contract receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned revenue and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

Interest income

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

Contracts with multiple performance obligations

Some contracts include multiple deliverables, such as the sale of equipment and related services. However, the installation is simple, could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Company uses input method for recognizing revenue for service revenue.

Significant judgements about:

Timing of satisfaction of performance obligation

In making their judgement, the management considered the detailed criteria for the recognition of revenue set out in IFRS 15. The revenue is recognized when the company had transferred control of the goods or completed provision of service to the customer.

Transaction price and the amounts allocated to performance obligations

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of equipment likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices.

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 non-financial assets

Assessments of net recoverable amounts of property and equipment and other non- financial assets are based on assumptions regarding future cash flows expected to be received from the related assets.

c) 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.

d) Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

e) Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

f) Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

g) Lease term and useful lives of right-of-use assets

The Company's management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

4. PROPERTY AND EQUIPMENT

	Computers AED	Furniture & fixtures AED	Network system AED	Office equipment AED	Total AED
Cost					
At 1 April 2018	3,733,420	7,794	57,100	49,689	3,848,003
Additions	100,763	-	-	-	100,763
At 31 March 2019	3,834,183	7,794	57,100	49,689	3,948,766
Additions	100,705	-	-	2,349	103,054
At 31 March 2020	3,934,888	7,794	57,100	52,038	4,051,820
Accumulated depreciation					
At 1 April 2018	3,448,037	2,468	55,859	33,720	3,540,084
Charge for the year (Note 19)	236,670	1,559	1,241	8,832	248,302
At 31 March 2019	3,684,707	4,027	57,100	42,552	3,788,386
Charge for the year (Note 19)	150,593	1,559	-	2,380	154,532
At 31 March 2020	3,835,300	5,586	57,100	44,932	3,942,918
Carrying amount					
At 31 March 2020	**99,588**	**2,208**	**-**	**7,106**	**108,902**
At 31 March 2019	**149,476**	**3,767**	**-**	**7,137**	**160,380**

The above additions include AED NIL (2019 : AED 13,771) purchased from a related party (Note 6).

5. RIGHT-OF-USE ASSETS

	Building AED
Cost	
Effect of adoption of IFRS 16 as at 1 April 2019 (Note 23)	578,070
At 31 March 2020	578,070
Accumulated depreciation	
Charge for the year (Note 19)	231,735
At 31 March 2020	231,735
Carrying amount	
At 31 March 2020	**346,335**

6. 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:

	31.03.2020 AED	31.03.2019 AED
Comviva Technologies Limited (Parent company)		
Revenue (Note 16)	**-**	272,393
Purchase of property and equipment (Note 4)	**-**	13,771
Purchases (Note 17)	**3,276,804**	3,988,727
Direct expenses (Note 17)	**1,153,722**	1,107,418
Fund transfer from the Company		1,576,735
Entities under common ownership and control		
Interest on loan to related parties (Note 18)	**219,367**	202,848
Rent expenses (Note 19)	**-**	246,571
Loan given to a related party	**11,446,854**	3,692,000
Loan repaid by a related party	**6,505,513**	3,653,366
Lease payment to related party	**80,000**	-

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:

	31.03.2020 AED	31.03.2019 AED
Salaries and allowances	**876,678**	885,610
End of service benefits	**41,000**	41,034
	917,678	926,644

The compensation for key managerial personnel is included in employee costs (Note 21).

The following balances were outstanding at the end of the reporting period :

Loan to related parties Entities under common ownership and control	**31.03.2020 AED**	31.03.2019 AED
Comviva Technologies Nigeria Limited	**1,555,177**	1,539,442
Comviva Technologies B.V	**2,765,901**	1,507,920
Emagine International Pty Ltd	**1,851,401**	-
YABX Technologies (Netherlands) B.V.	**1,075,664**	-
Comviva Technologies USA INC.	**740,560**	-
	7,988,703	3,047,362

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%.

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%. A loan of US$ 2,000,000 was given on 5 February 2020.

The Company has given a loan of US$ 500,000 to Emagine International Pty Ltd on 27 August 2019 which carries an interest rate of LIBOR + 2%.

The Company has given a loan of EUR 266,000 to YABX Technologies (Netherlands) B.V. on 15 July 2019 which carries an interest rate of LIBOR + 2%.

The Company has given a loan of US$ 300,000 to Comviva Technologies USA INC. on 13 February 2020 which carries an interest rate of LIBOR + 2%.

Due from related parties	31.03.2020 AED	31.03.2019 AED
Parent company		
Comviva Technologies Limited, India	**287,038**	-
Entities under common ownership and control		
Comviva Technologies Nigeria Limited	**1,115,614**	983,579
Comviva Technologies B.V	**234,529**	77,291
	1,350,143	1,060,870

Due to a related party Parent company	31.03.2020 AED	31.03.2019 AED
Comviva Technologies Limited, India	**-**	463,184
Following are the balances due from/to related parties		
Included in trade and other receivables (Note 8)	**3,321,012**	3,449,558
Included in trade and other payables (Note 15)	**9,101,480**	8,265,100
Lease liability (Note 14)	**511,341**	-

7. INVENTORIES

	31.03.2020 AED	31.03.2019 AED
Stock in trade (Note 17)	**-**	238,328
Less : Provision for slow moving inventories	**-**	(186,680)
	-	51,648
Work in progress	**-**	551,829
	-	603,477
Movements in the provision for slow moving inventories are as follows:		
Balance at the beginning of the year	**186,680**	198,040
Written off during the year	**(186,680)**	(44,771)
Allowance made during the year (Note 17)	**-**	33,411
	-	186,680

8. TRADE AND OTHER RECEIVABLES

	31.03.2020 AED	31.03.2019 AED
Trade receivables	**21,778,164**	20,597,548
Less : Allowance for impairment of trade receivables	**(828,277)**	(453,744)
	20,949,887	20,143,804
Contract receivables	**4,072,592**	9,202,342
Prepayments	**1,240,137**	2,259,905
Advance to suppliers	**312,146**	162,814
Advance to employees	**61,615**	34,086
Refundable deposits	**33,944**	33,600
	26,670,321	31,836,551

As at 31 March 2020, trade receivables with a nominal value of AED 828,277 (2019 : AED 453,744) were provided for as per the requirement under IFRS 9 expected credit loss model.

Movements in the allowance for impairment of trade receivables are as follows:

	31.03.2020 AED	31.03.2019 AED
Balance at the beginning of the year	**453,744**	449,218
Provision made during the year (Note 19)	**374,533**	27,021
Written off during the year	**-**	(22,495)
	828,277	453,744

Trade receivables are non-interest bearing and are generally on 30 days terms

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

As at 31 March, the ageing analysis of trade receivables is as follows :

	Current AED	**31 to 90 days AED**	**91 to 180 days AED**	**181 to 365 days AED**	**Above 365 days AED**	**Total AED**
2020						
Gross receivables	8,892,233	6,510,624	294,499	911,071	5,169,737	21,778,164
Provision %	0.004%	0.005%	0.019%	0.048%	15.999%	3.803%
Provision	(312)	(346)	(55)	(440)	(827,124)	(828,277)
Net receivables	8,891,921	6,510,278	294,444	910,631	4,342,613	20,949,887
2019						
Gross receivables	7,598,962	5,687,554	2,198,375	1,093,499	4,019,158	20,597,548
Provision %	0.001%	0.001%	0.003%	0.007%	11.283%	2.203%
Provision	(40)	(50)	(73)	(82)	(453,499)	(453,744)
Net receivables	7,598,922	5,687,504	2,198,302	1,093,417	3,565,659	20,143,804

Trade receivables include AED 3,321,012 (2019 : AED 3,449,558) receivable from related parties (Note 6).

9. OTHER CURRENT FINANCIAL ASSETS

	31.03.2020 AED	31.03.2019 AED
Margin deposit	**2,478,551**	50,000

10. CASH AND CASH EQUIVALENTS

	31.03.2020 AED	31.03.2019 AED
Cash at bank : Current accounts	**7,166,980**	11,431,621

11. SHARE CAPITAL

	31.03.2020 AED	31.03.2019 AED
Authorised, issued and fully paid;		
55 ordinary shares of AED 1,000 each	**55,000**	55,000

12. STATUTORY RESERVE

	31.03.2020 AED	31.03.2019 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.

13. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	31.03.2020 AED	31.03.2019 AED
Balance at the beginning of the year	**461,861**	720,283
Provided during the year (Note 21)	**258,264**	474,153
Paid during the year	**-**	(732,575)
	720,125	461,861

14. LEASE LIABILITY

	31.03.2020 AED	31.03.2019 AED
Effect of adoption of IFRS 16 as at 1 April 2019 (Note 23)	**581,604**	-
Interest charged during the year (Note 20)	**9,737**	-
Lease payments during the year	**(80,000)**	-
Lease liability	**511,341**	-
Less: Non-current portion	**(113,110)**	-
Current portion	**398,231**	-

15. TRADE AND OTHER PAYABLES

	31.03.2020 AED	31.03.2019 AED
Accrued expenses	**24,201,380**	20,925,353
Trade payables	**8,984,883**	11,048,714
Contract liability	**1,004,408**	1,014,594
Employee benefits payable	**1,188,476**	1,492,458
Advance from customers	**78,853**	133,737
Value added tax payable	**53,362**	131,206
Payable for capital expenditure	**426,417**	-
	35,937,779	34,746,062

Trade payables include AED 9,101,480 (2019 : AED 8,265,100) payable to a related party (Note 6).

16. REVENUE

	31.03.2020 AED	31.03.2019 AED
Revenue from :		
Sales of goods - At a point in time	**607,757**	1,609,728
Rendering of services - Over a period of time	**48,185,195**	63,629,053
	48,792,952	65,238,781
Analysis of revenue is as follows:		
Related parties		
Parent company (Note 6)	**-**	272,393
Others	**48,792,952**	64,966,388
	48,792,952	65,238,781

17. COST OF SALES

	31.03.2020 AED	31.03.2019 AED
Opening inventories	**238,328**	320,799
Purchases	**3,992,034**	4,720,104
Provision for slow moving inventories (Note 7)	**-**	33,411
Less : Closing inventories (Note 7)	**-**	(238,328)
Closing work in progress (Note 7)	**-**	(551,829)
	4,230,362	4,284,157
Royalty	**31,111,452**	43,679,961
Inventory written off	**51,648**	-
Other direct expenses	**4,930,465**	4,130,458
	40,323,927	52,094,576

The above purchases include AED 3,276,804 (2019 : AED 3,988,727) from a related party (Note 6).

The above other direct expenses include AED 1,153,722 (2019 : AED 1,107,418) to a related party (Note 6).

18. OTHER INCOME

	31.03.2020 AED	31.03.2019 AED
Interest on loan to related parties (Note 6)	**219,367**	202,848
Miscellaneous income	**18,880**	-
	238,247	202,848

19. ADMINISTRATIVE AND SELLING EXPENSES

	31.03.2020 AED	31.03.2019 AED
Employee costs (Note 21)	**7,657,937**	8,544,514
Rates and taxes	**1,064,036**	1,035,258
Exchange loss	**763,700**	715,025
Recruitment and visa charges	**546,735**	277,829
Allowance for impairment of trade receivables (Note 8)	**374,533**	27,021
Travelling expenses	**271,879**	258,488
Legal and professional fees	**165,369**	144,225
Depreciation on right-of-use assets (Note 5)	**231,735**	-
Insurance	**164,421**	69,666
Depreciation (Note 4)	**154,532**	248,302
Communication	**139,913**	147,449
Advertisement and sale promotion	**102,979**	70,892
Bank charges	**102,907**	44,552
Expenses on short term lease	**73,767**	-
Repairs and maintenance	**45,988**	42,344
Rent	**-**	337,584
Other expenses	**124,996**	466,387
	11,985,427	12,429,536

The above rent includes AED NIL (2019 : AED 246,571) paid to a related party (Note 6).

20. FINANCE COSTS

	31.03.2020 AED	31.03.2019 AED
Interest on lease liabilities (Note 14)	**9,737**	-

21. EMPLOYEE COSTS

	31.03.2020 AED	31.03.2019 AED
Salaries and allowances	**7,194,339**	7,997,888
End of service benefits (Note 13)	**258,264**	474,153
Other benefits	**205,334**	72,473
	7,657,937	8,544,514

The above employee costs include AED 917,678 (2019 : AED 926,644) compensation paid to key managerial personnel (Note 6).

The entire employee costs have been allocated to administrative and selling expenses (Note 19).

22. FINANCIAL INSTRUMENTS

The net carrying amounts of the financial assets and financial liabilities at the end of the reporting period are classified below:

	At amortised cost	
	31.03.2020 AED	31.03.2019 AED
Financial assets		
Trade and other receivables (excluding prepayments, contract receivables and advance to suppliers) (Note 8)	**21,045,446**	20,211,490
Loan to related parties (Note 6)	**7,988,703**	3,047,362
Due from related parties (Note 6)	**1,637,181**	1,060,870
Other current financial assets (Note 9)	**2,478,551**	50,000
Cash and cash equivalents (Note 10)	**7,166,980**	11,431,621
	40,316,861	35,801,343

	At amortised cost	
	31.03.2020 AED	31.03.2019 AED
Financial liabilities		
Trade and other payables (excluding advance from customers and contract liability) (Note 15)	**34,854,518**	33,597,731
Lease liability (Note 14)	**511,341**	-
Due to a related party (Note 6)	**-**	463,184
	35,365,859	34,060,915

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.9 to the financial statements.

23. IMPACT OF ADOPTION OF IFRS 16 ON THE FINANCIAL STATEMENTS

The date of initial application of IFRS 16 for the Company is 1 April 2019.

The Company as lessee

The Company has applied IFRS 16 using the modified retrospective approach, under which the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on lessee accounting

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease' payments;

- recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

For short term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented in the statement of profit or loss.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- relied on its assessment of whether leases are onerous immediately before the date of initial application.
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 October 2018.

Financial impact of initial application of IFRS 16

Upon transition to IFRS 16, the Company has recognised right-of-use assets and lease liabilities as detailed in Notes 5 and 14 respectively.

The adoption of IFRS 16 did not have an impact on net cash flows.

The details of adjustments to the account balances are as follows:

	31.03.2019 As previously reported AED	**Impact of re measure-ment under IFRS 16 AED**	**01.04.2019 AED**
Right-of-use-assets (Note 5)	-	578,070	578,070
Lease liability (Note 14)	-	581,604	581,604
Retained earnings	12,436,654	(3,534)	12,433,120

24. 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.

25. 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.

As at 31 March 2020	**Less than 1 year AED**	**Between 1 to 5 years AED**	**Total AED**
Trade and other payables (excluding advance from customers and contract liability) (Note 15)	34,854,518	-	34,854,518
Lease liability (Note 14)	398,231	113,110	511,341
	35,252,749	113,110	35,365,859

As at 31 March 2019	**Less than 1 year AED**	**Between 1 to 5 years AED**	**Total AED**
Trade and other payables (excluding advance from customers and contract liability) (Note 15)	33,597,731	-	33,597,731
Due to a related party (Note 6)	463,184	-	463,184
	34,060,915	-	34,060,915

26. 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.

27. CONTINGENT LIABILITIES

As at the end of the reporting period the following contingent liabilities were outstanding :

	31.03.2020 AED	31.03.2019 AED
Letters of guarantee	**2,382,037**	50,000

28. COMPARATIVE FIGURES

The previous year figures have been reclassified and regrouped wherever necessary to conform with the current year presentation.

COMVIVA TECHNOLOGIES B.V.

Directors:
Sandeep Phadke
Syed Tanvir Hussain
Abhijeet Anant Awekar
Axaya Kansal

Registered No:
63223767

Registered Office:
Maanplein 20, Building 8, 2516 CK The Hague,
The Netherlands

DIRECTOR’S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

The Directors submit their report together with the Audited Financials of Comviva Technologies B.V. (“The Company”), for the year ended 31st March, 2020.

Principal Activity

The principal activity of the Company is to provide solutions for telecommunication and network.

Financial results and appropriations

The financial results of the Company for the year ended 31st March, 2020 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 interest

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 are as follows:

Axaya Kansal

Sandeep Phadke

Syed Tanvir Hussain

Abhijeet Anant Awekar,

On behalf of the Board of Directors,

Axaya Kansal	**Sandeep Phadke**	**Syed Tanvir Hussain**	**Abhijeet Anant Awekar**
Director	**Director**	**Director**	**Director**

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

The Board of Directors
Comviva Technologies B.V.
Maanplein, 20
2516 CK 's-Gravenhage

REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

Opinion

We have audited the Special Purpose Financial Statements of **Comviva Technologies B.V.** (the Company), which comprise the balance sheet as at March 31, 2020, the income statement and accounting policies with the accompanying explanatory notes for the year then ended.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements of the Company are prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the relevant articles of Part 9 of Book 2 of the Dutch Civil Code.

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 Special Purpose 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 consolidated Special Purpose Financial Statements as prescribed by International Federation of Accountants (IFAC), and we have fulfilled our other 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 audit opinion.

Other Matter

(i) The financials statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated 7th May 2019 expressed an unmodified opinion on those statements.

(ii) We have relied on the scanned copies of the supporting documents for the purpose of issuing our opinion.

Our opinion is not modified in respect of above matters.

Basis of Accounting

We draw attention to Note 2 to the Special Purpose Financial Statements, which describes the basis of accounting.

Restriction on use

The financial statements are prepared to assist the Company in complying with the financial reporting provisions of Part 9 of Book 2 of the Dutch Civil Code. As a result, the financial statements may not be suitable for another purpose.

BDO India LLP, a Indian limited liability partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Our report is intended solely for the use of Board of Directors and current investors of the Company and should not be distributed to or used by any other parties. BDO India LLP shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

Management is responsible for the preparation of Special Purpose Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the relevant articles of Part 9 of Book 2 of the Dutch Civil Code, and for such internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose 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 Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 Special Purpose Financial Statements.

We give in “Annexure A” a detailed description of Auditor’s responsibilities for Audit of the Special purpose Special Purpose Financial Statements.

For BDO India LLP

Nipun Gupta Partner
BDO India LLP

Place: Gurugram, India
Date: April 23, 2020

COMVIVA TECHNOLOGIES B.V.

BALANCE SHEET AS AT MARCH 31, 2020

(All amounts in Euro, unless otherwise stated)

	Particulars	Note no.	**As at March 31, 2020**	As at March 31, 2019
I	**Assets**			
A	**Non current assets**			
	(a) Tangible Assets	3A	**208,445**	84,571
	(b) Capital work-in-progress	3C	**213,814**	32,077
	(c) Intangible assets	3B	**1,650**	1,516,304
	(d) Financial assets	4-7	**16,210,655**	15,769,529
			16,634,564	17,402,481
B	**Current assets**			
	(a) Inventory	8	**-**	44,151
	(b) Financial assets			
	(i) Trade receivables	9	**4,232,829**	2,159,028
	(ii) Cash and cash equivalents	10	**354,519**	305,938
	(iii) Other balance with Bank	11	**79,069**	-
	(iv) Other financial assets	12	**1,765,807**	4,656,093
	(c) Other current assets	13	**1,393**	-
	Total current assets		**6,433,617**	7,165,210
	TOTAL ASSETS		**23,068,181**	24,567,691
II	**Equity and Liabilities**			
A	**Equity**			
	(a) Equity share capital	14	**911,145**	10,001
	(b) Other Reserves	15	**(1,638,520)**	(1,638,520)
	(c) Retained earnings	15	**(4,963,405)**	(2,184,079)
	Total Equity		**(5,690,780)**	(3,812,598)
B	**Liabilities**			
1	**Non-current Liabilities**		**-**	-
2	**Current liabilities**	16		
	Payable to credit institutions		**20,126,301**	21,365,842
	Trade payables		**7,834,711**	6,529,820
	Group companies		**687,018**	356,993
	Taxes payable and social security contribution payable		**-**	3,637
	Other payables		**2,755**	13,681
	Accruals		**108,176**	110,316
	Total current liabilities		**28,758,961**	28,380,289
	TOTAL EQUITY AND LIABILITIES		**23,068,181**	24,567,691
	Summary of Significant Accounting Policies	2		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Euro, unless otherwise stated)

	Particulars	Note no.	**For the year ended March 31, 2020**	For the year ended March 31, 2019
		17		
I.	Net Revenue		**2,523,036**	7,624,860
II.	Other Operating Income		**469,675**	3,842
III.	Cost of outsourced work and other external expenses		**(4,444,738)**	(7,623,996)
IV.	**Gross Margin**		**(1,452,027)**	4,706
	Employee Benefit Expenses		**192,162**	262,843
	Amortisation, depreciation and impairment		**431,736**	697,454
	Other Operating expenses			
	Sales Related expense		**113,015**	53,134
	Office related expense		**96,622**	11,330
	General expenses		**22,349**	77,250
	Sum of Expenses		**855,884**	1,102,011
V.	**Operating Result**		**(2,307,911)**	(1,097,305)
	Financial Income and expense		**(471,415)**	(1,183,691)
VI.	**Result before tax**		**(2,779,326)**	(2,280,996)
	Income tax expense		**-**	96,917
VII.	**Result after tax**		**(2,779,326)**	(2,184,079)
	Summary of Significant Accounting Policies	2		

Note 3 - Property, Plant and Equipment

Particulars	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2019	**Additions during the year**	**Disposals during the year**	**As at March 31, 2020**	**As at 1st April, 2019**	**For the year**	**On disposal for the year**	**As at March 31, 2020**	**As at March 31, 2020**
A. Tangible assets									
Computers	118,012	176,150	-	294,162	33,441	52,448	-	85,889	208,272
Office equipments	280	-	-	280	51	56	-	107	173
Total	**118,292**	**176,150**	**-**	**294,441**	**33,492**	**52,504**	**-**	**85,997**	**208,445**
B. Intangible assets									
Computer software	2,843	-	-	2,843	352	841	-	1,193	1,650
Patents	2,270,388	-	2,270,388	-	756,803	378,398	1,135,201	-	-
Sub-Total	**2,391,522**	**176,150**	**2,270,388**	**297,284**	**790,647**	**431,743**	**1,135,201**	**87,189**	**210,095**

C Capital work-in-progress

Particulars	**As at March 31,2020**	As at March 31,2019
- Hardware and software purchase for revenue share projects	**213,814**	32,077
	213,814	32,077

Note 4 - Non-current investments :

Particulars	As at March 31,2020	As at March 31,2019
Participation in group Companies :		
Comviva Technologies (Argentina) S.A.	**4,922,169**	4,922,169
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA)	**1,430,132**	548,091
Investments in Columbia	**118,973**	118,973
Investment in Comviva Technologies (Australia) Pty Ltd	**6,793**	6,793
Total	**6,478,067**	5,596,026
Movement in investments can be broken down as follows :		
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA		
Carrying value April 1, 2019	**548,091**	
Movement during FY 2019- 2020		
Additions	**882,041**	
Carrying value March 31, 2020	**1,430,132**	

Note 5 - Receivable from group companies :

Particulars	As at March 31,2020	As at March 31,2019
ATS Advanced Technologies solution do Brasil LTDA	**1,143,540**	2,581,706
ATS Advanced Technologies solution(SA) Argentina	**457,416**	445,122
Comviva Technologies(Australia) Pty. Ltd.	**4,757,126**	4,629,266
Terra Payment services(Netherlands) B.V.	**5,000**	1,437,512
YABX Technologies (Netherlands) B.V.	**25,000**	-
Emagine International Pty Ltd.	**2,012,630**	-
Total	**8,375,711**	9,093,606

Note 6 - Other Receivables :

Particulars	As at March 31,2020	As at March 31,2019
Advance Income Tax	**584,493**	307,513
Total	**584,493**	307,513

Note 7 - Deferred tax Assets :

Particulars	As at March 31,2020	As at March 31,2019
Available tax losses	**772,384**	772,384
Total	**772,384**	772,384

Note: Company has created Deffered Tax Asset only to the extent of reasonable certainty of reversal of the same based on the business plan.

Note 8 - Inventory :

Particulars	As at March 31,2020	As at March 31,2019
Inventory of finished and trade goods	**-**	44,151
Total	**-**	44,151

Note 9 - Trade receivables :

Particulars	As at March 31,2020	As at March 31,2019
Trade receivables,gross	**4,383,087**	2190449
Less: Provision bad debts	**(13,409)**	(31,421)
	4,369,678	2,159,028
Less: Unapplied Receipts	**(136,849)**	-
Total	**4,232,829**	2,159,028

Note 10 - Cash and cash equivalents :

Particulars	As at March 31,2020	As at March 31,2019
Balances with banks:		
- Cheques	**-**	6,017
- In current accounts	**354,519**	299,921
Total	**354,519**	305,938

Note 11 - Other Balance with bank :

Particulars	As at March 31,2020	As at March 31,2019
Earmarked balances with bank		
-Margin Money	**79,069**	-
Total	**79,069**	-

Note 12 - Others financial assets :

Particulars	As at March 31,2020	As at March 31,2019
Unbilled receivables	**728,693**	3,537,452
Dues from subsidiary companies	**722,812**	682,268
POC unbilled export	**-**	193,928
Tax receivables	**60,831**	67,084
Prepaid Expenses	**253,471**	175,361
Total	**1,765,807**	4,656,093

Note 13 - Other Current Assets :

Particulars	As at March 31,2020	As at March 31,2019
Advance to suppliers		
- Considered good	**93**	-
Loans and advances to employees	**1,300**	-
Total	**1,393**	-

Movements in Financial Assets can be broken down as:

Particulars	Participation in group companies	Receivables from group companies	Deferred tax assets	Other receivables	Total
Carrying value April 1,2019	5,596,026	9,093,606	772,384	307,513	15,769,529
Movement in FY 19-20					
- Additions	882,041		-	333,882	523,028
- Deletion		(692,895)			
	6,478,067	8,400,711	772,384	641,395	16,292,557
Carrying value March 31,2020	6,478,067	8,400,711	772,384	641,395	16,292,557

Overview of Participating interest:

Comviva Technologies B.V. has direct interest in following :

Name of Entity	% share capital	Additional information
Comviva Technologies (Argentina) S.A.	95	Recognised at cost
Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA)	100	Recognised at cost
Comviva Technology Columbia S.A.S	100	Recognised at cost
Comviva Technologies (Australia) Pty Ltd	100	Recognised at cost

Note 14 - Equity share capital :

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Number	**Amount in Euro**	Number	Amount in Euro
(a) Authorised :				
Equity shares of Euro 1 each	**911,145**	**911,145**	10,001	10,001
(b) Issued, subscribed and fully paid up :				
Equity shares of Euro 1 each fully paid up (Refer note 18)	**911,145**	**911,145**	10,001	10,001
Total	**911,145**	**911,145**	10,001	10,001

Note 15 - Reserves and surplus :

Particulars	**As at March 31, 2020**		As at March 31, 2019	
Share Capital				
Opening balance	**10,001**		10,001	
Add: Increase in capital	**901,144**			
Closing balance		**911,145**		10,001
Retained earnings				
Opening balance	**(2,184,079)**		(1,234,698)	
Add: loss for the year	**(2,779,326)**		(2,184,079)	
Result Distribution	**-**	**(4,963,405)**	1,234,698	(2,184,079)
Other Reserves				
Opening Balance	**(1,638,520)**		(403,822)	
Result Distribution	**-**	**(1,638,520)**	(1,234,698)	(1,638,520)
Total		**(6,601,925)**		(3,822,599)

Share Capital

The issued share capital of Comviva Technologies B.V. amounts to EUR 9,11,145, divided into 9,11,145 ordinary shares of par value EUR 1 each.

Note 16 - Current Liabilities:

Particulars	**As at March 31,2020**	As at March 31,2019
Payable to Credit Institutions		
Bank of America	**20,126,301**	21,365,842
Trade Payables		
Trade Creditors	**7,792,160**	6,464,689
Salaries and Benefits	**42,550**	65,131
	7,834,711	6,529,820
Group companies	**687,018**	356,993
Taxes payable and social security contribution payable		
Wage tax and social security	**-**	3,637
Other payables	**2,755**	13,681
Accruals		
Unearned Revenue	**41,544**	-
Interest	**16,067**	97,887
Personal cost	**-**	12,429
Advance from customers	**50,564**	-
	108,176	110,316
	28,758,959	28,380,289

Disclosure

Loan group company:

The calculated interest is LIBOR + 2%

No redemption date has been agreed

Pledges and collateral

The borrowing of Bank of America are secured by the corporate guarantee from the holding company, Comviva Technologies Ltd.

Guarantee

The borrowings are secured by the corporate guarantee from the Holding company,Comviva Technologies Ltd.

Note 17 - Note to Income statement :

Revenue and Gross Margin	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Net Revenue	**2,523,036**	7,624,860
Other Operating income	**469,675**	3,842
Operating Income	**2,992,711**	7,628,702
Cost of Outsourced work and other external expenses	**4,444,738**	7,623,996
Gross Margin	**(1,452,027)**	4,706

Employee benefit	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Wages and salaries	**181,518**	249,434
Social Security Contribution	**10,644**	12,313
Other Employee Benefit	**0**	1,096
Total	**192,162**	262,843

Amortisation, Depreciation and Impairment	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Amortisation of Tangible assets	**52,504**	25,904
Amortisation of Intangible assets	**379,232**	671,550
Total	**431,736**	697,454

Other operating Expenses	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Sales Related Expense	**113,015**	53,134
Office related expense	**96,622**	11,330
General expense	**22,349**	77,250
Total	**231,987**	141,714

Financial Income and expenses	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Interest income from group companies	**346,886**	312,796
Interest income from other parties	**-**	-
Interest expense from group companies	**(21,967)**	(21,727)
Interest expense - Credit institutions	**(673,864)**	(638,041)
Foreign currency exchange difference	**(122,470)**	(836,719)
Total	**(471,415)**	(1,183,691)

Taxation	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Income tax expense from current financial year		
Current tax	**-**	326,901
Deferred tax	**-**	(423,818)
Total	**-**	(96,917)

Note 18 - Other Notes :

Employees

The average number of employees during the year, converted to full-time equivalents, was as follows:

Average number of employees during the period	**2019/20**	2018/19
Active within the Netherlands	**1**	1

PROFIT APPROPRIATION

Proposed appropriation of the results

The board of directors proposes, with the approval of the supervisory board, that the result for the financial year 2018/2019 amounting to € (2,779,326) should be transferred to reserves without payment of dividend.

Signature

Name	Function	Signature
A.Kansal	Managing Director	
S.Phadke	Managing Director	
S.T.Hussain	Managing Director	
A.A.Awekar	Managing Director	

COMVIVA TECHNOLOGIES DO BRASIL INDÚSTRIA, COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO LTDA

Directors:
Anil Murlidar Joshi
Alexandre de Castro

Registered No:
01.808.076/0001-00

Registered Office:
Alameda Santos, 2441 - 2o andar,
Bairro Cerqueira Cesar, CEP 01.419-002,
na Cidade e Estado Sao Paulo

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors submit their report together with the Audited Financials of Comviva Technologies do Brasil Indústria, Comércio, Importação e Exportação Ltda ("The Company"), for the year ended 31st March, 2020.

Principal Activity

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. Jose Carlos Pimentel resigned and the company has appointed Mr. Alexandre de Castro with effect from 12th November, 2019

On behalf of the Board of Directors,

Anil Murlidar Joshi	**Alexandre de Castro**
Director	**Director**

INDEPENDENT AUDITORS' REPORT

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails. See Note 22 to the financial statements)

To:

Management and Shareholders of

Comviva Technologido Brasil Indústria, Comércio, Importação e Exportação Ltda.

São Paulo - SP

Opinion

We have audited the financial statements of **Comviva Technologies do Brasil Indústria,** Comércio, Importação e Exportação Ltda., which comprise the balance sheet as of December 31st 2019 and the related income statements, changes in net equity and cash flow for the year then ended, as well as the corresponding explanatory notes, including a summary of the main accountingpolicies.

In our opinion, the financial statements referred above present fairly, in all material aspects, the equity and financial position of Comviva Technologies do Brasil Indústria, Comércio, Importação e Exportação Ltda. as of December 31st, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards- IFRS as issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Responsibilities of the Auditor for the Audit of Financial Statements." We are independent in relation to the Company, in accordance with the relevant ethical principles set forth in the Code of Ethics for Professional Accountants and in the professional norms issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate ouropinion.

Relevant uncertainty related to the Company's operational continuity

We call attention to Note 1 to the financial statements, which indicates that the Company incurred a loss for the year of (R$ 2,233) thousand and an accumulated losses of (R$ 5,970) thousand and equity negative net in the amount of (R$ 2,038) thousand on December 31, 2019. The settlement of your short-term liabilities as well as the reversal of the negative equity scenario depends on the result of the actions and plans adopted by the Management to improve the performance of your operation. The financial statements were prepared on the assumption of normal ongoing of operations, which presuppose the realization and recovery of assets, as well as the settlement of obligations in the normal course of the Company's business, and do not include any adjustments that would be required in the presentation of its assets and liabilities, in the event of failure of the measures adopted to restore their financial balance. Our opinion is not qualified due to thismatter.

Managementandgovernanceresponsibilitiesofthefinancialstatements

Management is responsible for the preparation of the financial statements in accordance with the accounting practices adopted in Brazil applicable to Small and Medium Enterprises – SMEs – and for the internal controls that it has determined to be necessary to enable the preparation of financial statements free from material misstatement, whether caused by fraud orerror.

In the preparation of financial statements, management is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing theoperations.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the Auditor for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of safety, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards always detect any relevant distortions. Distortions may be caused due to fraud or error and are considered relevant when, individually or together, they can influence, from a reasonable perspective, the economic decisions of users taken on the basis of said financialstatements.

As part of the audit performed, in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error; we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations.
- We obtain an understanding of the internal controls relevant to the audit to plan appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internalcontrols.
- We evaluate the adequacy of the accounting policies used and the reasonableness ofthe

accounting estimates and respective disclosures made by management.

- We conclude on the adequacy of management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the capacity for operational continuity from the company. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion if the disclosures are inadequate. Our findings are based on audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to no longer remain in operationalcontinuity.
- Evaluatetheoverallpresentation,structureandcontentofthefinancialstatements,includingthe disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those responsible for governance regarding, inter alia, theplanned scope, timing of the audit and significant audit findings, including any significant weaknesses in internal controls that we have identified during our work.

São Paulo, March 23, 2020.

Valdomiro Silva Bento Junior

Accountant CRC 1SP-238.249/O-9

RSM Brasil Auditores Independentes – Sociedade Simples

CRC 2SP-030.002/O-7

Comviva Technologies do Brasil Indústria, Comércio, Importação e Exportação Ltda

BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian Reais)

ASSETS

Current	**Notes**	**2019**	2018
Cash and cash equivalents	3	**638**	20
Trade accounts receivable	4	**6,624**	24,078
Inventories	5	**606**	626
Recoverable taxes	6	**615**	494
Other receivables	7	**150**	359
Total current		**8,633**	25,577
Non-current			
Judicial deposits	8	**421**	406
Fixed assets, net	9	**146**	151
Intangible assets, net	9	**20**	30
Total non-current		**587**	587
Total assets		**9,220**	26,164

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

BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian Reais)

LIABILITY AND SHAREHOLDER'S NEGATIVE EQUITY

	Notes	2019	2018
Current			
Loans and financing	10	**-**	1,049
Trade accounts to suppliers	11	**1,584**	11,028
Labor and tax liabilities	12	**1,442**	4,542
Other accounts payable	-	**115**	276
Provision for expenses	-	**47**	25
Provision of services	-	**63**	420
Customer guarantee	-	**1,252**	471
Interest loans provision	-	**1**	21
Provisions for contingencies	13	**607**	365
Total current		**5,111**	18,197
Non-current			
Related-party transactions	14	**5,405**	11,604
Customer guarantee	-	**742**	-
Total non-current		**6,147**	11,604
Shareholder's negative equity			
Capital paid in	15	**3,932**	100
Accumulated losses	-	**(5,970)**	(3,737)
		(2,038)	(3,637)
Total liabilities and shareholders' equity		**9,220**	26,164

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

STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian Reais)

	Notes	**2019**	2018
Net revenue from sales and services	16	**12,740**	25,920
Cost of services rendered and goods sold	17	**(7,767)**	(20,374)
Gross profit		**4,973**	5,545
Operating revenues/ (expenses):			
Administrative, selling and general	18	**(6,763)**	(5,668)
Other operating revenues/ (expenses)	-	**38**	-
Operating losses before financial results		**(1,752)**	(123)
Financial revenues	-	**2,057**	992
Financial expenses	-	**(2,766)**	(2,020)
Financial results	19	**(709)**	(1,028)
Losses before income taxes		**(2,461)**	(1,152)
Income taxes	-	**228**	
Net loss for the year		**(2,233)**	(1,152)

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian Reais)

	Notes	Capital stock	Accumulatedlosses	Total
Balances as of December 31, 2016		**100**	**(2,585)**	**(2,485)**
Net loss for the year	-	-	(1,152)	(1,152)
Balances as of December 31, 2017		**100**	**(3,737)**	**(3,637)**
Net loss for the year		-	(2,233)	(2,233)
Capital increase	-	3,833		3,833
Balances as of December 31, 2018		**3,933**	**(5,970)**	**(2,037)**

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian Reais)

	2019	2018
From operating activities		
Losses before income taxes	**(2,461)**	(1,152)
Adjustments to reconcile income (loss) to cash and cash equivalents generated by operating activities:		
Depreciation and amortization	**66**	88
Decrease/ (increase) in assets		
Trade accounts receivable	**17,454**	(19,190)
Inventories	**20**	621
Recoverable taxes	**(121)**	52
Other receivables	**194**	17
(Decrease)/ increase in liabilities		
Trade accounts to suppliers	**(9,444)**	5,322
Labor and tax liabilities	**(3,100)**	3,656
Other accounts payable	**(161)**	(294)
Provisions for contingencies	**242**	-
Provision for expenses	**22**	(11)
Provision of services	**(357)**	346
Customer guarantee	**1,502**	(380)
Net cash provided by (used in) operating activities	**3,856**	(10,925)
Income taxes paid	**228**	-
Net cash provided by (used in) operating activities	**4,084**	(10,925)
Cash flows from investing activities		
Acquisition of fixed assets	**(51)**	(8)
Net cash used in investing activities	**(51)**	(8)
Cash flows from financing activities		
Raising/(payments) of loans, net	**(1,049)**	1,070
Net cash provided by (used in) financing activities	**(1,049)**	1,070
Cash flow from financing activities with shareholders		
Related-party transactions	**(6,199)**	8,500
Capital increase	**3,832**	
Net cash provided by (used in) financing activities with shareholders	**(2,367)**	8,500
Increase (decrease) in cash and cash equivalents, net	**618**	(1,363)
Cash and cash equivalents		
At beginning of year	**20**	1,383
At end of year	**638**	20
Increase (decrease) in cash and cash equivalents, net	**618**	(1,363)

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

1. The Companyinformation

The Company located at Alameda Santos nº 2441, 2º andar – Cerqueira Cesar is engaged in assembly of equipment for radiotelephony, telephony, IT communications and in general; sales, import and export of machinery, tools, implements and accessories for radiotelephony, telephony, IT communication and in general; development, programming, implementation and maintenance of software; IT consulting service; equipment rent; and representation of domestic and foreign companies by its own or third-partybehalf.

Operational ongoing of the Company

The financial statements were prepared on the assumption of normal continuity of operations, which presuppose the realization and recovery of assets, as well as the settlement of obligations in the normal course of the Company's business, and do not include any adjustments that would be required in the presentation of its assets and liabilities, in the event of failure of the measures adopted to restore their financial balance. Management has a reasonable expectation that the Company will have sufficient resources to continue operating for the foreseeable future and, therefore, based on its judgment, concluded that the remaining uncertainty is notmaterial.

2. Presentation of the financial statements and significant accountingpractices

Basis of presentation

The financial statements were prepared as per the Brazilian Accounting Regulations, according to NBC TG 1000 - Accounting for small and medium-scale enterprises, [Brazilian] Resolution 1,255/09 of the [Brazilian] Federal Accounting Council = CFC, as well as, when applicable, according to the other CFC Resolutions relative to the CPC decisions, and when applicable, other regulations of the [Brazilian] Stockholders Act, including changes defined by [Brazilian] Acts 11,638/07 and 11,941/09, and NBC Regulation 19.41 - Accounting for Small and Medium-Scale Enterprises - CPC PME (IFRS for SME of IASB)

Functional currency and presentation currency

The financial statements are presented in Brazilian Reais, which is the functional currency of the Company, unless otherwise stated.

The financial statements were approved by the Company's management on march 23, 2020, considering the subsequent events occurred until this date which affected the disclosures of the mentioned financial statements.

Income (expenses) recognition

The result of the operations (income, costs and expenses) is calculated according to the accrual basis.

The income from the sale of products is registered soon after receiving the customer's acceptance, being registered the transfer of the good and its economic benefits.

The service incomes are acknowledged when the property risks and benefits are transferred to the client, and the income amount can be reasonably calculated.

The costs and expenses are acknowledged when there is reduction of an asset or the registering of a liability and they can be reasonably calculated.

Accounting estimates

The financial statements were prepared based on several valuation criteria used in the accounting estimates. The accounting estimates used in the preparation of the financial statements were based on objective and subjective factors judged by Management to determine the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the valuation of financial assets at fair value, credit risk analysis to determine the allowance for doubtful accounts, the selection of useful lives of property, plant and equipment and intangible assets and their recoverability in operations, as well as the analysis of other risks to determine other provisions, including litigations.

The liquidation of transactions involving these estimates can result in amounts different from those registered in the financial statements due to the probabilistic treatment inherent to the estimate process. The Management supervises and revises periodically and timely these estimates and their premises.

Cash and cash equivalents

These include money in cash, bank deposits and financial investments.

Trade accounts receivable

Trade accounts receivable are initially recognized at the transaction value less the allowance for doubtful accounts. An allowance for doubtful accounts is recognized when conclusive evidence shows that the Company will not receive all amounts due according to the original conditions of accounts receivable.

Inventories

These are represented by hardware, software, spare parts, accessories and components valued at the lower value between average acquisition cost or net realizable value. The net realizable value is the estimated sales price over the normal course of operations, less cost of sales.

Fixed assets

The fixed assets items are calculated by the acquisition or building cost minus the recorverable taxes, accumulated depreciation, and losses due to the reduction of the recoverable amount (impairment), when applicable.

The cost of items registered as fixed assets include all those directly attributable to the acquisition or formation of such asset. The assets costs created by the Company include the cost of materials and salaries of the employees directly involved in the construction or formation of such assets. It includes any other costs directly attributable to the asset until it is ready to be used for the purposes defined by the Company, as well as the costs of demobilization of the asset items and restoration of the sites where such assets are installed, and costs of borrows in qualifiable assets.

The software purchase that is integral part an equipment functionality is capitalized as part of such asset.

Alienation gains and losses of an asset item are due to the difference calculated when comparing the alienation amount to the net amount resulting from the cost amount minus the residual amount and the accumulated depreciation of the asset, and are registered by the net amount of such difference directly in the period result.

Subsequent expenses are capitalized when it is probable tha future benefits associated to the expenses will be received by the Company. Recurring maintenance and repair expenses are registered in the result. The depreciation is calculated based on the depreciable amount, which is the cost of an asset, or another amount that substitutes the cost, deduced from the residualamount.

The depreciation is registered in the result based on the linear method, which reflects more properly the pattern of consummation of future economic benefits incorporated to the assets.

Leased assets are depreciated based on the shortest period between the leasing period and their shelf lives, unless it is reasonably certain that the Enterprise shall obtain the property by the end of the lease period. Land is notdepreciated.

The estimated shelf lives for the current period, as well as for the comparative period, are presented in the table below.

Fixed assets Description	% yearly depreciation rate
Furniture and Utensils	10
Computing Equipment	20
Vehicles	20
Machinery and Equipment	10
Brands and patents	10
Software	20

The depreciation methods, shelf lives and residual amounts are revised by the end of each financial period, and eventual adjustments are registered as change of accounting estimates.

There was no estimate change for the 2019 period for depreciation, shelf live and residual amounts of the fixed assets.

Impairment test

Management annually reviews the net book value of its main assets with the purpose of evaluating events or changes in economic, operating or technological circumstances that may indicate impairment. When this evidence is identified and the net book value exceeds recoverable value, an impairment charge is recognized writing the net book value down to recoverable value.

Other (current and non-current) assets and liabilities

An asset is recognized in balance sheet when it is likely that its future economic benefits will be generated in favor of the Company and its cost or value may be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or recognized obligation as a result of a past event, and funds may be required to settle this liability. Provisions are recorded based on the best estimates of risks involved.

Assets and liabilities are classified as current when their realization or settlement is expected to occur in the following 12 months. Otherwise, they are stated as non-current.

Loans and financing

They are registered by their face value added of interest calculated “pro-rata dia” until the day of closing the accounting statements. The installments due within a period superior to 12 months are registered as non-circulating liability.

Provision for contingencies

When there are risks of contingencies, for accounting purposes of such risks the Enterprise management uses estimates and expectancies of their juridical consultants, considering some specific concepts, especially interpretations of the Section 21 of NBC-TG-1000 - Resolution 1255/09 of the [Brazilian] Accounting Federal Council - CFC about procedures relative to Provisions, Liabilities and Contingent Assets.

In these lines, as per Section 21 of NBC-TG-1000, in almost all cases it will be clear if a past event originated a current obligation. In rare cases, such as during a lawsuit, it can be discussed whether some events took place, or whether such events resulted in a current obligation. In this case the entity must decide if the current obligation exists on the balance date when considering all evidence available including, for instance, the evaluation of experts. The evidence considered includes any additional evidence given by events after the balancedate.

Based on evidences the Enterprise adopts as policy of initial register only when:

a) it has an obligation on the date of financial statements as result of a pastevent;

b) it is likely (that is, more likely to exist than not) that it will be required the transfer of economic benefits for liquidation;

c) the amount of the obligation can be reliablycalculated.

On December 31st 2019 the Company has lawsuits in progress with the expectation of probable loss in the amount of R$ 607 thousand, according to note13

Use of estimative

Preparing the financial statements requires that the management uses estimates to register some transactions that affect assets and liabilities, income and expenses, as well as to publish some information of the accounting statements. The final results of such transactions and information, when effectively made in subsequent periods, can be different from the estimates.

The main estimates associated to the Enterprise accounting statements are reviewed annually,and are related to the provision for contingencies and estimates relative to the selection of shelf lives of the immobilized and intangible assets.

Present value

The management evaluates periodically the need of adjustments to a current amount of all short- and long-term assets and liabilities. The management understands that it is not applicable any adjustment to a current amount because their assets and liabilities do not include interests or additions.

Revenue Recognition

Revenue is the fair value of the consideration received or receivable for rendering services over the Company’s normal course of activities. The revenue is stated net of taxes, returns, rebates and discounts. In general, gross income amount is equivalent to the value of the issued invoices.

Financial revenues

Financial revenue is recognized according to the elapsed time under the accrual basis, using the effective interest rate method.

Current and deferred income and social contribution taxes for the period

The current and deferred income and social contribution taxes are recognized as expense or revenue in income (loss) for the year, except when it refers to items recorded under other comprehensive income (loss), or directly in shareholders’ equity; hypothesis in which current and deferred taxes are also recognized under other comprehensive income (loss) or directly in shareholders’ equity, respectively

Provisions

Provisions are recognized when: (i) the Company has a present or constructive obligation as a result of past events; (ii) it is probable that an outflow of funds is required to settle the obligation; and (iii) the amount can be reliably estimated. The provisions do not include future operatinglosses.

Financial instruments

Financial instruments are only recognized as from the date the Company becomes a party of the agreements of financial instruments. When recognized, they are initially recorded at fair value plus transactions costs directly attributable to its acquisition or issue (when applicable). Their later measurement happens at balance sheet date, according to the rules established for each type of classification of financial assets and liabilities.

Statement of cash flows

The statement of cash flows has been prepared by the indirect method and is presented in accordance with Technical Pronouncement CPC 03 - Statements of cash flows, issued by the Committee of Accounting Pronouncements (CPC) and reflects changes in cash for the years presented.

3. Cash and cashequivalents

Description	**2019**	2018
Cash	**8**	12
Bank accounts	**630**	8
	638	20

Financial investments are short term, highly liquid, readily convertible into a known cash amount and subject to an immaterial risk of changes in value. They mainly bear interest at rates intended to reach the variation of CDI (Interbank Deposit Rate), made with top tier banks, at usual rates and under normal market conditions.

4. Trade accounts receivable

Description	**2019**	2018
Trade accounts receivable (i)	**7,185**	24,639
(-) Allowance for doubtful accounts	**(561)**	(561)
Total	**6,624**	24,078

Breakdown of receivables is as follows:

Description	**2019**	**2018**
On date		
after 31 days	**4,008**	4,752
from 0 to 30 days	**681**	560
Overdue		
from 1 to 30 days	**1,825**	12,249
from 31 to 60 days	**-**	6,517
from 61 to 180 days	**60**	-
more than 180 days	**611**	561
	7,185	24,639

5. Inventories

Description	**2019**	2018
Software for projects/resale	**111**	111
Consumables	**40**	40
Merchandise for resale	**446**	446
Merchandise held by third parties	**55**	55
Third parties’ merchandise held by the Company	**(46)**	(46)
Imports in transit	**-**	20
	606	626

6. Recoverabletaxes

Description	**2019**	2018
ICMS VAT	**55**	55
IPI VAT	**2**	11
PIS and COFINS VAT	**11**	-
Income taxes	**319**	428
Deferred tax assets	**228**	-
	615	494

7. Other receivables

Description	**2019**	2018
Advances for vacation payable	**-**	80
Prepaid expenses	**136**	237
Advances to suppliers	**14**	42
	150	359

8. Judicial deposits

Description	**2019**	2018
Deposits in guarantee	**53**	53
Deposits for resources	**368**	353
	421	406

9. Fixed assets and Intangible assets, net

	2019			**2018**
	Cost	**Acc depreciation and amortization**	**Net**	**Net**
Furniture and fixtures	**220**	**(199)**	**21**	30
Facilities	**23**	**(23)**	**-**	-
Leasehold improvements	**163**	**(163)**	**-**	-
IT equipment	**913**	**(788)**	**125**	121
Telecommunications equipment	**15**	**(15)**	**-**	-
Trademarks and patents	**12**	**(12)**	**-**	-
Software	**113**	**(93)**	**20**	30
Total Fixed Assets	**1,459**	**(1,293)**	**166**	181

10. Loan

Description	**2019**	2018
Bank Loan Working Capital	**-**	1,049
Total	**-**	1,049

11. Trade accounts tosuppliers

Description	**2019**	2018
Domestic	**208**	2,151
Foreign	**1,376**	8,877
Total	**1,584**	11,028

12. Labor and taxliabilities

	2019	2018
Provision for vacation	**643**	468
Charges on salaries - INSS (Social Security Tax) and FGTS (Severance Pay Fund)	**173**	157
IRRF (Withholding income tax) payable	**157**	118
Other labor liabilities	**351**	694
Total labor liabilities	**1,324**	1,437
Other tax liabilities	**118**	3,105
Total tax liabilities	**118**	3,105
Total labor and tax liabilities	**1,442**	4,542

13. Provision for contingencies

During the normal course of its business, the Company is exposed to certain contingencies and risks, which include tax, labor and civil proceedings under dispute. As of December 31, 2018, the Company has claims considered probable losses in the amount of R$ 607 thousand (R$ 365 thousand of December 31, 2018) related to labor proceedings.

The Company has claims considered possible losses in the amount of R$ 241 thousand related to labor proceedings.

Other contingencies may result from possible tax inspections, given that the Company's tax books are subject to review and approval by the competent authorities in federal, state or municipal levels, retroactively, for varying periods according to the legislation in effect.

14. Related-partytransactions

Description	**2019**	2018
Intercompany loans	**5,308**	11,237
Interest on intercompany loans	**367**	367
Total	**5,405**	11,604

Loans have loan agreements with the following maturity dates:

ROF	**USD**	**TX DOLAR 12/31/19**	**Maturity date**
TB 006518	1,250,000	4,0307	04/26/2019
	1,250,000	4,0307	

15. Shareholders'equity

As of December 31, 2019, and 2018, the share capital in the amount of R $ 3,927 million is composed of 3,927 million shares, being distributed as follows:

Shareholders	**%**	**Number of shares**	**Amount in R$ thousand**
COMVIVA TECHNOLOGIES B.V	99,87	3,927	3,927
COMVIVA TECHNOLOGIES LIMITED	0,13	5	5
	100	3,932	3,932

16. Net revenue from sales

	2019	2018
Gross sales	**13,588**	29,886
(-) Sales taxes	**(848)**	(3,966)
Net revenue	**12,740**	25,920

17. Costs of services rendered, and goodssold

	2019	2018
Wages and salaries	**(5,088)**	(5,439)
Services provided	**(1,874)**	(13,764)
Depreciation and amortization	**(57)**	(79)
Other costs of services rendered	**(748)**	(1,092)
Total	**(7,767)**	(20,374)

18. Selling, general and administrativeexpenses

	2019	2018
Personnel expenses	**(4,436)**	(3,585)
Selling expenses	**(1,492)**	(769)
Expenses on maintenance of items	**(36)**	(9)
PDD	**-**	-
Taxes not recovered	**(42)**	(27)
Third-party services	**(526)**	(1,073)
Other administrative expenses	**(222)**	(198)
Depreciation and amortization	**(9)**	(9)
Total	**(6,763)**	(5,670)

19. Financial income (loss)

	2019	2018
Financial investment returns	**25**	11
Other returns	**48**	56
Foreign exchange variation	**1,984**	925
Total financial revenues	**2,057**	992
Interest on loans	**(336)**	(321)
Exchange rate losses	**(2,313)**	(1,613)
Other financial expenses	**(117)**	(86)
Total financial expenses	**(2,766)**	(2,020)
Total financial income (loss)	**(709)**	(1,028)

20. Insurance coverage (unaudited)

The Company follows the policy of taking out insurance for civil liability, certain vehicles and other needs in amounts considered sufficient to cover possible losses, considering the nature of its activities and the risk level involved, Given the nature of the risk assumptions adopted, they are not part of the scope of an audit of financial statements and therefore were not reviewed by our independent auditors,

21. FinancialInstruments

The Company enters into financial instruments transactions, aiming to finance its activities or invest its available funds, These risks are managed by designing conservative strategies aiming at liquidity, profitability and security, The control policy consists of a permanent tracking of contractual rates versus market rates ineffect.

The Company restricts its exposure to credit risks associated to banks and cash and cash equivalents by making its investments with top-tier financial institutions and in short-term notes, Credit risks of accounts receivable are managed through specific standards of credit analysis and establishment of exposure limits per customer.

Financial instruments are recorded in balance sheet accounts and consist of cash and cash equivalents (Note 3), trade accounts receivable (Note 4), loans and financing (Note 8) and trade accounts payable (Note 9), whose estimated market values are substantially similar to the respective book values.

For the year ended December 31, 2019, there were no transactions with derivatives.

22. Explanation added to the translation for the Englishversion

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes, Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

COMVIVA TECHNOLOGIES COLOMBIA S.A.S.

General Manager:
Sachin Jairath

Second Alternate of General Manager:
Ashish Kumar

Registered No:
2699703

Registered Office:
AC 82, No.10 50 P.5 Bogota,
Colombia

DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

The Directors submit their report together with the Audited Financials of Comviva Technologies Colombia S.A.S ("The Company"), for the year ended 31st March, 2020.

Principal Activity

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. Rafael Olivares Perez resigned as a director of the Company.

On behalf of the Board of Directors,

Sachin Jairath
General Manager

Ashish Kumar
Second Alternate of General Manager

INDEPENDENT AUDITORS' REPORT

Financial Statements Report

I have audited the accompanying financial statements of **COMVIVA TECHNOLOGIES COLOMBIA SAS.,** which include the statement of financial position as of December 31st 2019, the income statement, the statement of changes in equity, the statement of cash flows and the explanatory notes for the period ending on the above date, as well as a summary of relevant accounting policies and other explanatory information.

Management's responsibility regarding the financial statements

Management is responsible for the preparation and proper presentation of the financial statements in accordance with Decree 3022 of 2013, compiled in Single Regulatory Decree 2420 of 2015, which incorporates International Financial Reporting Standards for SMEs, and the internal control that Management deems necessary to allow for the preparation of financial statements free of material misstatement, due to fraud or error.

External Auditor´s responsibility regarding financial statements

My responsibility is to express an opinion regarding the attached financial statements, based on my audit. I have carried out the audit in accordance with Part 2, Title 1 of Single Regulatory Decree 2420 of 2015, which incorporates the International Standards on Auditing - ISA. These standards require that I comply with ethical requirements, as well as plan and execute the audit in order to obtain reasonable assurance about whether the financial statements are free from material misstatement or not.

An audit involves applying procedures to obtain audit evidence on the amounts and information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, due to fraud or error. When making these risk assessments, the auditor takes into account the internal control relevant to the preparation and faithful presentation of the financial statements by the Company, in order to design the appropriate audit procedures depending on the circumstances, and with the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the adequacy of the accounting policies applied, the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I consider that the evidence of audit I have obtained provides a sufficient and adequate basis for my opinion.

Unqualified opinion

In my opinion, the financial statements faithfully present, in all material aspects, the financial situation of **Comviva Technologies Colombia S.A.S.,** as of December 31st, 2019, as well as its results and cash flows for the year ended on the above date, in accordance with Decree 3022 of 2013, compiled in Single Regulatory Decree 2420 of 2015, which incorporates International Financial Reporting Standards for SMEs.

Report on other legal and regulatory requirements

Additionally, article 209 of the code of Commerce sets forth the obligation to express as part of my role the compliance to legal, internal norms and adequate internal control.

To carry out this evaluation I complied with the requirement in Title 1, Part 2 of Reglamentary decree 2420 of 2015 and applied the principles incorporated in the NIEA 3000 protocol.

My work was carried out by applying tests to evaluate the degree of compliance with the legal and regulatory provisions by the entity's administration, as well as the operation of the internal control process, which is also the responsibility of the administration. For the purposes of evaluating legal and regulatory compliance, I used the following criteria:

- Legal norms that affect the activity of the entity;
- Statutes of the entity;
- Shareholders Assembly minutes
- Other relevant documentation.

For the evaluation of internal control, I used the COSO model as a criterion. This model is not mandatory for the company, but it is an internationally accepted benchmark for configuring an adequate internal control process.

The internal control of an entity is a process carried out by those with governance responsibility, management and other personnel, designated to provide reasonable assurance regarding the preparation of reliable financial information, compliance with legal and internal regulations, and the achievement of a high level of effectiveness and efficiency in operations.

An entity's internal control includes those policies and procedures that: (1) allow the maintenance of records that, in reasonable detail, accurately and faithfully reflect the transactions and the entity's assets disposition; (2) provide reasonable assurance that transactions are recorded with the necessary detail to allow the preparation of financial statements in accordance with the regulatory technical framework applicable to Group 2, which corresponds to the IFRS for SMEs, and that income and disbursements of the entity are being carried out only in accordance with the authorizations of the administration and those in charge of corporate governance.

This entity that I audited, fully complied with the contributions to social security and workers compensation payments which were calculated from the monthly payroll in a timely manner.

Mail Correspondence, account vouchers, minutes and shareholders' register books are properly kept and preserved.

The actions put forth by the administrators of **COMVIVA TECHNOLOGIES COLOMBIA S.A.S.** are aligned the statutes and instructions given by the general shareholders assembly. This Fiscal Reviewer audit report is generated on the 24th of March 2020.

Atentamente,

JOSE ANTONIO GONZALEZ CASTAÑEDA
Revisor Fiscal (Auditor Externo)
T.P. N° 12.423-T Marzo 24 de 2020
Carrera 14 Bis 153-81 IN 7 AP 302 Bogotá Colombia

COMPARATIVE FINANCIAL SITUATION REPORT

For years ending in:

(Il amounts in Colombian Pesos)

	Note	Year DEC-31-2019	%	Year DEC-31-2018	%	Variation Amount	%
Current Assets							
Cash and cash equivalents	3	578,461,969	36.64%	333,465,804	81.5%	244,996,165	73.47%
Cash in hand		2,478,617	0.16%	-	0.0%	2,478,617	0.00%
Banks		575,983,352	36.48%	333,465,804	81.5%	242,517,548	72.73%
Debtors	4	931,178,464	58.97%	19,380,688	4.7%	911,797,776	4704.67%
Current Commercial receivables		860,131,022	54.48%	-	0.0%	860,131,022	0.00%
Advance payments		23,187,352	1.47%	8,838,182	2.2%	14,349,170	162.35%
Income tax withholding		47,860,091	3.03%	9,482,661	2.3%	38,377,430	404.71%
Other debtors		-	0.00%	1,059,845	0.3%	(1,059,845)	-100.00%
Total current assets		**1,509,640,433**	**95.61%**	**352,846,492**	**86.3%**	**1,156,793,941**	**327.85%**
Non-current assets							
Total plant property and equipment	8	69,305,222	4.39%	56,215,295	13.7%	13,089,927	23.29%
Furniture and fixtures		33,710,499	2.14%	33,710,499	8.2%	-	0.00%
Cumulatve Depreciation		(5,988,857)	-0.38%	(3,127,888)	-0.8%	(2,860,969)	91.47%
Office equipment		27,721,642	1.76%	30,582,611	7.5%	(2,860,969)	-9.35%
Communications and Hardware Equipment		58,598,992	3.71%	30,230,835	7.4%	28,368,157	93.84%
Cumulatve Depreciation		(17,015,412)	-1.08%	(4,598,151)	-1.1%	(12,417,261)	270.05%
Communications and Hardware Equipment		41,583,580	2.63%	25,632,684	6.3%	15,950,896	62.23%
Total Non-Current Assets		**69,305,222**	**4.39%**	**56,215,295**	**13.7%**	**13,089,927**	**23.29%**
TOTAL ASSETS		**1,578,945,655**	**100.00%**	**409,061,787**	**100.0%**	**1,169,883,868**	**285.99%**

COMVIVA TECHNOLOGIES COLOMBIA S.A.S.

COMPARATIVE FINANCIAL SITUATION REPORT

For years ending in:

(Al amounts in Colombian Pesos)

	Not	Year DEC-31-2019	%	Year DEC-31-2018	%	Variation Amount	%
Current Liability							
Accounts payable and others		132,568,398	8.40%	134,192,113	33%	(1,623,715)	-1.21%
Taxes		254,925,823	16.15%	27,293,505	7%	227,632,318	834.02%
Employee Benefits		167,506,106	10.61%	116,471,143	28%	51,034,963	43.82%
Estimated liabilities		**111,454,039**	**7.06%**	**-**	**0%**	**111,454,039**	**0.00%**
Total Current Liability		**666,454,366**	**42.21%**	**277,956,760**	**68%**	**388,497,606**	**139.77%**
Total non current liability		**-**	**0.00%**	**52,344,000**	**13%**	**(52,344,000)**	**-100.00%**
Total Liability		**666,454,366**	**42.21%**	**330,300,760**	**81%**	**336,153,606**	**101.77%**
Owners equity	10						
Common Stock		43,906,000	2.78%	43,906,000	11%	-	0.00%
Earnings (loses) previous periods		(252,689,520)	-16.00%	(323,181,099)	-79%	70,491,579	-21.81%
Share placement premium		354,654,000	22.46%	302,310,000	74%	52,344,000	17.31%
Earnings (loses) current penod		766,620,808	48.55%	55,726,125	14%	710,894,683	1275.69%
Total owners equity		**912,491,289**	**57.79%**	**78,761,026**	**19%**	**833,730,262**	**1058.56%**
Total liability and owners equity		**1,578,945,655**	**100.00%**	**409,061,787**	**100%**	**1,169,883,868**	**285.99%**
control account		0,00		0,00			

the note sandfinancial statements form anindivisible whole.

Sachin Jairath Representante Legal	eidy Viviana Alarcon Ramirez Accountant T P No. 240J02-T	Jose Antonio Gonzalez Castañeda Fiscal Reviewer Tarjeta Profesional flo. 12423-T

CHANGES IN OWNERS EQUITY

Cumulative for the period ending December 31st of the following yearsf

(Amounts in Colombian Pesos)

	Balance as of December -18	Debit Movement	Credit Movement	Balance as of December -19
Owners Equity				
Accounts Detail				
Common Stock	43,906,000	-	-	43,906,000
Earnings (loses) current period	55,726,125	55,726,125	766,620,807	766,620,807
Earnings (loses) previous periods	(323,181,099)	-	70,491,579	(252,689,520)
Share placement premium	302,310,000	-	52,344,000	354,654,000
Total	**78,761,026**	**55,726,125**	**889,458,387**	**912,493,288**
account control	0			0

The notes and Financial Statements form an indivisible whole“.

Sachin Jairath
Representante Legal

eidy Viviana Alarcon Ramirez
Accountant T P No. 240J02-T

Jose Antonio Gonzalez Castañeda Fiscal
Reviewer Tarjeta Profesional flo. 12423-T

RESULT STATEMENT FOR THE PERIOD

Cumulative for the period between January 1st and December 31st of the following years (Amount in Colombian Pesos)

	Note	Year		Year		Variation	
		DEC-31-2019	%	DEC-31-2010	%	Amount	%
Operational revenue							
Income from Operational Activities	11	5,239,964,933	100%	2,370,665,258	100%	2,869,299,675	121%
Ordinary activity income		**5,239,964,933**	**100%**	**2,370,665,258**	**100%**	**2,869,299,675**	**121%**
Administation expenses	12	2,698,057,944	51.49%	1,538,716,774	64.01%	1,159,341,170	75%
Cost of Sales	13	1,566,225,518	29.89%	655,776,479	27.66%	910,449,039	139%
Operational profit		**975,681,470**	**18.62%**	**176,172,005**	**7.43%**	**799,509,466**	**454%**
Non Operational Income	14	123,139,176	2.35%	(5,269,923)	-0.22%	128,409,099	-2437%
Non Operational Expenses	14	94,319,369	1.80%	42,769,696	1.80%	51,549,673	121%
Profit before income tax		**1,004,501,278**	**19.17%**	**128,132,386**	**5.40%**	**876,368,892**	**684%**
Income Tax	15	237,880,469	4.54%	72,406,259	3.05%	165,474,210	229%
Net profits after taxes		**766,620,808**	**14.63%**	**55,726,127**	**2.35%**	**710,894,681**	**1276%**

the notes and financial statements forman indivisible whole.

Sachin Jairath
Representante Legal

eidy Viviana Alarcon Ramirez
Accountant T P No. 240J02-T

Jose Antonio Gonzalez Castañeda Fiscal
Reviewer Tarjeta Profesional flo. 12423-T

COMVIVA TECHNOLOGIES COLOMBIASAS CASH FLOWSITUATION

for the years ended december 31 (Expressed in Colombianpesos)

	2019
Cash Flow Operational Activities:-	
Earnings current period	**766,620,808**
Minus: accounts not affecting cash flow	
Depreciation	**15,278,229**
Operationally generated cash flow:	**781,899,037**
Change in Operational Activities	
(Increase) Reduction in Accounts Receivables	**(911,797,776)**
(Increase) Reduction in:-	
Accounts Payable	**1,623,715**
Taxes Payable	**(343,990,183)**
Employee liabilities	**(51,034,963)**
Net cash flow operational activities	**(518,396,345)**
Cash Flow investment activities:	
Purchasing of fixed assets	**(28,368,156)**
Liabilities payments	**10,374,403**
Share placement premium	**70,491,579**
Net cash flow investment activities	**52,497,826**
Cash Flow financing activities:	**710,894,683**
Net cash Increase	**244,996,164**
Cash Beginning of the Period	**333,465,804**
Cash End of the Period	**578,461,969**

Sachin Jairath
Representante Legal

eidy Viviana Alarcon Ramirez
Accountant T P No. 240J02-T

Jose Antonio Gonzalez Castañeda Fiscal
Reviewer Tarjeta Profesional flo. 12423-T

3. Cash and CashEquivalents

The current policy is to maintain enough resources to pay liabilities with Banks, Suppliers and other operational expenses like payroll.

As of December 31st the available amounts are decomposed as follows:

	DEC-31-2019	DEC-31-2018
Cash in hand	**2,478,616.72**	0.00
Checking account deposits	**575,983,352.06**	333,465,803.93
	0.00	0.00
	578,461,968.78	333,465,803.93

4. Debtors

As of December 31st the Debtors account is decomposed as follows:

	DEC-31-2019	DEC-31-2018
Domestic	**449,977,288.00**	0.00
Foreign	**410,153,734.00**	0.00
Advance payments to suppliers - contractors	**23,187,351.53**	8,838,182.00
Income tax with holding	**47,860,090.73**	9,482,661.00
Other Debtors	**0.00**	1,059,845.00
Less Client provision	**0.00**	0.00
	931,178,464.26	19,380,688.00
Amount in US Dollars from Foreign clients	**125,156.00**	0.00

5. Plant, Property andEquipment

As of December 31st this account includes inflation adjustments and is decomposed as follows:

Property Plant and Equipment	DEC-31-2019	DEC-31-2018
Office Equipment	**33,710,499.00**	33,710,499.00
Cumulative Depreciation	**-5,988,857.00**	-3,127,888.00
Subtotal	**27,721,642.00**	30,582,611.00
Communications and hardware equipment	**58,598,991.77**	30,230,835.77
Cumulative Depreciation	**-17,015,412.00**	-4,598,152.00
Subtotal	**41,583,579.77**	25,632,683.77
Total Plant Property and Equipment	**69.305.221,77**	56,215,294.77

6. Accounts payable and others

As of December 31st the accounts payable are decomposed as follows:

	DEC-31-2019	DEC-31-2018
Domestic Suppliers	**0.00**	191,430.00
Costs and Expenses Payable	**31,216,657.91**	63,495,048.41
Deuda con socios Alejandro Valderrama	**0.00**	52,344,000.00
Payable taxes	**26,829,861.14**	24,065,368.35
Industry and Commerce tax withheld	**370,989.39**	532,647.00
Tax withholdings and contributions payable	**43,263,415.98**	27,892,960.00
Other creditors	**30,887,473.80**	18,014,659.00
	132,568,398.22	186,536,112.76

7. Liablities form taxes, surtax and contributions

As of December 31st the income tax, sales tax and deferred taxes are decomposed as follows:

		DEC-31-2019	DEC-31-2018
Income tax		**237,701,000.00**	16,116,360.50
Income tax	237,701,000.00	**0.00**	0.00
Total Income Tax		**237,701,000.00**	16,116,360.50
Plus: Sales tax payable		**9,749,069.39**	-14,995,000.00
Bimester 2019-06	9,749,069.39	**-**	0,00
Plus : Industry and Commerce tax		**7,475,753.49**	26,172,144.00
		254,925,822.88	27,293,504.50

8. Employee Benefits

As of December 31st the balance on this accounts is decomposed as follows:

	DEC-31-2019	DEC-31-2018
Salaries payable	**0.00**	32,572,500.00
Cesantías	**45,880,050.00**	17,429,292.00
Interest on Cesantias	**6,498,120.00**	1,181,692.00
Legal premium payment	**0.00**	6,318,558.00
Vacation time	**115,127,936.00**	58,969,101.00
	167,506,106.00	116,471,143.00

9. Estimated liabilities and provisions

As of December 31st the estimated liabilities and provisions account is decomposed as follows:

	DEC-31-2019	DEC-31-2018
Commisions and bonuses	**111,454,039.00**	0.00
Guarantees	**0.00**	0.00
	111,454,039.00	0.00

10. Owner Equity

The owners equity as of December 31st is as follows:

	DEC-31-2019	DEC-31-2018
Common Stock	**43,906,000.00**	43,906,000.00
Earnings (loses) current period	**766,620,808.27**	55,726,125.44
Earnings (loses) previous periods	**-252,689,519.56**	-323,181,099.00
Share placement premium	**354,654,000.00**	302,310,000.00
Adoption adjustments	0.00	0.00
	912,491,288.71	78,761,026.44

11. Revenue from Operational activities

Operational Revenue is decomposed as follows:

	DEC-31-2019	DEC-31-2018
Domestic Revenue	**506,949,150.00**	0.00
Services	**506,949,150.00**	0.00
Exempt income	**0.00**	0.00
Foreign Revenue	**4,733,015,782.73**	2,370,665,257.70
Services	**4,405,301,782.73**	2,370,665,257.70
Provision Comviva Technologies BV	**327,714,000.00**	0.00
Minus : Returns	**0.00**	0.00
Net Operational Revenue	**5,239,964,932.73**	2,370,665,257.70
TRM as of dec-31- US Dollar	**US$ 3,277.14**	US$ 3285.51
Amount in US Dollars from Foreign sources	**1,444,243.12**	752,639.93

12. Adminstration Expenses

Administration expenses are decomposed in the following accounts:

	DEC-31-2019	DEC-31-2018
Personnel expenses	**2,138,094,942.98**	1,197,094,350.00
Fees	**205,127,320.00**	80,119,167.00
Taxes	**267,360.00**	402,298.42
Rent	**84,409,591.00**	82,242,695.00
Contributions and memberships	**10,352,451.00**	9,059,787.00
Utilities	**93,809,688.71**	35,246,173.74
Legal Expenses	**1,621,880.00**	669,500.00
Maintenance and repairs	**402,327.84**	0.00
Commisioning and installation	**265,584.00**	7,853,568.00
Travel expenses	**0.00**	18,326,459.00
Depreciations	**15,278,229.00**	5,282,979.00
Others	**148,312,811.90**	102,419,797.28
Provision	**0.00**	0.00
	2,697,942,186.43	1,538,716,774.44

13. Sales Expenses

Sales expenses are decomposed as follows:

	DEC-31-2019	DEC-31-2018
Personnel expenses	**1,510,567,279.48**	641,635,064.00
Taxes	**7,607,412.49**	0.00
Utilities	**12,072,213.00**	0.00
Others	**36,162,569.75**	14,141,415.00
Personnel expenses provisions	**0.00**	0.00
	1,566,409,474.72	655,776,479.00

14. Other Income and Other Expenses

	DEC-31-2019	DEC-31-2018
Other Income		
Interest	**339.01**	0.00
Exchange rate difference	**49,867,694.28**	-5,269,923.48
Recuperaciones	**73,286,722.14**	0.00
Others	**60,387.79**	0.00
Total Other Income	**123,215,143.22**	-5,269,923.48
Other Expenses		
Bank expenses	**223,009.52**	111,720.00
Bank interest	**0.00**	453,520.00
Exchange rate difference	**57,687,520.40**	1,669,500.00
Taxes assumed	**37,270.04**	336,945.00
Financial surcharge on transactions 4* 1000	**17,385,807.16**	7,435,225.16
Others	**19,172,999.41**	32,762,786.18
Total Other income	**94,506,606.53**	42,769,696.34

15. Income Tax Return

	DEC-31-2019	DEC-31-2018
Profit before Taxes	**1,004,321,808.27**	128,132,384.44
Non deductible expenses	**19,172,999.41**	32,762,786.18
Non deductible Financial transactions surcharge GMF 4x1000 (50%)	**8,692,903.58**	3,717,612.58
Non deductible exchange rate diference	**15,831,028.00**	0.00
Provisions	**-327,714,000.00**	0.00
Taxable Profit	**720,304,739.26**	164,612,783.20
Presumptive tax on profit	**1,815,345.00**	0.00
Provision for income tax 33%	**237,701,000.00**	72,406,259.00
Net Profit after Taxes	**766,620,808.27**	55,726,125.44

Jose AntonioGonzalezCastañeda
FiscalReviewer
T.P.No.12.423-T

Leidy VivianaAlarcon
Accountant
T.P. No.240002-T

COMVIVA TECHNOLOGIES (AUSTRALIA) PTY LIMITED

Directors:
Amit Sanyal
Gregory John Armstrong

Registered Office:
Suite # 701, Level 7, 465 Victoria Avenue,
Chatswood, NSW 2067

BALANCE SHEET AS AT MARCH 31, 2020

Amount in AUD

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I	**Assets**			
A	**Non current assets**			
	(a) Financial Assets			
	(i) Investments	3	6,073,995	9,753,995
	(b) Advance Income tax (net)		-	-
	(c) Deferred tax assets		-	-
	Total non-current assets		**6,073,995**	**9,753,995**
B	**Current Assets**			
	(a) Financial Assets			
	(i) Trade receivables		-	
	(ii) Cash and cash equivalents	4	121,415	122,063
	(b) Other current assets	5	3,548,239	70,000
	Total current assets		**3,669,654**	**192,063**
	TOTAL ASSETS		**9,743,649**	**9,946,058**
II	**Equity and Liabilities**			
A	**Equity**			
	(a) Equity Share capital		10,000	10,000
	(b) Other Equity	6	(7,169,660)	(1,879,907)
	Equity attributable to equity holders of the Company		**(7,159,660)**	**(1,869,907)**
B	**Liabilities**			
1	**Non Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	7	8,532,766	4,418,540
	(ii) Others financial liabilities	8 (i)	-	3,530,000
	Total non-current liabilities		**8,532,766**	**7,948,540**
2	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings		-	
	(ii) Trade Payables	9	3,478,239	3,867,425
	(iii) Others financial liabilities	8 (ii)	4,820,208	-
	(b) Other current liabilities	10	72,096	-
	Total current liabilities		**8,370,542**	**3,867,425**
	TOTAL EQUITY AND LIABILITIES		**9,743,649**	**9,946,058**
C	**See accompanying notes forming part of the financial statements**	1-11		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in AUD

	Particulars	Note No.	For the year ended March 31, 2020		For the year ended March 31, 2019	
I.	Revenue from operations			-		-
II.	Other income			-		133,564
III.	**Total income (I+II)**			**-**		**133,564**
IV.	**Expenses**					
	(a) Employee benefits expense			-		-
	(b) Subcontracting cost			-		-
	(a) Finance costs			335,136		283,753
	(b) Depreciation and Amortization expense			-		-
	(c) Other expenses	11		1,274,617		659,429
	Total expenses			**1,609,753**		**943,182**
V.	**Profit/(Loss) before tax and exceptional items**			(1,609,753)		(809,618)
VI.	**Impairment Loss**			3,680,000		
VII.	**Tax expenses**					
	(a) Current tax		-		-	
	(b) Deferred tax		-		-	
				-		-
VII.	**Profit/(Loss) after tax**			(5,289,753)		(809,618)
VIII.	**See accompanying notes forming part of the financial statements**					

Note 3 - Non-current investments :

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
(a) In subsidiaries		
Emagine International pty Ltd	9,753,995	9,753,995
Less : Provision for impairment	(3,680,000)	-
Total	**6,073,995**	**9,753,995**

Note 4 - Cash and cash equivalents :

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Balances with banks:		
- In current accounts	121,415	122,063
Total	**121,415**	**122,063**

Note 5 - Other Assets :

0ther current assets

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Inter entity receivable	3,478,239	
	3,478,239	-
Provision for doubtful advances	-	-
- Loans and advances to employees	70,000	70,000
	3,548,239	**70,000**

Note 6 - Other Equity :

Amount in AUD

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
Surplus in the statement of profit and loss				
Opening balance	(1,879,907)		(1,070,289)	
Add: profit/(loss) for the period/year	(5,289,753)		(809,618)	
Closing balance		(7,169,660)		(1,879,907)
Total		**(7,169,660)**		**(1,879,907)**

Note 7 -Borrowings :

(i) Long-term borrowings

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Loan To/From Intercompany/Associates	8,532,766	4,418,540
Total	**8,532,766**	**4,418,540**

Note 8 - Other Financials liabilities:

(i) Long term Financial Liabilities

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Contractual Obligation	-	3,530,000
Total	**-**	**3,530,000**

(ii) Short term Financial Liabilities

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Inter Company Receivable /Payable (Net)	1,290,208	-
Contractual obligation	3,530,000	-
Total	**4,820,208**	**-**

Note 9 - Trade payables :

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Expenses payables other than Accrued Salaries and Benefits	3,478,239	3,867,425
Accrued Salaries and Benefits	-	-
Total	**3,478,239**	**3,867,425**

Note 10 - Other Current liabilities :

Amount in AUD

Particulars	As at 31-Mar-20	As at 31-Mar-19
Statutory remittances	72,096	-
Total	**72,096**	**-**

Note 11 - Operating and other expense:

Amount in AUD

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Exchange gain/loss (net)	1,273,969	658,999
Miscellaneous expenses	648	430
Total	**1,274,617**	**659,429**

EMAGINE INTERNATIONAL PTY LTD.

Directors:
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Gregory John Armstrong

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EMAGINE INTERNATIONAL PTY LTD.

BALANCE SHEET AS AT MACRH 31, 2020

Amount in AUD

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I	**Assets**			
A	**Non current assets**			
	(a) Property, Plant and Equipment	3	48,768	21,376
	(b) Advance Income tax (net)		18,737	-
	(c) Deferred tax assets	5	148,866	341,569
	Total non-current assets		**216,371**	**362,945**
B	**Current Assets**			
	(a) Financial Assets			
	(i) Trade receivables	7	5,293,036	4,008,296
	(ii) Cash and cash equivalents	8	1,440,554	985,958
	(iii) Other financial assets	4	549,075	55,000
	(b) Other current assets	6	38,313	1,238,748
	Total current assets		**7,320,978**	**6,288,002**
	TOTAL ASSETS		**7,537,349**	**6,650,947**
II	**Equity and Liabilities**			
A	**Equity**			
	(a) Equity Share capital		1,906,836	1,906,836
	(b) Other Equity	9	2,921,194	3,005,874
			4,828,030	**4,912,710**
B	**Liabilities**			
1	**Non Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	10	984,550	-
	(b) Provisions		-	92,816
	(c) Deferred Tax liabilities		-	148,667
	Total non-current liabilities		**984,550**	**241,483**
2	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade Payables	11	996,735	735,258
	(b) Other current liabilities	12	264,553	570,404
	(c) Provisions	13	463,481	191,092
	Total current liabilities		**1,724,769**	**1,496,754**
	TOTAL EQUITY AND LIABILITIES		**7,537,349**	**6,650,947**
C	**See accompanying notes forming part of the financial statements**	1-17		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in AUD

	Particulars	Note No.	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
I.	Revenue from operations	14	3,921,871	3,796,357
II.	Other income	15	86,217	1,684
III.	**Total income (I+II)**		**4,008,088**	**3,798,041**
IV.	**Expenses**			
	(a) Employee benefits expense	16	2,537,185	2,701,611
	(b) Subcontracting cost		-	287,569
	(c) Finance costs		102,627	-
	(d) Depreciation and Amortization expense	3	134,966	57,633
	(e) Other expenses	17	1,273,711	1,383,637
	Total expenses		**4,048,489**	**4,430,450**
V.	**Profit/(Loss) before tax**		(40,402)	(632,409)
VI.	**Tax expenses**			
	(a) Current tax		-	-
	(b) Deferred tax		44,037	96,074
			44,037	96,074
VII.	**Profit/(Loss) after tax before Minority interest**		**(84,438)**	**(728,483)**
VIII.	See accompanying notes forming part of the financial statements	1-17		

Note 3 - Property, Plant and Equipment

Amount in AUD

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at 1st April, 2019	**Additions during the Period**	**Disposals during the period**	**As at March 31, 2020**	**As at 1st April, 2019**	**For the period**	**On disposal for the period**	**As at March 31, 2020**	**As at March 31, 2020**	**As at 31st March, 2019**
Leased Building	138,557	-	-	138,557	138,557	-	-	138,557	0	-
Computers	64,755	5,352.81	-	70,108	48,665	8,974	-	57,639	12,469	16,090
Right of Use for Office Premises	-	155,340.56	-	155,341	-	124,681	-	124,681	30,659	-
Office Equipments	37,095	1,665.28	-	38,760	31,809	1,311	-	33,121	5,640	5,286
	240,407	**162,359**	**-**	**402,766**	**219,031**	**134,966**	**-**	**353,998**	**48,768**	**21,376**

Note 4 - Other Financial Assets :

Other Financial assets : Current

Amount in AUD

Particulars	**As at March 31,2020**	**As at March 31,2019**
Security deposits	-	55,000
Inter entity receivable	549,075	-
Total	**549,075**	**55,000**

Note 5 - Deferred tax assets (net) :

Amount in AUD

Particulars	**As at March 31,2020**	**As at March 31,2019**
Break up of deferred tax assets		
Others	148,866	341,569
Total	**148,866**	**341,569**

Note 6 - Other Assets :

Other current assets

Amount in AUD

Particulars	**As at March 31,2020**	**As at March 31,2019**
- Advance to suppliers		
Considered good	5,702	-
Considered doubtful	-	-
	5,702	-
Provision for doubtful advances	-	-
	5,702	-
Prepaid expenses	14,889	597,956
Amount due from Intercompany/Associates	-	624,575
Loans and advance to employees	17,722	16,217
	38,313	**1,238,748**

Note 7 - Trade receivables :

Amount in AUD

Particulars	**As at March 31,2020**	**As at March 31,2019**
Trade Receivables (Unsecured)		
- Considered good	5,293,036	4,008,296
- Considered doubtful	-	-
	5,293,036	4,008,296
Less: Provision for doubtful trade receivables	-	-
Total	**5,293,036**	**4,008,296**

Note 8 - Cash and cash equivalents :

Amount in AUD

Particulars	As at March 31,2020	As at March 31,2019
Cash on hand	-	
- In current accounts	1,440,554	985,958
Total	1,440,554	985,958

Note 9 - Other Equity :

Amount in AUD

Particulars		As at March 31,2020		As at March 31,2019
Surplus in the statement of profit and loss				
Opening balance	3,005,874		3,734,357	
Transition inpact of Ind As 116	(242)		-	
Add: profit/(loss) for the period/year	(84,438)		(728,483)	
Closing balance		2,921,194		3,005,874
Total		**2,921,194**		**3,005,874**

Note 10 -Borrowings :

Long-term borrowings

Amount in AUD

Particulars	As at March 31,2020	As at March 31,2019
Unsecured		
-Loan To/From Intercompany/Associates	984,550	-
-From Holding Company -Tech Mahindra Nigeria	-	-
Total	**984,550**	**-**

Note 11 - Trade payables :

Amount in AUD

Particulars	As at March 31,2020	As at March 31,2019
Expenses payables other than Accrued Salaries and Benefits	909,242	514,608
Accrued Salaries and Benefits	87,493	220,650
Total	**996,735**	**735,258**

Note 12 - Other current liabilities :

Amount in AUD

Particulars	As at March 31,2020	As at March 31,2019
Unearned revenue	45,124	539,110
Statutory remittances	202,930	31,294
Advance from customers	16,499	-
Total	**264,553**	**570,404**

Note 13 -Provisions :

Short-term provisions

Amount in AUD

Particulars	As at March 31,2020	As at March 31,2019
Provision for employee benefits		
-Compensated absences	454,481	182,092
	454,481	182,092
Warranty Provision	9,000	9,000
Total	**463,481**	**191,092**

Note 14 - Revenue from operations :

Amount in AUD

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Income from Comviva Product and related managed support		
Revenue sharing arrangements	3,921,871	3,796,357
Total	**3,921,871**	**3,796,357**

Note 15 - Other income :

Amount in AUD

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Miscellaneous Income	0	1,684
Interest Income- Intercompany	86,217	-
Total	**86,217**	**1,684**

Note 16 - Employee benefits expense :

Amount in AUD

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries, wages and bonus	2,297,891	2,476,599
Contribution to provident and other funds	239,294	225,012
Total	**2,537,185**	**2,701,611**

Note 17 - Operating and other expense:

Amount in AUD

Particulars	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Rent	24,079	130,008
Rates and taxes	255,504	123,069
Insurance	10,488	37,792
Repairs and maintenance:		
Machinery and computers	782	-
Building	5,603	2,917
	6,385	2,917
Advertising and sales promotion	20,194	33,831
Exchange loss (net)	132,024	221,379
Communication costs	29,401	
Legal and professional fees	89,571	26,092
Travelling	77,594	89,214
Loss on sale of non-current assets	-	6,890
Miscellaneous expenses	628,471	712,445
Total	**1,273,711**	**1,383,637**

COMVIVA TECHNOLOGIES NIGERIA LIMITED

Directors:
Mr. Oluwaseun Olusegun Oridota
Mr. Anil Kumar Krishnan
Mr. Michael Ehijiator Eiremiokhae

Registered No:
943437

Registered Office:
Plot number- 52, Ahmadu Bello Way,
Victoria Island, Lagos

COMVIVA TECHNOLOGIES NIGERIA LIMITED

BALANCE SHEET AS AT MARCH 31, 2020

Amount in NGN

Particulars		Note No.	As at March 31, 2020	As at March 31, 2019
I	**Assets**			
A	**Non current assets**			
	(a) Property, Plant and Equipment	3	9,374,354	13,224,867
	(b) Financial Assets			
	(i) Other financial assets	4(i)	100,000	100,000
	(c) Advance Income tax (net)		182,993,747	342,367,975
	(d) Deferred tax assets	5	19,087,871	19,087,871
	(e) Other non-current assets	6(i)	1,429,962	3,893,239
	Total non-current assets		**212,985,934**	**378,673,952**
B	**Current Assets**			
	(a) Financial Assets			
	(i) Investments	7	-	57,116,039
	(ii) Trade receivables	8	147,931,916	113,661,651
	(iii) Cash and cash equivalents	9	277,362,033	82,769,123
	(iv) Other financial assets	4(ii)	127,616	127,616
	(b) Other current assets	6(ii)	17,849,643	954,491,012
	Total current assets		**443,271,208**	**1,208,165,441**
	TOTAL ASSETS		**656,257,142**	**1,586,839,393**
II	**Equity and Liabilities**			
A	**Equity**			
	(a) Equity Share capital	10	683,916,187	683,916,187
	(b) Other Equity	11	(1,282,734,324)	(311,506,906)
			(598,818,137)	**372,409,281**
B	**Liabilities**			
1	**Non Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	12	257,381,910	304,343,244
	Total non-current liabilities		**257,381,910**	**304,343,244**
2	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade Payables	14	311,670,669	233,144,169
	(ii) Other Financial Liabilities	13	543,879,250	555,955,130
	(b) Other current liabilities	15	142,143,449	120,987,569
	Total current liabilities		**997,693,368**	**910,086,868**
	TOTAL EQUITY AND LIABILITIES		**656,257,141**	**1,586,839,393**
C	**See accompanying notes forming part of the financial statements**	1-19		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in NGN

Particulars		Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
I.	**Revenue from operations**	16	760,113,139	431,262,807
II.	Other income	17	28,781,879	39,533,613
III.	**Total income (I+II)**		**788,895,018**	**470,796,420**
IV.	**Expenses**			
	(a) Employee benefits expense	18	270,816,280	279,728,522
	(b) Subcontracting cost		47,145,722	4,449,694
	(c) Finance costs		23,704,114	22,473,571
	(d) Depreciation and Amortization expense	3	9,929,341	12,493,276
	(e) Other expenses	19	244,758,847	90,501,042
	(f) Loss on sale of investment		1,055,174,635	-
	Total expenses		**1,651,528,937**	**409,646,105**
V.	**Profit/(Loss) before tax**		(862,633,920)	61,150,315
VI.	**Tax expenses**			
	(a) Current tax		108,593,497	3,948,986
	(b) Deferred tax		-	12,073,835
			108,593,497	16,022,821
VII.	**Profit/(Loss) after tax before Minority interest**		**(971,227,418)**	**45,127,494**
VII.	**Profit/(loss) for the Twelve Months**		**(971,227,418)**	**45,127,494**
VIII.	See accompanying notes forming part of the financial statements	1-19		

For and on behalf of Comviva Technologies Nigeria Limited

Note 3 - Property, Plant and Equipment

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block	
	As at 1st April, 2019	Additions during the Period	Disposals during the period	As at March 31, 2020	“As at 1st April, 2019	For the period	On disposal for the period	As at March 31, 2020	As at March 31, 2020	As at 31st March, 2019
Leased Building	4,116,686	-	-	4,116,686	4,116,686	-	-	4,116,686	-	-
Computers	88,122,250	5,249,077	-	93,371,328	86,064,231	1,970,358	-	88,034,589	5,336,739	2,058,019
Networking	9,317,128	-	-	9,317,128	9,317,128	-	-	9,317,128	-	-
Office Equipments	14,806,252	829,750	-	15,636,002	10,146,896	3,023,975	-	13,170,871	2,465,131	4,659,356
Furniture	26,106,556	-	-	26,106,556	19,599,064	4,935,007	-	24,534,071	1,572,484	6,507,492
	142,468,871	**6,078,828**	**-**	**148,547,699**	**129,244,005**	**9,929,341**	**-**	**139,173,346**	**9,374,354**	**13,224,867**

Note 4 - Other Financial Assets :

(i) - Other Financial assets : Non Current

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
Security deposits	100,000	100,000
Total	**100,000**	**100,000**

(ii) - Other Financial assets : Current

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
Interest accrued	127,616	127,616
Total	**127,616**	**127,616**

Note 5 - Deferred tax assets (net) :

Particulars	As at	
	March 31,2020	March 31, 2019
Break up of deferred tax assets		
Others	19,087,871	19,087,871
Total	**19,087,871**	**19,087,871**

Note 6 - Other Assets :

(i) Other non current assets

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
Capital advances		
- Considered good	1,429,962	3,893,239
	1,429,962	3,893,239
- Provision for doubtful advances	-	-
Total	**1,429,962**	**3,893,239**

(ii) Other current assets

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
- Advance to suppliers		
Considered good	6,306,896	588,789
Considered doubtful	-	-
	6,306,896	588,789
Provision for doubtful advances	-	-
	6,306,896	588,789
Prepaid expenses	6,359,274	6,225,359
Amount due from Intercompany/Associates	-	947,633,720
Consideration receivable	30,984	
Loans and advance to employees	5,152,489	43,144
	17,849,643	**954,491,012**

Note 7- Current investments :

Amount in NGN

Particulars	As at	
	March 31,2020	**March 31, 2019**
Investments in HMSL	-	57,116,039
Total	**-**	**57,116,039**

Note 8 - Trade receivables :

Amount in NGN

Particulars	As at	
	March 31,2020	**March 31, 2019**
Trade Receivables (Unsecured)		
- Considered good	147,931,916	113,661,651
	147,931,916	113,661,651
Total	**147,931,916**	**113,661,651**

Note 9 - Cash and cash equivalents :

Amount in NGN

Particulars	As at	
	March 31,2020	**March 31, 2019**
Cash on hand	-	-
- In current accounts	277,362,033	82,769,123
Total	**277,362,033**	**82,769,123**

Note 10 -Equity Share capital :

Particulars	As at			
	March 31,2020		**March 31, 2019**	
(a) Authorised :				
Equity shares of N 1 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Equity shares of N 1 each fully paid up	683,916,187	683,916,187	683,916,187	683,916,187
Total	**683,916,187**	**683,916,187**	**683,916,187**	**683,916,187**

Note 11 - Other Equity :

Particulars	As at			
	March 31,2020		**March 31, 2019**	
Surplus in the statement of profit and loss				
Opening balance	(311,506,906)		(356,634,400)	
Add: profit/(loss) for the period/year	(971,227,418)		45,127,494	
Closing balance		(1,282,734,324)		(311,506,906)
Total		**(1,282,734,324)**		**(311,506,906)**

Note 12 -Borrowings :

Long-term borrowings

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
-Loan To/From Intercompany/Associates	152,381,910	199,343,244
-From Holding Company -Tech Mahindra Nigeria	105,000,000	105,000,000
Total	**257,381,910**	**304,343,244**

Note 13 - Other Financial Liabilities :

Other Financial Liabilities : Current

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
Due to Intercompany/Associates	496,462,849	521,644,988
Interest Accrued not due	47,416,401	34,310,142
Total	**543,879,250**	**555,955,130**

Note 14 - Trade payables :

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
Expenses payables other than Accrued Salaries and Benefits	295,052,770	210,269,100
Accrued Salaries and Benefits	16,617,899	22,875,069
Total	**311,670,669**	**233,144,169**

Note 15 - Other current liabilities :

Amount in NGN

Particulars	As at	
	March 31,2020	March 31, 2019
Statutory remittances	20,138,407	120,987,569
Advance from customers	122,005,042	-
Total	**142,143,449**	**120,987,569**

Note 16 - Revenue from operations :

Amount in NGN

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Income from Comviva Product and related managed support		
Revenue sharing arrangements	760,113,139	431,262,807
Total	**760,113,139**	**431,262,807**

Note 17 - Other income :

Amount in NGN

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Miscellaneous Income	16,068	209,634
Interest Income- Intercompany	27,918,126	37,054,966
Provisions Written back	847,685	2,269,013
Total	**28,781,879**	**39,533,613**

Note 18. Employee benefits expense :

Amount in NGN

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries, wages and bonus	256,744,503	264,080,724
Contribution to provident and other funds	14,071,777	15,647,798
Total	**270,816,280**	**279,728,522**

Note 19. Operating and other expense:

Amount in NGN

Particulars		For the Year ended March 31, 2020	For the Year ended March 31, 2019
Rent		12,959,954	12,936,000
Rates and taxes		1,367,350	4,953,341
Insurance		6,133,632	8,396,623
Repairs and maintenance:			
Machinery and computers	58,500		-
Building	10,513,615		17,429,520
		10,572,115	17,429,520
Advertising and sales promotion		2,807,359	9,179,836
Exchange loss (net)		129,020,200	(30,656,201)
Loss on Sale of Investment		-	-
Communication costs		7,200,589	5,277,471
Legal and professional fees		29,746,082	40,049,704
Travelling		16,280,934	1,424,687
Miscellaneous expenses		28,670,633	21,510,061
Total		**244,758,847**	**90,501,042**

COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

Board of Directors:

President and Chairman
Maximiliano Gustavo Knüll

Vice Chairman
Jose Taravilse

Regular Director
Ashish Kumar

Alternate Director
Manoranjan Mohapatra

Registered No:
CUIT : 30-64627917-4

Registered Office:
Av. Corrientes 880, 11th Floor City of Buenos Aires
Argentina

DIRECTOR’S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

The Directors submit their report together with the Audited Financials of Comviva Technologies (Argentina) S.A. (“The Company”), for the year ended 31st March, 2020.

Principal Activity

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. Rafael Olivars Perez resigned and the company has appointed Mr. Jose Taravilse with effect from 22nd October, 2019

On behalf of the Board of Directors,

Maximiliano Gustavo Knüll	**Jose Taravilse**	**Ashish Kumar**	**Manoranjan Mohapatra**
President and Chairman	**Vice Chairman**	**Regular Director**	**Alternate Director**

ANNUAL REPORT

Dear Shareholders of

COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

Our Company has gone through a new fiscal year.

As in previous years, interest has prevailed toward maintaining the number of highly skilled personnel, which is the main asset of our Company. Furthermore, priority has been given to long-term relationships with our clients, thus reporting the change as a business opportunity for all involved.

As of the issuance date of these accounting statements, profit and loss for the fiscal year ended June 30, 2019 show a profit of $9.730.177.

During this fiscal year, we have adjusted the year-end accounting statements based on inflation, since the Argentine professional accounting standards establish that the accounting statements need to be prepared in recognition of the changes in the currency purchasing power in accordance with the provisions of Technical Regulations (Resoluciones Técnicas, RT) No. 6 and No. 17, as amended by RT No, 39; standards issued by the Argentine Federation of Professional Councils in Economic Sciences (Federación Argentina de Consejos Profesionales de Ciencias Económicas, FACPCE). These standards establish that the inflation adjustment must be applied within a framework of high inflation, which is characterized, among other considerations, by a cumulative inflation rate over three years reaching or exceeding 100%. Cumulative inflation at this year end is more than 100%. For this reason, in accordance with the professional accounting standards mentioned above, the Argentine economy should be considered as a high-inflation economy as of July 1, 2018. The FACPCE has confirmed this situation through Resolution 539/18. In turn, it was also confirmed that a simplified method for presenting comparative information in a single accounting statement is expected, as it is also established under points 3.2 to 3.4 of Resolution No. 107/18 by the Professional Council of Economic Sciences of the City of Buenos Aires (Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires, CPCECABA). Accordingly, in the exercise of such option, we have adjusted these accounting statements based on inflation.

We would like to thank the Company's staff, our clients, suppliers and all who have contributed to this new financial year in one way or another.

We would like to express our special thanks to Mr. Rafael Olivares for his performance as President of the Company until the day of his resignation.

THE DIRECTORY

Maximiliano Knüll

Ashish Kumar

COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

INDEPENDENT AUDITORS' REPORT

Dear President and Directors of

COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

(former ATS Advanced Technology Solutions S.A.)

Tax ID No.: 30-64627917-4

Registered office: Avda. Corrientes 880 11th floor

Autonomous City of Buenos Aires

Report on the Accounting Statements

1. Identification of the Accounting Statements subject of the audit

We have audited the attached accounting statements of **Comviva Technologies (Argentina) S.A.** (formerly known as ATS Advanced Technology Solutions S.A), (hereinafter interchangeably referred to as "Comviva Technologies (Argentina) S.A." or the "Company") which include the Balance Sheet as of June 30, 2019, the relevant Statement of Income, the Net Worth Development Statement and the Cash Flow Statement for the fiscal year then ended, and the supplementary information contained in notes 1 to 7 thereof (note 1 describes the main accounting policies used for the preparation and exposure of the attached accounting statements) and their annexes I to IV.

Amounts and other profit and loss disclosures for fiscal year ended June 30, 2018, restated in constant currency as of June 30, 2019 in accordance with the provisions of note 1.3 to the attached accounting statements, are an integral part of the Balance Sheet as of June 30, 2019, and they are presented so that they are interpreted only in relation to the amounts and other disclosures relevant to the current fiscal year.

2. Responsibility of the Company's Management and Directory with regard to the Accounting Statements

The Directory and the Management of the Company are responsible for the preparation and reasonable presentation of the accounting statements in accordance with the Argentine professional accounting standards. Furthermore, they are responsible for the implementation of the internal control deemed necessary to enable the preparation of financial statements that are free of significant distortions derived from omissions or irregularities.

3. Responsibility of Auditors

Our responsibility is to express an opinion on these accounting statements based on our audit. We have conducted our audit in accordance with the auditing standards established in Technical Resolution No. 37 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE). Those standards require that we comply with the ethical requirements, and that we plan and perform the audit in order to obtain reasonable assurance that the accounting statements are free of material misstatements. An audit involves applying procedures, mainly on a test basis, to obtain evidence on the amounts and disclosures presented in the accounting statements. The selected procedures, as well as the assessment of the risks of material misstatements in the accounting statements, depend on the auditor's professional judgement.

When conducting these risk assessments, the auditor considers the existing internal control in the Company, which is relevant for the preparation and reasonable presentation of the accounting statements. However, the auditor does not evaluate the current internal control in order to express an opinion on its effectiveness, but to select the audit procedures that are appropriate under the circumstances. Furthermore, an audit includes evaluating the proper application of the accounting standards and the reasonableness of the accounting estimates made by the Company's Directory and Management, as well as the general presentation of the accounting statements.

We consider that the elements of judgement obtained provide a sufficient and appropriate basis for supporting our audit decision.

4. Opinion

In our opinion, the accounting statements detailed in Chapter 1, first paragraph, of this report reasonably present, in all material respects, the financial position of Comviva Technologies (Argentina) S.A. as of June 30, 2019, as well as the results of their operations, the net worth development and the cash flow for the fiscal year then ended, in accordance with the Argentine professional accounting standards.

5. Emphasis Paragraph

Without modifying our opinion, we would like to emphasize the information contained in note 1.3 to the attached accounting statements, in which the Company states that the amounts expressed therein, as well as the comparative profit and loss information relevant to the previous year, have been restated in constant currency as of June 30, 2019, with retroactive effect.

That same note describes the options under Resolution No. 539/18, as amended by Resolution No. 553/19, by the Governing Body (Junta de Gobierno, JG) of the FACPCE used by the Company to prepare the attached accounting statements and the impact on the information contained therein generated by the application of such options.

Report on Other Legal and Regulatory Requirements

a) The amounts of the accounting statements mentioned in Chapter 1 of this report arise from the Company's accounting records which, in their formal respects, are pending transcription to sealed books.

b) According to the abovementioned accounting records of the Company, the accrued liability as of June 30, 2019 in favor of the Argentine Integrated Social Security System for deductions and contributions amounted to $2.761.554, none of which was claimable on that date.

c) We have applied the procedures on the prevention of laundering of proceeds of crime and financing of terrorism provided for in Resolution No. 420/11 by the Governing Body of the Argentine Federation of Professional Councils in Economic Sciences.

Autonomous City of Buenos Aires; October 22, 2019

DELOITTE & Co. S.A.
(Registry of Commercial Companies -
CPCECABA Volume 1 Page 3)

JUAN J. LÓPEZ FORASTIER (Partner)
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

(formerly known as ATS Advanced Technology Solutions S.A.)

Registered office: Avda. Corrientes 880, 11th floor, Autonomous City of Buenos Aires

Main activity of the Company:	Manufacturing, processing, assembling, building and marketing of machines, accessories and products for telephony and communications in general
Registration number in the Superintendence of Corporations:	1542347
Registration date of the Bylaws in the Public Registry of Commerce:	October 4, 1991
Registration number in the Public Registry of Commerce:	7990 - Book 110 - Volume “A” of Corporations
Last modification of the Bylaws:	November 15, 2018 (Note 1.1)
End date of the Bylaws:	October 3, 2090
Parent company:	Comviva Technologies B.V.
Share percentage of the parent company:	99.96% (Note 4)

ACCOUNTING STATEMENTS AS OF JUNE 30, 2019

FOR FISCAL YEAR NO. 28

STARTING ON JULY 1, 2018

CAPITAL STRUCTURE (at nominal values):

Shares: (Note 4)

Quantity	Type	NV	Number of votes of each share	Subscribed and paid-in (1)	
				…2019…	…2018…
	Common	$			
2,255,800	Type "A"	1	1	**2,255,800**	2,255,800
				2,255,800	2,255,800

(1) The registered capital amounts to $15,800 as of June 30, 2019 and 2018.

The report dated October 22, 2019,
is in a separate document.
DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

BALANCE SHEET AS OF JUNE 30, 2019

Presented in comparison with the fiscal year ended June 30, 2018

(in pesos)

	...2019...	...2018...
ASSETS		
CURRENT ASSETS		
Cash and banks (Note 2.1)	**19,447,662**	7,911,097
Sales credits (Note 2.2)	**124,491,944**	126,387,997
Other credits (Note 2.3)	**10,504,086**	10,213,630
Inventories (Note 2.4)	**208,326**	681,817
Total current assets	**154,652,018**	145,194,541
NON-CURRENT ASSETS		
Fixed assets (Annex I)	**3,215,056**	4,154,017
Total non-current assets	**3,215,056**	4,154,017
TOTAL ASSETS	**157,867,074**	149,348,558
LIABILITIES		
CURRENT LIABILITIES		
Debts:		
Commercial (Note 2.5)	**50,011,182**	44,672,125
Tax (Note 2.6)	**4,088,614**	624,028
Corporate (Note 2.7)	**16,987,106**	22,800,288
Financial (Note 2.8)	**23,865,930**	24,063,182
Advance payments from clients	**10,072,918**	13,940,228
Others (Note 2.9)	**-**	137,560
Total liabilities	**105,025,750**	106,237,411
NET EQUITY (according to the relevant balance sheet)	**52,841,324**	43,111,147
TOTAL LIABILITIES AND NET EQUITY	**157,867,074**	149,348,558

Notes 1 to 7 and Annexes I to IV are an integral part of this balance sheet.

The report dated October 22, 2019,
is in a separate document.
DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

INCOME STATEMENT

For the fiscal year ended June 30, 2019

(in pesos)

Net sales of goods and services (Note 2.10)	258,743,188
Cost of merchandise sold (Annex III)	(149,520,741)
Gross profit	**109,222,447**
Marketing expenses (Annex IV)	(24,297,198)
Administration expenses (Annex IV)	(48,567,580)
Operating income	**36,357,669**
Net financial results, including COLA	(24,557,081)
Other net income and expenses (Note 2.11)	(475,920)
Profit for the year before income tax	**11,324,668**
Income tax and minimum presumed income (Note 5)	(1,594,491)
Net profit for the year	**9,730,177**

Notes 1 to 7 and Annexes I to IV are an integral part of this balance sheet.

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DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

STATEMENT OF NET WORTH DEVELOPMENT

For the fiscal year ended June 30, 2019

(in pesos)

Concept	Capital				Reserved earnings				Unappropriated earnings	Total net equity
	Corporate capital	Capital adjustment	Premium on issued shares	Total	Legal reserve	Optional reserve	Reserve for future dividends	Total		
Balance at the beginning of the year	2.255.800	1.759.325	66.338.347	70.353.472	10.815	6.625.602	25.668.604	32.305.021	(59.547.346)	43.111.147
Net profit for the year									9,730,177	9,730,177
(according to the relevant balance sheet)										
Balance at the end of the year	**2,255,800**	**1,759,325**	**66,338,347**	**70,353,472**	**10,815**	**6,625,602**	**25,668,604**	**32,305,021**	**(49,817,169)**	**52,841,324**

Notes 1 to 7 and Annexes I to IV are an integral part of this balance sheet.

The report dated October 22, 2019,
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DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

CASH FLOW STATEMENT

For the fiscal year ended June 30, 2019

(in pesos)

CASH VARIATIONS	
Cash at the beginning of the year (Note 1.4.9)	7,911,097
Cash at the end of the year (Note 1.4.9)	19,447,662
Net cash increase	**11,536,565**
REASONS FOR CASH VARIATIONS	
OPERATING ACTIVITIES	
Net profit for the year	9,730,177
Income tax	1,594,491
Adjustments to reach the net cash flow from operating activities:	
Items that do not imply the use of cash:	
Depreciation of fixed assets	3,966,049
Allowance for devaluation of non-recoverable tax credits	9,808,551
Changes in operating assets and liabilities:	
Decrease in sales credits	1,896,053
Increase in other credits	(11,693,498)
Decrease in inventories	473,491
Increase in accounts payable	5,339,057
Increase in tax debts	3,464,586
Decrease in corporate debts	(5,813,182)
Decrease in advance payments from clients	(3,867,310)
Decrease in other debts	(137,560)
Net cash flow generated by operating activities	**14,760,906**
INVESTMENT ACTIVITIES	
Payments for the purchase of fixed assets	(3,027,088)
Net cash flow used in investing activities	**(3,027,089)**
FINANCING ACTIVITIES	
Decrease in financial debts	(197,252)
Net cash flow used in financing activities	**(197,252)**
NET CASH INCREASE	**11,536,565**

Notes 1 to 7 and Annexes I to IV are an integral part of this balance sheet.

The report dated October 22, 2019,
is in a separate document.
DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

FIXED ASSETS

Structure and evolution for the fiscal year ended June 30, 2019,

presented in comparison with the equity balances for the fiscal year ended June 30, 2018

(in pesos)

Concept	2019							2018	Residual Net Value
	Initial value			Depreciations				Residual Net Value	
	At the beginning of the year	Incorporations	At the end of the year	Accumulated at the beginning of the year	Of the year	Depreciation %	Accumulated at the end of the year		
Property and equipment	48.852.439	236,234	49,088,673	47,676,209	690,126	3%	48,366,335	722,338	1,176,230
Computer hardware	6.371.531	2,275,997	8,647,529	3,393,744	2,761,067	3%	6,154,811	2,492,718	2,977,787
Installations	1.573.765	-	1,573,765	1,573,765	-	3%	1,573,765	-	-
Vehicles	355.027	-	355,027	355,027	-	5%	355,027	-	-
Building upgrading	698.802	-	698,802	698,802	-	5%	698,802	-	-
Software	11.470.253	514,857	11,985,110	11,470,253	514,856	3%	11,985,109	-	-
Total	**69.321.817**	**3,027,088**	**72,348,905**	**65,167,800**	**3,966,049**	**-**	**69,133,849**	**3,215,056**	**4,154,017**

The report dated October 22, 2019,
is in a separate document.
DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

ALLOWANCES

Structure and evolution for the fiscal year that ended on June 30, 2019,

presented in comparison with the equity balances for the fiscal year ended June 30, 2018

(in pesos)

Categories	**2019**			2018
	Balance at the beginning of the year	**Net decreases for the year (1)**	**Balance at the end of the year**	Balance at the end of the year
Other credits				
For non-recoverable tax credits	**(29,879,892)**	**9,808,551**	**(20,071,341)**	(29,879,892)
Total	**(29,879,892)**	**9,808,551**	**(20,071,341)**	(29,879,892)

(1) Including COLA, $971,384 were posted to “Other income and expenses” and $10,779,935 to “Financial and holding results.”

The report dated October 22, 2019,
is in a separate document.
DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

Annex III

COST OF SERVICES SOLD

Structure and evolution for the fiscal year ended June 30, 2019

(in pesos)

Number at the beginning of the year (Note 2.4)	681,817
Purchases of the year	38,969,704
Production expenses (Annex IV)	110,077,546
Minus::	
Number at the end of the year (Note 2.4)	(208,326)
COST OF MERCHANDISE SOLD	**149,520,741**

The report dated October 22, 2019,
is in a separate document.
DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

INFORMATION REQUIRED BY ARTICLE 64, SECTION B), OF LAW NO. 19.550

For the fiscal year ended June 30, 2019

(in pesos)

Categories	2019			
	Total	Production expenses	Administration expenses	Marketing expenses
Salaries and wages	98,008,356	71,991,519	19,806,862	6,209,975
Social security contributions	17,966,508	13,822,853	2,472,010	1,671,645
Personal bonuses	4,722,795	3,683,780	991,787	47,228
Commissions	5,165,177	-	-	5,165,177
Rentals paid	7,629,651	5,505,152	1,502,541	621,958
Office expenses	3,277,761	2,356,051	724,074	197,636
Fees and remunerations for services	7,282,844	1,795,622	4,622,898	864,324
Repair and maintenance	504,412	396,916	89,994	17,502
Insurance	630,326	194,738	50,236	385,352
Software maintenance	1,644,823	388,184	219,875	1,036,764
Advertising and marketing	365,847	-	-	365,847
Domestic transportation and travel expenses	1,001,567	637,054	120,708	243,805
International transportation and travel expenses	11,287,504	4,983,299	2,500,212	3,803,993
Depreciations	3,966,049	-	3,966,049	-
Office supplies	244,802	152,000	83,445	9,357
Training expenses	3,817,981	768,067	2,996,845	53,069
Representation expenses	1,281,997	18,445	779,702	483,850
Banking expenses	430,620	-	430,620	-
Telephone expenses	4,585,996	3,361,423	921,913	302,660
Taxes, fees and contributions	9,127,308	22,443	6,287,809	2,817,056
Total 2019	**182,942,324**	**110,077,546**	**48,567,580**	**24,297,198**

The report dated October 22, 2019,
is in a separate document.
DELOITTE & Co. S.A.

JUAN J. LÓPEZ FORASTIER
Partner
Public Accountant (UBA)
CPCE (CABA) Volume 366, Page 95

MAXIMILIANO G. KNÜLL
President

COMVIVA TECHNOLOGIES MYANMAR LIMITED

Directors:
Neeraj Jain
Atul Madan
Soe San Oo

Registered No:
123767691

Registered Office:
MICT Park, Building(19), 6th Floor,
Room (704) Hlaing Township
Yangon Region, Myanmar.

BALANCE SHEET AS AT MARCH 31, 2020

Amount in MMK

	Particulars	Note No.	As at March 31, 2020
I	**Assets**		
A	**Non current assets**		
	(a) Property, Plant and Equipment		-
	(b) Other Intangible assets		-
	(c) Financial Assets		
	(d) Advance Income tax (net)		-
	(e) Deferred tax assets		-
	Total non-current assets		**-**
B	**Current Assets**		
	(a) Financial Assets		
	(i) Trade receivables		-
	(ii) Cash and cash equivalents		-
	(iii) Others financial assets	1	1,149,611,611
	(b) Other current assets		-
	Total current assets		**1,149,611,611**
	TOTAL ASSETS		**1,149,611,611**
II	**Equity and Liabilities**		
A	**Equity**		
	(a) Equity Share capital		-
	(b) Other Equity	2	689,766,967
	Equity attributable to equity holders of the Company		**689,766,967**
B	**Liabilities**		
1	**Non Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings		-
	Total non-current liabilities		-
2	**Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings		-
	(ii) Trade Payables	3	229,922,322
	(iii) Others financial liabilities		-
	(b) Other current liabilities		-
	(c) Current tax liabilities (net)		229,922,322
	Total current liabilities		**459,844,644**
	TOTAL EQUITY AND LIABILITIES		**1,149,611,611**
C	**See accompanying notes forming part of the financial statements**	1-5	

For and on behalf of Comviva Technologies Myanmar Limited

COMVIVA TECHNOLOGIES MYANMAR LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in MMK

	Particulars	Note No.		For the year ended March 31, 2020
I.	Revenue from operations	4		1,149,611,611
II.	Other income			-
III.	**Total income (I+II)**			**1,149,611,611**
IV.	**Expenses**			
	(a) Employee benefits expense			-
	(b) Subcontracting cost			-
	(a) Finance costs			-
	(b) Depreciation and Amortization expense			-
	(c) Other expenses	5		229,922,322
	Total expenses			**229,922,322**
V.	**Profit/(Loss) before tax**			919,689,289
VI.	**Tax expenses**			
	(a) Current tax		229,922,322	
	(b) Deferred tax		-	
				229,922,322
VII.	**Profit/(Loss) after tax**			**689,766,967**
VIII.	**See accompanying notes forming part of the financial statements**	1-5		

For and on behalf of Comviva Technologies Myanmar Limited

Note 1 - Other Financial assets :

Current financial assets	Amount in MMK
Particulars	As at 31-Mar-20
Unbilled Revenue (net off for allowances towards credit loss)	1,149,611,611
Total	**1,149,611,611**

Note 2 - Other Equity :

	Amount in MMK
Particulars	As at 31-Mar-20
Surplus in the statement of profit and loss	
Opening balance	-
Add: profit/(loss) for the period/year	689,766,967
Closing balance	689,766,967
Total	**689,766,967**

Note 3 - Trade payables :

	Amount in MMK
Particulars	As at 31-Mar-20
Expenses payables other than Accrued Salaries and Benefits	229,922,322
Accrued Salaries and Benefits	-
Total	**229,922,322**

Note 4- Revenue from operations :

	Amount in MMK
Particulars	**For the year ended March 31, 2020**
Income from Comviva Product and related managed support	
Revenue sharing arrangements	1,149,611,611
Total	**1,149,611,611**

Note 5 - Operating and other expense:

	Amount in MMK
Particulars	**For the year ended March 31, 2020**
Royalty and software charges	229,922,322
Total	**229,922,322**

COMVIVA TECHNOLOGIES USA INC

Directors:
Neeraj Jain
Aditya Dhruva
Manoranjan Mohapatra

Registered No:
P19000082541

Registered Office:
6440 SOUTHPOINT PKWY STE 300
JACKSONVILLE, FL 32216

BALANCE SHEET AS AT MARCH 31, 2020

Amount in USD

	Particulars	Note No.	As at March 31, 2020
I	**Assets**		
A	**Non current assets**		
	(a) Property, Plant and Equipment		-
	(b) Other Intangible assets		-
	(c) Financial Assets		-
	(d) Advance Income tax (net)		-
	(e) Deferred tax assets		-
	Total non-current assets		**-**
B	**Current Assets**		
	(a) Financial Assets		
	(i) Trade receivables		-
	(ii) Cash and cash equivalents	1	176,675
	(iii) Others financial assets		-
	(b) Other current assets		-
	Total current assets		**176,675**
	TOTAL ASSETS		**176,675**
II	**Equity and Liabilities**		
A	**Equity**		
	(a) Equity Share capital		-
	(b) Other Equity	2	(24,554)
	Equity attributable to equity holders of the Company		**(24,554)**
B	**Liabilities**		
1	**Non Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	3	200,000
	Total non-current liabilities		**200,000**
2	**Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings		-
	(ii) Trade Payables		-
	(iii) Others financial liabilities	4	1,229
	(b) Other current liabilities		-
	Total current liabilities		**1,229**
	TOTAL EQUITY AND LIABILITIES		**176,675**
C	See accompanying notes forming part of the financial statements	1-5	

For and on behalf of Comviva Technologies USA Inc

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in USD

Particulars		Note No.		For the Year ended March 31, 2020
I.	Revenue from operations			-
II.	Other income			-
III.	**Total income (I+II)**			**-**
IV.	**Expenses**			
	(a) Employee benefits expense			-
	(b) Subcontracting cost			-
	(a) Finance costs			3,054
	(b) Depreciation and Amortization expense			-
	(c) Other expenses	5		21,500
	Total expenses			**24,554**
V.	**Profit/(Loss) before tax**			(24,554)
VI.	**Tax expenses**			
	(a) Current tax		-	
	(b) Deferred tax		-	
				-
VII.	**Profit/(Loss) after tax**			(24,554)
VIII.	**See accompanying notes forming part of the financial statements**	1-5		

For and on behalf of Comviva Technologies USA Inc

Note 1 - Cash and cash equivalents :

Amount in USD

Particulars	As at 31-Mar-20
Balances with banks:	
- In current accounts	176,675
Total	**176,675**

Note 2- Other Equity :

Amount in USD

Particulars	As at 31-Mar-20
Surplus in the statement of profit and loss	
Opening balance	-
Add: profit/(loss) for the period/year	(24,554)
Closing balance	(24,554)
Total	**(24,554)**

Note 3 -Borrowings :

Long-term borrowings

Amount in USD

Particulars	As at 31-Mar-20
Loan from related party	200,000
Total	**200,000**

Note 4 - Other Financials liabilities:

Short term Financial Liabilities

Amount in USD

Particulars	As at 31-Mar-20
Inter Company Payable	1,229
Total	**1,229**

Note 5 - Other Expense:

Amount in USD

Particulars	For the year ended March 31, 2020
Legal and professional fees	1,500
Conference expenses	20,000
Total	**21,500**

TECH MAHINDRA GMBH

Supervisory Board
Mr. Rajesh Chandiramani
Mr. Manish M Vyas

Managing Directors
Mr. Aloke Shankar Palsikar
Mr. Abhijeet Anant Awekar

Registered Office
Fritz-Vomfelde Str. 8
40547 Dusseldorf
Germany

Bankers
HSBC Bank
HSBC Trinkaus and Burkhardt AG
Koenigsallee 21/23
40212 Duesseldorf

Auditors
KPMG AG
Tersteegenstraße 19—23
40474 Düsseldorf
Postfach 30 05 64
40405 Düsseldorf
T +49 211 475-7000
F +49 211 475-6000

INDEPENDENT AUDITORS' REPORT

1. Audit engagement

At the shareholders' meeting held on 29 November 2019 of

TECH MAHINDRA GmbH, headquartered in Düsseldorf, hereinafter also referred to as 'MAHINDRA GmbH' or the 'Company' –

We were elected as auditor for financial year from 1 April 2019 to 31 March 2020. Accordingly, management has engaged us to audit the annual financial statements for the year ended 31 March 2020, together with the accounting records and the management report.

The terms governing this engagement are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017, which are attached to this report as Appendix 4. Our liability is governed by Clause 9 of the General Engagement Terms. Our liability towards third parties is defined under Clauses 1 (2) and No. 9 of the General Engagement Terms.

2. Reproduction of the Independent Auditor's Report (translation)

For the annual financial statements and management report we have issued an unqualified auditor's report (Appendix 3). The English language text below is a translation of the independent auditor's report.

Independent Auditor's Report

To TECH MAHINDRA GmbH, Düsseldorf

Opinions

We have audited the annual financial statements of TECH MAHINDRA GmbH, Düsseldorf, which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss for the financial year from 1 April 2019 to 31 March 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of TECH MAHINDRA GmbH for the financial year from 1 April 2019 to 31 March 2020. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f (4) HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards), which is included in Section 2.2.4 of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2020 and of its financial performance for the financial year from 1 April 2019 to 31 March 2020, in accordance with German Legally Required Accounting Principles, and the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" Section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other Information

Management is responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards).

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional skepticism throughout the audit.

We also: identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 controls. obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems. evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures. 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able to continue as a going concern. evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides. perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Düsseldorf, 28 May 2020 KPMG AG

Signed by	Signed by
Ergun Kis	Benedikt Krantz
29.05.20	29.05.20

TECH MAHINDRA GMBH

BALANCE SHEET AS AT 31 MARCH 2020

Assets

		31/3/2020		31/3/2019	
		EUR	EUR	EUR	EUR
A.	**Fixed assets**				
I.	**Intangible assets**				
1.	Aquired software	606,094.81		915,499.13	
2.	Customer base	0.00	606,094.81	60,715.00	976,214.13
II.	**Property, plant and equipment**				
	Other equipment, operating and office equipment		2,794,719.07		1,419,707.37
III.	**Financial assets**				
	Shares in affiliated companies		8,356.86		8,356.86
			3,409,170.74		**2,404,278.36**
B.	**Current assets**				
I.	**Inventories**				
	Prepayments		24,593.43		0.00
II.	**Receivables and other assets**				
1.	Trade receivables	18,258,412.32		26,734,509.96	
2.	Receivables from affiliated companies	27,279,868.81		36,890,467.00	
3.	Other assets	1,032,530.66	46,570,811.79	1,058,014.93	64,682,991.89
III.	**Cash and cash equivalents**		1,109,699.90		722,502.05
			47,705,105.12		**65,405,493.94**
C.	**Prepaid expenses**		**808,500.82**		**625,418.29**
			51,922,776.68		**68,435,190.59**

Equity and liabilities

		31/3/2020	31/3/2019
		EUR	EUR
A.	**Equity**		
I.	**Subscribed capital**	601,000.00	601,000.00
II.	**Capital reserve**	17,082,298.90	16,995,554.04
III.	**Profit carried forward**	9,120,524.18	5,424,797.81
IV.	**Net loss for the period/Net profit**	-8,956,102.99	3,695,726.37
		17,847,720,09	**26,717,078.22**
B.	**Provisions**		
1.	Provisions for pensions and similar obligations	202,529.81	171,803.36
2.	Tax provisions	1,473,294.88	1,617,222.65
3.	Other provisions	10,368,623.00	17,802,960.00
		12,044,447.69	19,591,986.01
C.	**Liabilities**		
1.	Trade payables	422,034.94	744,721.38
	– thereof with remaining time to one year EUR 422,034.94		
	(prior year: EUR 744,721.38) –		
2.	Liabilities to affiliated companies	20,328,306.24	20,658,117,.28
	– thereof with remaining time to one year EUR 20,328,306.24		
	(prior year: EUR 20,658,117.28) –		
3.	Other liabilities	1,280,267.72	723,287.70
	– thereof taxes EUR 1,271,744.97 (prior year: EUR 621,490.54) –		
	– thereof social securities EUR 3,750.38 (prior year: EUR 3,708.26) –		
	– thereof with remaining time to one year EUR 1,280,267.72		
	(prior year: EUR 723,287.70) –		
		22,030,608.90	**22,126,126.36**
		51,922,776.68	**68,435,190.59**

INCOME STATEMENT FOR THE FINANCIAL YEAR 1 APRIL 2019 TO 31 MARCH 2020

		2019/2020		2018/2019	
		EUR	EUR	EUR	EUR
1.	Revenue		83,911,167.07		91,717,961.87
2.	Other operating income		1,431,527.39		893,327.30
3.	Cost of materials				
	Cost of purchased services		25,154,600.42		39,865,707.02
4.	Personnel expenses				
	a) Wages and salaries	40,583,239.89		33,963,614.20	
	b) Social security, pension and other benefits	5,726,091.14	46,309,331.03	4,565,153.44	38,528,767.64
5.	Amortisation of intangible assets and depreciation of property, plant and equipment		1,050,679.20		904,603.76
6.	Other operating expenses		21,006,413.17		7,288,428.94
7.	Other interest and similar income		460,476.26		221,155.71
8.	Interest and similar expenses		94,518.37		203,729.89
9.	Income taxes		1,137,714.52		2,336,847.35
10.	**Result after taxes**		**-8,950,085.99**		**3,704,360.28**
11.	Other taxes		6,017.00		8,633.91
12.	**Net loss for the year/Net profit**		**-8,956,102.99**		**3,695,726.37**

TECH MAHINDRA GMBH, DÜSSELDORF/GERMANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

1 April 2019 to 31 March 2020

General information about the annual financial statements

TECH MAHINDRA GmbH is located in Düsseldorf and registered at the Registry court in Düsseldorf, Registry court number, HRB 47738. The company is a large corporation within the meaning of Section 267 (3) HGB.

The annual financial statements were prepared in accordance with the provisions of the German Commercial code (HGB) in the current version and the supplementary provisions of the law for limited companies (Gesetz betreffend Gesellschaften mit beschränkter Haftung (GmbHG)).

The financial statements comprise balance sheet, income statement and notes (including the fixed-asset movement schedule). The income statement was prepared in accordance with the nature of expense method (§ 275 (2) HGB).

Disclosures on accounting policies

Intangible assets are measured at cost and amortized on a straight-line basis over their economic useful life. Purchased software is amortized over their useful life of four years and the acquired customer base has been amortized over a useful life of five years. Intangible asset, which are fully amortized, will be presented as disposal in the last year of amortization.

Tangible assets are valued at cost and depreciated over their estimated useful life on a straight-line basis. Operating and office equipment is depreciated over a useful life of three to ten years.

Low-value assets with costs of up to EUR 800.00 are immediately recognized as depreciation expense and directly presented as disposal.

Investments and other financial assets are recognized at cost. If necessary, the applicable lower value has been recognized at the reporting date.

Receivables and other assets are recognized at nominal value. In order to cover all recognizable risks as at the balance sheet date, allowances for bad debts are set aside.

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

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

Deferred taxes will be determined for temporary differences between the carrying amounts of assets and liabilities under commercial law and their tax bases and for usable loss carryforwards. Deferred taxes are calculated on the basis of an average income tax rate of 31 %. Any resulting tax burden would be recognized in the balance sheet as deferred tax liabilities. In the event of a tax relief (deferred tax asset), the option granted in Section 274 (1) Sentence 2 HGB is exercised and a balance sheet entry is waived. In the financial year 2019/2020, there was a total asset surplus not shown in the balance sheet. This is mainly due to valuation differences between the commercial balance sheet and the tax balance sheet with regard to pension provisions.

Provisions were recognized for all further uncertain liabilities. They reflect all identifiable risks. In accordance with section 253 (1) sentence 2 of the HGB, provisions are measured at the settlement amount dictated by prudent business judgement.

Provisions from pension obligations were calculated based on the projected unit credit method by an actuarial. The underlying assumptions are presented in following explanations to the balance sheets.

Liabilities are recognized at their settlement amount.

Income and expenses are recognized in the income statement on an accrual basis. Revenue is recognized at the time when services are rendered.

Assets and liabilities in foreign currencies are valued in the annual financial statements 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 converted at the exchange rate prevailing on the balance sheet date. Non-current receivables and liabilities denominated in foreign currencies are recognized at the exchange rate on the 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 recognized separately in the income statement under “Other operating income” and “Other operating expenses”.

Balance Sheet

Fixed Assets

With regard to the development of intangible assets, tangible assets and financial assists we refer to the fixed-asset movement schedule (as appendix to the notes).

Financial assets

The company holds the share in the following investments:

TechM IT Services GmbH, Wien/Austria:

	March 31, 2020	March 31, 2019
Shareholding relationship	100 %	100 %
Equity in kEUR	100	89
Result for the year in kEUR	11	12

TECH MAHINDRA Norway A.S, Norway:

	March 31, 2020	March 31, 2019
Shareholding relationship	100 %	100 %
Equity in kNOK	7,752	4,751
Result for the year in kNOK	2,991	3,395
FX-rate as of March 31	11.7084 NOK/ EUR	9.6769 NOK/ EUR

Current Assets

Inventory

Inventory comprises only of prepayments to suppliers

Trade receivables and other assets

Trade receivables and other assets comprise as follows:

	As of March 31, 2020	Amounts due after more than 1 year	As of March 31, 2019	Amounts due after more than 1 year
Trade receivables	18,258,412.32 €	0,00 €	26,734,509.96 €	0.00 €
Receivables from affiliated companies	27,279,868.81 €	0,00 €	36,890,467.00 €	0.00 €
Other Assets	1,032,530.66 €	0,00 €	1,058,014.93 €	0.00 €
Total	**46,570,811,79 €**	**0,00 €**	**64,682,991.89 €**	**0.00 €**

In fiscal 2018/2019 a lump sum allowance for trade receivables in the amount of kEUR 2,031 had been presented as other provision, in the current the allowance in amount of kEUR 956 is netted with the trade receivables.

Receivables from affiliated companies comprise receivables from shareholders in the amount of kEUR 23,941 (prior year: kEUR 26,535).

With the exception of a loan receivable of kEUR 3,250 (previous year: kEUR 10,313), receivables from affiliated companies result from trade receivables. In the current fiscal year an allowance on loan receivables from affiliated companies has been recorded in the amount of kEUR 12,934 (prior year: kEUR 0), due to uncollectability.

Other assets contain mainly deposits, tax receivables as well as salary and travel expense advance payments to employees.

Subscribed capital

The entity’s subscribed capital amounts to kEUR 601 (prior year: kEUR 601) and is fully paid in.

Capital reserve

Due to the merger of DynaCommerce GmbH, Munich, based on the merger agreement as of December 27, 2019, the amount of 86,744.86 € was added to the capital reserve.

Provision for pension obligations

The actuarial report to determine the provision for pension obligations future Salary increases, as well as increases in pension benefits. To calculate the pension obligation the mortality tables "Richttafeln 2018 G" by Klaus Heubeck were applied.

The following assumptions were applied to determine the pension obligation as of March 31, 2020:

	March 31,2020	March 31, 2019
Discount rate	2.61 %	3.07 %
Expected wage and salary increases	2.0 %	2.0 %
Expected increase in pension benefits	1.0 %	1.0 %

The provision for pension obligations is calculated in accordance with § 253 (2) HGB (German Commercial Code) using the average market rate of interest for the past ten financial years and a duration of 15 years, which is published by the German Central Bank (Deutsche Bundes Bank).

In the case of the provisions for post-employment benefit obligations, the difference between the amount recognized using the average market rate of interest for the past ten financial years and the amount recognized using the average market rate of interest for the past seven financial years amounts to 21,899 € (prior year 18,326 €) in the current financial year. This amount is restricted from distribution to the shareholder in accordance with § 253 (6) sentence 2 HGB.

All pension obligations are covered by reinsurance policies. Pursuant to § 246 (2) sentence 2 HGB the reinsurance policies have been offset against the pension obligations, as claims against a reinsurance policy that is not accessible to all other creditors and serves exclusively to meet pension obligations:

	March 31, 2020 kEUR	March 31, 2019 kEUR
The fair value of the plan assets	397	352
Pension obligation	583	507
Net amount	186	155

Due to the netting of the pension obligation with the plan assets, expenses for additions to the pension provision in the amount of kEUR 75 were netted with income from plan assets as part of the pension expenses. The fair-value of the plan assets were determined using actuarial valuation methods.

Besides the netted pension obligation, the provision contains also outstanding contributions to the reinsurance policy.

Other Provisions

As in the prior year, other provisions largely contain provisions for outstanding invoices for utilized subcontractor services (kEUR 3,638; prior year kEUR 5,680), provision for outstanding charges from the shareholder (kEUR 4,506; prior year kEUR 6,718), of which kEUR 4,506 are relating to obligations to the shareholder of the company.

Obligations for employee commitments comprise obligations for outstanding vacation days, bonus and severance payments amount to kEUR 2,172 (prior year kEUR 1,835).

Liabilities

Remaining maturities are as follows:

	March 31, 2020	Remaining Maturity less than 1 year	Remaining Maturity more than 1 year and less than 5 years	Remaining Maturity more than 5 years
Trade payables	422,034.94 €	422,034.94 €	0.00 €	0.00 €
Payables to affiliated companies	20,328,306.24 €	20,328,306.24 €	0.00 €	0.00 €
Other liabilities	1,280,267.72 €	1,280,267.72 €	0.00 €	0.00 €
Thereof relating to social security and similar obligations	3,750.38 €	3,750.38 €	0.00 €	0.00 €
Thereof relating to taxes	1,271,744.97 €	1,271,744.97 €	0.00 €	0.00 €
Total	**22,030,608.90 €**	**22,030,608.90 €**	**0.00 €**	**0.00 €**

	March 31, 2019	Remaining Maturity less than 1 year	Remaining Maturity more than 1 year and less than 5 years	Remaining Maturity more than 5 years
Trade payables	744,721.38	744,721.38	0.00 €	0.00 €
Payables to affiliated companies	20,658,117.28 €	20,658,117.28 €	0.00 €	0.00 €
Other liabilities	723,287.70 €	723,287.70 €	0.00 €	0.00 €
Thereof relating to social security and similar obligations	3,708.26 €	3,708.26 €	0.00 €	0.00 €
Thereof relating to taxes	621,490.54 €	621,490.54 €	0.00 €	0.00 €
Total	**22,126,126.36 €**	**22,126,126.36 €**	**0.00 €**	**0.00 €**

As in the previous year, liabilities to affiliated companies result exclusively from deliveries and services.

Liabilities to the shareholder amount to kEUR 20,298 (prior year: kEUR 20,658).

Other liabilities comprise mainly VAT payables as well as social security contributions and taxes.

Income statement disclosures

Revenue

As in the prior year, revenue mainly relates to income from subcontracting activities relating to the rendering of IT services. They are all generated in Germany. Tech Mahindra GmbH is acting as service agent ("Dienstleistungskommissionär") as all material chances and risks related to the provided services are located at Tech Mahindra Limited.

Revenues are presented in the amount of actual costs plus a 7 % mark-up, charged to Tech Mahindra Limited. These amounts are presented as receivables from affiliated companies from Tech Mahindra Limited. Invoices charged by Tech Mahindra GmbH to customers locally are presented as trade receivables until they are paid. Corresponding to the trade receivables, liabilities to affiliated companies are recognized.

Further, revenues include rental in the amount of kEUR 48 (prior year: kEUR 48) due to the sublease of not needed office space.

Other operating income

Other operating income mainly includes income from release of allowance for doubtful trade receivables from third party in the amount of kEUR 1,432.

Other operating income includes income from exchange rate differences amounting to kEUR 158 (previous year: kEUR 615).

Other operating expenses

Other operating expenses include, in particular, additions to the allowances for doubtful accounts (kEUR 13,918; prior year: kEUR 632) travel and distribution costs (kEUR 1,414; prior year: kEUR 1,346), legal and consulting costs (kEUR 1,978; prior year: kEUR 1,359), recruitment costs (kEUR 197; prior year: kEUR 130) and premises costs (kEUR 1,796; prior year: kEUR 1,266).

Expenses from currency conversion amount to kEUR 39 (prior year: kEUR 90).

Taxes on income

Income taxes comprise as follows:

	March 31, 2020	March 31, 2019
Current Income tax expenses	- 1,600,976.00 €	- 1,939,367.35 €
Tax refund prior years	463,261.48 €	0,00 €
Reversal of deferred tax assets	0.00 €	- 397,480.00 €
Total expenses on Income taxes	**- 1,137,714.52 €**	**- 2,336,847.35 €**

Since the prior fiscal year, the company is applied the option granted in Section 274 (1) Sentence 2 HGB and has released all deferred tax assets in the prior year.

Other disclosures

Other financial obligations

The other financial obligations mainly result from office rental contracts an amount up to kEUR 1,563 (prior year: kEUR 1.837) due in the next 12 months and kEUR 2,630 for following remaining duration of the agreements.

Employees

In the fiscal year 2019/2020 in average the following number of employees were employed:

Company areas	number of employees
technical consultant	708
sales and support employees	35
Total	**743**

Management and Remuneration of the members of the Management

Managing directors of the company are

- Mr. Aloke Palsikar, Wiesbaden, Chief operating Office
- Mr. Abhijeeet Anant Awekar, Milton Keynes/UK, CFO

With regard to option of § 286 (4) HGB, no remuneration of the members of the management has been disclosed.

Advisory Board

The entity has an advisory board, which is composed of the following two members:

Rajesh Chandiramani, Mumbai/Indien, Tech Mahindra Ltd., Manager

Manish M Vyas, Texas/USA, Tech Mahindra Ltd., Manager

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

Events after the balance sheet date

Due to the economic impacts of the corona crises, the company and its workers council signed an agreement on April 20, 2020 with regard to the implementation of short-time work at the company. This agreement has a duration of 12 month, beginning April 1, 2020. During the duration of the agreement the company can assign short-time work to its employees if deemed necessary. Further details on the opportunities and risks of the corona crisis are given in the management report.

Auditor's fee

In fiscal 2019/2020 the auditor's fee to KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, in the amount of kEUR 36 were recognized as an expense, which relates exclusively to auditing services.

Group financial statements

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

The Company's financial statements are included in the consolidated financial statements of TECH MAHINDRA Limited, Pune/India. TECH MAHINDRA Limited prepares the consolidated financial statements for the smallest and largest consolidated group in accordance with general accepted accounting standards in India, which are derived from the International Financial Reporting Standards (IFRS). In accordance with the options of § 291 HGB, TECH MAHINDAR GmbH does not prepare consolidated financial statements. The published consolidated financial statements of TECH MAHINDRA Limited are available on the company's Internet site at www.techmahindra.com.

Proposal or resolution on the appropriation of net profit

The management is proposing the following appropriation of net loss in agreement with the shareholders:

The loss of kEUR 8,956 will be carried forward and netted with the retained earnings.

Düsseldorf, May 28, 2020

Aloke Palsikar	Abhijeeet Anant Awekar
Managing Director	Managing Director

DEVELOPMENT OF FIXED ASSETS IN THE FINANCIAL YEAR FROM 1 APRIL 2019 TO 31 MARCH 2020

	Gross book values				Accumulated depreciation				Net book values	
	1/4/2019	Additions	Disposals	31/3/2020	1/4/2019	Additions	Disposals	31/3/2020	31/3/2020	31/12/2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
I. Intangible assets										
1. Aquired software	1,358,552.00	32,887.00	0.00	1,391,439.00	443,053.00	342,291.00	0.00	785,344.00	606,095.00	915,499.00
2. Customer base	910,520.00	0.00	910,520.00	0.00	849,805.00	60,715.00	910,520.00	0.00	0.00	60,715.00
	2,269,072.00	**32,887.00**	**910,520.00**	**1,391,439.00**	**1,292,858.00**	**403,006.00**	**910,520.00**	**785,344.00**	**606,095.00**	**976,214.00**
II. Property, plant and equipment										
Other equipment, operating and office equipment	**2,167,166.00**	**2,022,684.00**	**5,255.00**	**4,184,595.00**	**747,459.00**	**647,673.00**	**5,255.00**	**1,389,877.00**	**2,794,718.00**	**1,419,707.00**
III. Financial assets										
Shares in affiliated companies	8,357.00	0.00	0.00	8,357.00	0.00	0.00	0.00	0.00	8,357.00	8,357.00
	4,444,595.00	**2,055,571.00**	**915,775.00**	**5,584,391.00**	**2,040,317.00**	**1,050,679.00**	**915,775.00**	**2,175,221.00**	**3,409,170.00**	**2,404,278.00**

MANAGEMENT REPORT FOR THE FINANCIAL YEAR 1 APRIL 2019 TO 31 MARCH 2020

1 Corporate Profile

1.1 General business activities

TECH MAHINDRA GmbH (as follows: company or TECH MAHINDRA) is a wholly-owned German subsidiary of Tech Mahindra Limited, Pune/India ("TM Ltd."). It was established in 2001. The company'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.

1.2 Financial performance measures

TECH MAHINDRA is part of the global Tech Mahindra Limited, Pune/India ("TM Ltd.") group and its reporting system. The financial performance indicators of the company are revenues and result for the year and are described in paragraph 2 and 3 of this report. As there is no break-down of group budgets on company level, the company reviews its financial performance indicators mainly by comparison to prior fiscal years.

1.3 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 Company.

- 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.

- 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 centers in India. Training measures are monitored and evaluated by the HR department, an employee's superior and the employee him- or herself.

2 Report on Economic Conditions and Business

2.1 Development of the overall economy and the industry

The upswing of the German economy continued in the fiscal year 2019/2020. The German Council of Economic Experts (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Lage) predicted annual average growth in real gross domestic product (GDP) of 0.6% and 1.7% for 2019 and 2020, respectively. Although the economy in Germany started with further growth at the beginning of the year, no reliable statement can currently be made regarding the effects of the COVID-19 pandemic on the months of February and March 2020.

After years of robust growth in the past few years, the German economy has thus embarked upon a period of economic boom in the year 2019. In this economic climate, the ECB's sustained expansionary monetary policy is partly responsible for a further increase in capacity overutilization in the economy as a whole. With regard to the further impact of the COVID-19 pandemic on the economic environment, we refer to section 4.2 – Outlook.

The sector in which our company operates, benefits considerably from increasingly strong digitalization 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.

2.2 Report on business

2.2.1 Development of revenue

As remuneration is based on reimbursement of costs incurred plus a 7% 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 company.

Revenue from the service agreement decreased from kEUR 91,670 to kEUR 83,863 due to lower costs occured, which have been charged to our parent company with a mark-up. The company records also insignificant rental income in the revenue in the amount of kEUR 48 (prior year kEUR 48) due to the sublease of not needed office space.

2.2.2 Investments

In the fiscal year 2019/2020, the company acquired IT - and office - equipment for the new locations in Dresden, Leipzig and Munich in the amount of kEUR 2,055.

2.2.3 Employee

As at 31 March 2020, the company counts 715 employees (March 31, 2019: 575 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 centers 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.

2.2.4 Statement on governance

The regulation for equal allocation of men and women in leading positions of companies and the public sector ("Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspersonen in der Privatwirtschaft und im öffentlichen Dienst") requires, that the supervisory board and the management sets a target for the quote of women in supervisory board include time limits, in which this target has to be fulfilled.

The resolution of the shareholder and the management is still to be made.

3 Business development

3.1 Results of operations

Under the service agreement concluded with the parent company, TECH MAHINDRA is reimbursed for the cost incurred and receives a mark-up of 7%, so that TECH MAHINDRA always disposes on constant cash inflows and realizes revenue that more than compensate the costs. In the period for the financial year 2019/2020, the company reported a net loss of kEUR 8,956, compared to net profit of kEUR 3,696 in the prior year. This corresponds to -10.7% (prior year: 4.0%) of the total revenue. The loss in the current year is primarily due to write-off of intercompany loans (included in intercompany receivables) in the amount of kEUR 12,934. The write-off is due to the weak financial situation of the related intercompany party and is not reimbursed by the cost-plus contract.

The following significant changes to the statement of profit and loss items were recorded:

The cost of materials, which related exclusively to purchased services, totaled kEUR 25,155 (prior year: kEUR 39,866). The materials usage ratio (ratio of cost of materials to revenue) decreased from 43.5% to 30.0% due to the reduced use of subcontractors and unutilized provision reversals of last year.

The increase in employee benefits expense from kEUR 38,529 to kEUR 46,309 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 55.2% (prior year: 42.0%) and increased significantly as a result of the increase in employee headcount as compared to last year as well as due to the decline in revenues.

Also, severance pay amounting to kEUR 2,976 was booked in the current financial year.

Other operating expenses increased significantly from kEUR 7,288 to kEUR 21,006. The increase is notably attributable to the provision for doubtful loans given to Intercompany amounting to kEUR 12,934. In addition, the company incurred lower exchange losses.

3.2 Net assets

The equity ratio decreased from 39.0% to 34.4% following the decrease of kEUR 8,869 in equity to kEUR 17,848, which in turn is mainly due to the net loss for the period. Contrary the capital reserve increased by kEUR 87 due to the merger of an affiliated company.

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

Trade receivables decreased from kEUR 26,735 to kEUR 18,258 mainly due to business development and approved receivables management.

The decrease in receivables from affiliated companies from kEUR 36,890 to kEUR 27,280 is primarily due to the doubtful loan provision given to intercompany affiliate amounting to kEUR 12,934.

The variance in cash and cash equivalents as part of the cash funds is presented together with the information on the financial position below.

The lower other accruals as compared to last year were primarily due to timely receipt and booking of contractor invoices.

Liabilities to affiliated companies decreased slightly to kEUR 20,328 as compared to kEUR 20,658 of last year.

3.3 Financial situation

As of 31 March 2020, the company's cash funds (cash-in-hand, bank balances) amounted to kEUR 1,110 (1 April 2019: kEUR 723). The increase in cash relates mainly to the cash-inflow from investing activities, as expenditures for IT – and office-equipment at the new locations was overcompensated by repayments of loans from affiliated companies. The operating cash flow on the other hand was balanced.

The cost-plus agreement ensures continuous cash inflow for the financing of current business activities.

3.4 Overall Assessment of the Economic Situation

In the opinion of the management of the company, the business development is generally satisfying. Without considering the provision for doubtful accounts in the amount of kEUR 12,934, the profit for the year would be kEUR 3,978 in comparison to kEUR 3,695 in the prior year. Without considering the provision for doubtful accounts the ratio of profit for the year to revenue increased significantly from 4.0% to 4.7% in the current fiscal year.

The company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue and intangible assets. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of this management report has used internal and external sources of information including economic forecasts. The company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established. Based on the assessment, no further impairment need has been identified.

4 Outlook, risks and opportunities for future development

4.1 Report on risks and opportunities

4.1.1 Risk management

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

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

4.1.2. Risks and opportunities for future development

A number of the risks we face relate to the development of offshore services, increased competition and lower revenues as well as lower profits. 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.

As risk, we define future developments or events, which have impact on the budgeted results of the company and the group respectively. We classify the risks in economic risks, employee related risks and technology risks. The company is facing the following risks, which are present from risks with highest occurrence and the highest possible impact to the lowest occurrence and lowest financial impact.

Economic downturn due to the COVID-19

Due to the COVID-19 pandemic the global economic trend is slowing down and companies could consider cutting their budgets regarding investments in the IT infrastructure or to postpone IT - projects.

- Employee related risks:

  With the evolving IT industry, right skillset and talent is required to respond quickly to the ongoing changes. The inability to cost effective hiring and retaining increased number of professionals with the required skillset is to be considered as a risk.

- Technology risks:

  The industry has been seeing a shift to disruptive technologies which are continually evolving. This shift coupled with changes in business models and consumer spending patterns could be a threat to the growth in traditional IT spends and technology obsolescence.

  The following opportunities are currently followed by the company:

- Digitalization Trend

  The COVID-19 pandemic showed a significant need to digitalize processes in companies and further improve the IT infrastructure. The TECH MAHINDRA group provides the necessary services to these companies, which comprises significant business opportunities for the company.

- Employees

  The company sees a big opportunity, that its recruits also employee in India, which offers more skilled and trained IT – professionals then the limited markets in Germany and Europe.

- Cost advantage

  Due to the possibility to outsource part or complete orders to its shareholder in India, which has a different and lower cost structure, the company has a cost advantage in comparison to its competitors.

4.1.3 Overall assessment of the risk and opportunity situation

Despite the COVID-19 pandemic, the overall view of the company's risk and opportunity situation remains essentially unchanged. Currently, there are no risks recognizable, that either alone or in combination with other risks could endanger the continued going concern of the company.

4.2 Outlook

4.2.1 General economic outlook

Due to the economic impact of the COVID-19 pandemic, the German government expects annual average growth in real gross domestic product (GDP) of -6% in the remaining year of 2020, for 2021 a phase of recovery is predicted with a growth of 5,2%.

4.2.2 Company's outlook

Taking into account the current order backlog and business situation, we expect revenue and profit to increase in the financial year 2020/2021 and the following years, despite the current economic impacts of the COVID-19 pandemic. The company'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. Profit for the year will increase significantly in comparison to the loss in the current year, due to the fact that currents year profit was affected by the onetime addition to the doubtful accounts. Without considering the extraordinary impact of the addition to the doubtful accounts in the current year profit, profit will increase slightly.

The company has good prospects in the financial year 2020/2021 as we plan to develop additional businesses activities in new areas and segments. We expect the profit/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.

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

The company has considered the possible effects that may result from COVID-19, a global pandemic, and does as of the date of this report not foresee any impact on its current business plan.

Tech Mahindra GmbH
Düsseldorf/Germany, May 28, 2020
The General Management

Aloke Palsikar	Abhijeeet Anant Awekar
Managing Director	Managing Director

TECH MAHINDRA SOUTH AFRICA PROPRIETARY LIMITED

Board of Directors
Mr. Lakshminarayanan Ravichandran
Mr. Abdul Ismail
Mr. Rikash Hurdeen
Ms. Dhanashree Bhat
Mr. Kamal Singh Ramsingh

Registered Office
56 Karee Drive,
Walton Road,
Carlswald,
Gauteng
1685

Bankers
HSBC Bank

Auditors
KPMG Inc

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the company are responsible for the preparation and fair presentation of the company annual financial statements of Tech Mahindra South Africa Proprietary Limited, comprising the statement of financial position at 31 March 2020, 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 Proprietary Limited, as set out on pages 906 to 918, were approved by the board of directors on 30 June 2020 and signed on its behalf by:

Mr. Lakshminarayanan Ravichandran	**Mr. Hurdeen Rikash**
Director	Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors have pleasure in presenting their report for the year ended 31 March 2020.

Business activities

The company is engaged in providing of information technology services and solutions.

Review of operations

The Company annual financial statements set out on pages 906 to 918 adequately reflect the state of affairs and the results of the business operations of the company for the year ended 31 March 2020.

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 (2019 - R Nil).

The directors have not recommended any dividend for the year under review.

Impact of Covid-19:

During the year the incidence of Covid-19 developed into a global pandemic. The directors have assessed the impact of Covid-19 on the business at the balance sheet date and there are no significant changes as of the balance sheet date. The company continues to provide the services to its customers, although some portions of the business have been disrupted due to the current lockdown conditions. Due to the worldwide uncertainty caused by Covid-19, and its potential to impact the company, the company has put in place mitigation plans to minimize the impact on both revenue and profitability.

Directors

The directors in office during the year and at the date of this report are:

A	Mr. Lakshminarayanan Ravichandran*	Non executive director
B	Ms. Dhanashree Bhat*	Executive director
C	Mr. Abdul Ismail	Non executive director
D	Mr Hurdeen Rikash	Executive director
E	Mr. Kamal Singh Ramsingh	Non executive director

* 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

KPMG Inc (KPMG) are the appointed auditors for the company.

Business Address	Postal Address
KPMG Inc KPMG Crescent 85 Empire Road,Parktown,2193 South Africa	Private Bag 9 Park View 2122 South Africa

Holding company

The holding company is Tech Mahindra Holdco Proprietary Limited and ultimate holding company is Tech Mahindra Limited.

Going concern

The directors of Tech Mahindra South Africa Proprietary Limited 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

Block C, Ground Floor
676 on Gallagher
Cnr Old Pretoria Road and James Cresent
Midrand, 1686

Postal Address

PO Box 7094
Halfway House
1685”

____

Mr. Lakshminarayanan Ravichandran

Director

____

Mr. Hurdeen Rikash

Director

Date : 30 June, 2020

INDEPENDENT AUDITORS' REPORT

To the shareholders of Tech Mahindra South Africa Proprietary Limited

Opinion

We have audited the financial statements of Tech Mahindra South Africa Proprietary Limited (the company) set out on pages 906 to 918, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, the statement of changes in equity and the 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 financial statements present fairly, in all material respects, the financial position of Tech Mahindra South Africa Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small Medium Entities 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Tech Mahindra South Africa Proprietary Limited Annual Financial Statements for the year ended", which includes 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 the International Financial Reporting Standard for Small and Medium Entities and the requirements of the Companies Act of South Africa and the requirements of the 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'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 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.

KPMG Inc.

Per A McKeaveney
Chartered Accountant (SA)
Registered Auditor
Director
3 July 2020

TECH MAHINDRA SOUTH AFRICA PROPRIETARY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Particulars	Note(s)	2020 Rand	2019 Rand
Assets			
Non Current Assets:			
Property and equipment	2	171,267	-
Deferred tax asset	16	2,058,521	55,917
		2,229,788	**55,917**
Current Assets:			
Unbilled revenue	3	159,949,889	25,341,834
Trade and other receivables	4	69,646,361	105,862,356
Rental deposit		37,253	37,253
Cash and cash equivalents	5	86,137,783	29,070,505
Other current assets	6	20,548	20,504
Income tax assets		5,442,523	3,249,669
		321,234,357	**163,582,121**
Total Assets		**323,464,145**	**163,638,038**
Equity and Liabilities			
Equity:			
Share capital	7	100	100
Accumulated profit		29,989,061	26,555,043
		29,989,161	**26,555,143**
Current Liabilities:			
Trade and other payables	8	281,390,738	114,394,352
Other current liabilities	9	2,454,542	14,428,945
Provisions	10	519,622	258,280
Income tax liabilities		9,110,082	8,001,318
Total Liabilities		**293,474,984**	**137,082,895**
Total Equity and Liabilities		**323,464,145**	**163,638,038**

STATEMENT OF COMPREHENSIVE INCOME

Particulars	Note(s)	2020 Rand	2019 Rand
Revenue			
Revenue	11	339,418,195	225,393,956
		339,418,195	**225,393,956**
Cost of sales			
Cost of services rendered		(279,417,310)	(172,498,502)
		(279,417,310)	**(172,498,502)**
Gross profit		**60,000,885**	**52,895,454**
Operating expenses	12	(56,562,643)	(23,885,386)
Other income	13	557,343	-
Operating Profit		**3,995,585**	**29,010,068**
Finance costs	15	(14,623)	(1,915,507)
Interest income	14	1,048,921	727,906
Profit before taxation		**5,029,883**	**27,822,467**
Taxation	16	(1,595,865)	(8,247,490)
Profit after taxation		**3,434,018**	**19,574,977**
Total comprehensive income for the year		**3,434,018**	**19,574,977**

STATEMENT OF CHANGES IN EQUITY

Particulars	Share Capital	Accumulated Profit	Total equity
	Rand	Rand	Rand
Balance at 31 March 2018	100	6,980,066	**6,980,166**
Total comprehensive income for the year	-	19,574,977	**19,574,977**
Balance at 31 March 2019	100	26,555,043	**26,555,143**
Total comprehensive income for the year	-	3,434,018	**3,434,018**
Balance at 31 March 2020	**100**	**29,989,061**	**29,989,161**

STATEMENT OF CASH FLOWS

Particulars	Note(s)	2020 Rand	2019 Rand
Cash flows from operating activities			
Cash generated from operations	17	60,965,050	10,001,636
Interest income		1,030,790	739,654
Finance costs		(14,623)	(1,915,507)
Cash generated from operating activities before taxes		**61,981,217**	**8,825,783**
Taxes paid	18	(4,682,559)	(891,779)
Net cash generated from operating activities		**57,298,658**	**7,934,004**
Cash flows from financing activities			
Increase/(Decrease) in shareholders' loan		-	(6,013,488)
Net cash from financing activities		**-**	**(6,013,488)**
Cash flows from Investing activities			
Property plant purchased during the year		(231,380)	-
Net cash from Investing activities		**(231,380)**	**-**
Total cash movement for the year		57,067,278	1,920,516
Cash at the beginning of the year		29,070,505	27,149,989
Total cash at end of the year	5	**86,137,783**	**29,070,505**

ACCOUNTING POLICIES

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 ("IFRS for SME"), 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.

The financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised for issue on 30 June 2020.

1.1 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."

1.2 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.

1.3 Trade receivables

Trade 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.

1.4 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.

1.5 Financial instruments

Financial instrument is a contract that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets or financial liabilities are initially recognized at the transaction price (including transaction cost except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes a financing transaction for either the Company or counter party. If the arrangement constitutes a financing transaction, the Company shall measure the financial assets or liability at the present value if the future payments discounted at the market rate of interest for a similar debt instrument. Subsequently at each financial position date, the Company measure financial instruments at amortized cost using effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability.

Impairment of financial assets

The Company assess at the end of each reporting date whether there is any indication that an asset may be impaired. 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.

1.6 Trade and other payables

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.

1.7 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. 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)."

1.8 Revenue

Revenue from information technology include revenue earned from services earned on time bound fixed price engagements and fixed price development contracts.

Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the manner in which services are performed.

When the outcome of a transaction under fixed price development contracts 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.

Stage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The input method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

In arrangements for hardware and software implementation and integration, related services and maintenance services, the Company has applied the guidance of section 23 of IFRS for SME by applying the revenue recognition criteria for each distinct performance obligation. In such arrangements hardware and software revenue is recognised on delivery and implementation and integration service is recognised as per stage of completion.

Unearned revenue arises when there are billing in excess of revenue.

Revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.9 Operating expenses

Operating expenses include indirect costs not specifically part of costs of revenue. Allocations between cost of revenue and operating expenses when required, are made on a consistent basis.

1.10 Employee costs

Employee cost directly attributable to service rendered is included in cost of revenue and indirect employee cost is included in operating expenses. 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.

1.11 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.

1.12 Estimation uncertainties relating to the COVID-19 pandemic

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue and other assets. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

NOTES TO THE FINANCIAL STATEMENTS

2 Property and equipment

Particulars	1 April 2020	Additions	Deductions	31 March 2020
	Rand	Rand	Rand	Rand
Cost:				
Computer	-	231,380	-	231,380
Accumulated Depreciation:				
Computer	-	60,113	-	60,113
Net Carrying Amount	**-**	**171,267**	**-**	**171,267**

3 Unbilled revenue

Particulars	2020	2019
	Rand	Rand
Unbilled revenue	164,132,319	25,341,834
Provision for doubtful unbilled revenue	(4,182,430)	-
	159,949,889	**25,341,834**

4 Trade and other receivables

Particulars	2020	2019
	Rand	Rand
Trade receivables	74,430,848	111,381,736
Provision for doubtful debts	(4,927,220)	(5,710,625)
	69,503,628	**105,671,111**
Other Advances	-	78,294
Staff advance for travelling	142,733	112,951
	142,733	**191,245**
	69,646,361	**105,862,356**

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	5,710,625	5,584,113
Net provision raised/(reversed) during the year	(783,405)	126,512
Closing balance	**4,927,220**	**5,710,625**

5 Cash and cash equivalents

Particulars	2020	2019
	Rand	Rand
Cash and cash equivalents consist of:		
Bank balance - foreign \$ 8,031 at a rate of R 17.89 (2019: \$ 7,997 at a rate of R 14.49)	143,674	115,854
Bank balances - local	85,994,109	28,954,651
	86,137,783	**29,070,505**

6 Other current assets

Particulars	2020	2019
	Rand	Rand
Accrued Interest on Fixed Deposit	20,548	2,416
Receivable from Tech Mahindra Limited	-	18,088
	20,548	**20,504**

7 Share capital

The authorized share capital of the Company consists of 1000 shares of R1 each, issued and fully paid up.

Particulars	2020 Rand	2019 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.

Particulars	2020 Rand	2019 Rand
Issued		
100 Ordinary shares of R1 each	100	100

8 Trade and other payables

Particulars	2020 Rand	2019 Rand
Trade payables	105,119,573	13,338,492
Trade payables from related parties:		
Falcorp Technologies (Pty) Ltd	-	894,385
Tech Mahindra Limited Incorporated In India	174,771,737	98,990,909
Comviva Technologies B.V.	1,499,428	1,170,566
	281,390,738	**114,394,352**

9 Other current liabilities

Particulars	2020 Rand	2019 Rand
Other Current Liabilities (Unearned Revenue)	2,454,542	14,428,945
	2,454,542	**14,428,945**

10 Provisions

Particulars	2020 Rand	2019 Rand
Leave encashment provision	519,622	258,280
	519,622	**258,280**

11 Revenue

Particulars	2020 Rand	2019 Rand
Services rendered	339,418,195	225,393,956
	339,418,195	**225,393,956**

12 Operating expense

Particulars	2020 Rand	2019 Rand
Auditors remuneration	135,410	46,359
Bank charges	222,851	441,798
Consulting services	6,039,994	4,378,236
Donations	716,235	112,500
Employee costs	4,504,520	3,220,628
Lease rentals on operating lease	205,789	417,944
Printing and stationery	-	30
Loss on foreign exchange differences	37,365,787	13,651,095
Subscriptions	101,380	122,850
Telephone and fax	118,415	114,593
Provision for doubtful debts net of reversal	(783,406)	126,512
Provision for doubtful contracts in progress	4,182,430	-
Bad debts written off	1,734,180	-
Provision for doubtful advance	76,775	-
Director Fees	1,320,000	960,000
Travel - Other	163,191	130,131
Travel - Overseas	215,566	40,116
Miscellaneous expenses	243,526	122,594
	56,562,643	**23,885,386**

13 Other income

Particulars	2020 Rand	2019 Rand
Sundry Balances write back	557,343	-
	557,343	**-**

14 Interest income

Particulars	2020 Rand	2019 Rand
Other Interest		
Bank	1,048,921	727,906
	1,048,921	**727,906**

15 Finance costs

Particulars	2020 Rand	2019 Rand
Non-current borrowings	14,099	98,516
Interest and penalties paid	524	1,816,991
	14,623	**1,915,507**

16 Taxation

Major components of the income tax expense

Particulars	**2020 Rand**	**2019 Rand**
South africa normal taxation		
- Current	2,395,883	8,237,949
- Prior	1,202,586	56,756
Deferred tax		
- Current	(786,972)	(47,215)
- Prior	(1,215,632)	-
Total charge for the year	**1,595,865**	**8,247,490**

Tax rate reconciliation

Particulars	**2020 Rand**	**2019 Rand**
Profit before taxation	5,029,883	27,822,467
Taxation at 28%	1,408,367	7,790,291
Permanent differences		
Donation disallowed	200,544	31,500
Interest, penalties paid in respect of taxes	-	368,943
Excess/(short) provision in respect of earlier years	(13,046)	56,756
Total charge for the year	1,595,865	8,247,490

The following composed of Deferred tax asset recognised by the Company.

Particulars	**Balance in 2019**	**Credited/ (Charged) to Profit and Loss**	**Balance in 2020**
	Rand	**Rand**	
Provision for Leave Encashment	29,349	116,145	145,494
Provision for doubtful debts/contracts in progress	26,568	1,886,459	1,913,027
	55,917	**2,002,604**	**2,058,521**

17 Cash generated from operations

Particulars	**2020 Rand**	**2019 Rand**
Profit before taxation	5,029,883	27,822,467
Add: Depreciation	60,113	-
Adjustments for:		
Interest received - investment	(1,048,921)	(727,906)
Finance costs	14,623	1,915,507
Changes in working capital:		
Trade and other receivables	36,215,994	(32,211,153)
Unbilled revenue	(134,608,055)	(11,184,905)
Other Current Assets	18,088	(18,088)
Trade and other payables	166,996,386	39,518,145
Leave encashment provision	261,342	-
Rental Deposit	-	(37,253)
Other Current Liabilities	(11,974,403)	(15,075,178)
	60,965,050	**10,001,636**

18 Income tax paid

Particulars	2020 Rand	2019 Rand
Opening tax (asset)/ liability net	4,751,649	(2,651,277)
Tax epenses	3,598,469	8,294,705
Closing tax liability net	(3,667,559)	(4,751,649)
	4,682,559	**891,779**

19 Related parties

Relationship

Ultimate Holding company

Tech Mahindra Limited

Shareholder with significant influence

Falcorp Technologies (Pty) Limited

Fellow Subsidiary

Comviva Technologies B.V.

Key Management Personnel

Abdul Ismail

Kamal Ramsingh

Rikash Hurdeen

Dhanashree Bhat

Lakshminarayanan Ravichandran

Related party balances and transactions with entities with control, joint control or significant influence over the company

In the normal course of business, the Company transacts with related parties.

Related party balances

Amounts owing to (by) related parties	2020 Rand	2019 Rand
Tech Mahindra Limited Incorporated in India	174,771,737	98,990,909
Tech Mahindra Limited Incorporated in India	-	(18,088)
Falcorp Technologies (Pty) Limited	(2,640,261)	894,385
Comviva Technologies B.V.	1,499,428	1,170,566
Abdul Ismail	40,000	-
Kamal Ramsingh	40,000	-
Rikash Hurdeen	40,000	-
	173,750,904	**101,037,772**

Tech Mahindra Limited Incorporated in India	2020 Rand	2019 Rand
Balance at beginning of the year	98,990,909	52,963,824
Loan received / paid during the year	-	(6,013,487)
Interest charged on loan	-	98,516
Subcontracting Expenses	78,959,478	57,900,092
Reimbursement of Expenses Paid	709,355	470,897
Payments made	(34,687,746)	(17,942,000)
Foreign Exchange (Gain)/Loss	30,799,741	11,513,067
Balance at end of the year	**174,771,737**	**98,990,909**

Falcorp Technologies (Pty) Limited	**2020**	**2019**
	Rand	**Rand**
Balance at beginning of the year	894,385	2,952,905
Revenue for the year	(2,603,008)	-
Software/Hardware and Project specific expenses	3,041,865	5,065,486
Consulting services (including VAT)	5,156,241	3,146,021
Rent Paid	205,789	417,944
Director's Sitting Fees	760,000	480,000
Rent Deposit	(37,253)	37,253
Miscellaneous Expenses	49,195	97,984
Payments made	(10,107,475)	(11,303,208)
Balance at end of the year	**(2,640,261)**	**894,385**

Comviva Technologies B.V.	**2020**	**2019**
	Rand	**Rand**
Balance at beginning of the year	1,170,566	-
Software/Hardware and Project specific expenses	1,499,428	1,170,566
Payments made	(1,170,566)	-
Balance at end of the year	**1,499,428**	**1,170,566**

Director Fees	**2020**	**2019**
	Rand	**Rand**
Abdul Ismail	480,000	480,000
Kamal Ramsingh	360,000	-
Rikash Hurdeen	480,000	480,000
Total	**1,320,000**	**960,000**

20 Leases

The Company has taken premise on operating lease. The expense on such lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2020 is ZAR 205,789 (2019: 417,943)

Director Fees	**2020**	**2019**
	Rand	**Rand**
Minimum lease rental payable		
Not later than 1 year	265,889	205,789
Later than 1 year not later than 5 years	-	265,889
Later than 5 years	-	-

21 Contingent liabilities

Director Fees	**2020**	**2019**
	Rand	**Rand**
Bank Guarantee given	-	31,304,250
Claims against the Company not acknowledged as debts*	-	135,000,000
	-	**166,304,250**

* During the previous year, the Company had received a claim from a customer for contractual obligations. The claim has been settled in current year.

22 Subsequent events

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorisation.

23 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.

PF HOLDINGS B.V.

Board of Directors
Mr. Vikram Nair
Mr. Tanveer Hussain
Mr. Sandeep Phadke
Mr. Rajan Wadhera
Mr. Anish Shah–upto 11th May 2020
Mr.Nikhil Sohoni–from 12th May 2020

Registered Office
Maanplein 20, 2516 CK, The Hague,
the Netherlands

Bankers
JP Morgan Chase Bank
BNP Paribas
BANCA Intermobiliare Di Investimenti E Gestioni

Auditors
B S R & Co LLP

INDEPENDENT AUDITORS' REPORT

To the Members of PF HOLDINGS B.V.

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of PF Holdings B.V. ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and 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 the significant accounting policies and other explanatory information (together herein after referred to as "financial statements"). These financial statements have been prepared by the management as described in Note 2 to the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, of the state of affairs of the Company as at 31 March 2020, and of its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date in accordance with Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss 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) notified by the Ministry of Corporate Affairs, as described in Note 2 to the financial statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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 and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2019 prepared in accordance with Ind AS included in these special purpose financial statements has been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information, dated 4 June 2019 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. These financial statements are prepared to assist the holding Company, Tech Mahindra Limited to comply with the requirements of Section 129 of the Act / in the preparation of their Consolidated Financial Statements. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Ashish Gupta
Partner
Membership No. 215165
UDIN No.: 20215165AAAAAP6263

Place: Pune
Date: May 15, 2020

PF Holdings B.V.

BALANCE SHEET AS AT 31-MARCH-2020

Amount in Euro

Balance Sheet	Note No.	31-Mar-20	31-Mar-19
ASSETS			
Non-Current Assets			
(a) Financial Assets			
(i) Investments	3	**39,275,058**	61,366,282
Total Non-Current Assets		**39,275,058**	61,366,282
Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	4	**177,215**	201,579
Total Current Assets		**177,215**	201,579
Total Assets		**39,452,273**	61,567,861
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	5	**61,730,024**	61,730,024
(b) Other Equity		**(22,302,827)**	(185,532)
Total Equity		**39,427,197**	61,544,492
Liabilities			
Non-current liabilities			
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	6	**25,076**	23,370
		25,076	23,370
Total Current Liabilities			
Total Equity and Liabilities		**39,452,273**	61,567,862
See accompanying notes forming part of the financial statements	1 to 14		

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date : May 15, 2020

For PF Holdings B.V.

Nikhil Sohoni
Director

Vikram Nair
Director

Place : Den Hague
Date : May 15, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-MARCH-2020

Amount in Euro

	Statement of Profit and Loss	Note No.	31-Mar-20	31-Mar-19
I	Revenue from Operations		-	-
II	Other Income		-	-
III	**Total Revenue (I +II)**		-	-
IV	**EXPENSES**			
	Other Expenses	7	**26,070**	44,672
	Impairment of non-current investments	11	**22,091,224**	-
	Total Expenses		**22,117,294**	44,672
V	**Loss before Tax (III-IV)**		**(22,117,294)**	(44,672)
VI	**Tax Expense**			
	Current Tax		-	-
	Deferred Tax		-	-
	Total Tax Expense		-	-
VII	**Loss after tax (V-VI)**		**(22,117,294)**	(44,672)
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 Loss (VII + VIII)**		**(22,117,294)**	(44,672)
	Earnings per Equity Share (Face Value Euro 1) in Euro	9		
	Basic		**(0.482)**	(0.001)
	Diluted		**(0.482)**	(0.001)
	See accompanying notes forming part of the financial statements	1 to 14		

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

For PF Holdings B.V.

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date : May 15, 2020

Nikhil Sohoni
Director

Vikram Nair
Director

Place : Den Hague
Date : May 15, 2020

STATEMENTS OF CHANGES IN EQUITY

A. Equity Share Capital

Amount in Euro

1-Apr-18	Changes in equity share capital during the year	31/Mar/19
61,730,024	-	61,730,024
1-Apr-19	**Changes in equity share capital during the year**	**31/Mar/20**
61,730,024	-	61,730,024

B. Other Equity -Reserves and Surplus - Retained Earnings

Amount in Euro

Particulars	31/Mar/20	31/Mar/19
Balance as at the beginning of reporting year	**(185,532)**	(140,860)
Loss for the Year	**(22,117,294)**	(44,672)
Other Comprehensive Income (net)		-
Total Comprehensive Loss	**(22,302,827)**	**(185,533)**

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date : May 15, 2020

For PF Holdings B.V.

Nikhil Sohoni
Director

Vikram Nair
Director

Place : Den Hague
Date : May 15, 2020

CASH FLOW STATEMENT

Cash Flow Statement		31-Mar-20	31-Mar-19
A	**Cash Flow from Operating Activities**		
	Loss Before Tax	**(22,117,294)**	(44,672)
	Adjustments for :		
	Impairment of non-current investments (Refer Note 11)	**22,091,224**	-
	Movement in working capital:		
	Trade Payable	**1,705**	11,003
	Cash Flow from Operations	**(24,365)**	(33,668)
	Income Tax Refund / (Paid) (net)	**-**	-
	Net Cash Flow from / (used in) Operating Activities (A)	**(24,365)**	(33,668)
B	**Cash Flow from Investing Activities**	**-**	-
C	**Cash Flow from Financing Activities**	**-**	-
	Net (decrease) in Cash and Cash Equivalents during the year	**(24,365)**	(33,668)
	Opening Cash and Cash Equivalents	**201,580**	235,248
	Cash and Cash Equivalents (Refer note below)	**177,215**	201,580
	Note:		
	Cash and Cash Equivalents Comprises of	**31/Mar/20**	31/Mar/19
	Balances with Banks :		
	In Current Accounts	**177,215**	201,579
		177,215	201,579

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

For PF Holdings B.V.

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date : May 15, 2020

Nikhil Sohoni
Director

Vikram Nair
Director

Place : Den Hague
Date : May 15, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note

1 Corporate information

The Company was incorporated on April 29, 2016. The principal place of business of the Company is at 2516, CK, The Hague, Maanplein, 20, The Netherlands. The financial statements are expressed in EURO (EUR). The principal activities of the Company are financing of the acquisition and constitution of the subsidiary company and enabling the shareholders to fulfill the terms of acquistion in documents including the further capitalisation of the subsidiary and the proposed mandatory tender offer in relation to acquisition of public shareholding of the subsidiary.

The Company is a 60% subsidiary of Tech Mahindra Limited (India). The financial statements of the Company for the year ended March 31, 2020 were authorised for issue by the Board of Directors on May 15, 2020.

2 Significant accounting policies:

2.1 Statement of Compliance:

The special purpose financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, as amended from time to time.

2.2 Basis of preparation of financial statements

These financial statements have been presented in Euro (EUR) which is the functional currency of the Company. 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 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

The Company adopted Ind AS 115 with effect from April 1, 2018 by using cumulative catch-up transition method applied to contracts that were not completed as on April 1, 2018. The effect on adoption of Ind AS 115 was not applicable since the Company does not have any revenue generating activities of its own.

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the Company's right to receive dividend is established.

2.7 Earnings per share

Basic earnings per share is calculated by dividing the net profit 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.

For calculating diluted earnings per share, the net profit 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 dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares)."

2.8 Foreign currency transactions:

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 fair value through profit and loss (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 Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment as per Ind AS 27 Separate Financial Statements.

2.13 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 115.

2.14 Leases: Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Since the Company had no leased premises as on April 1, 2019, there was no effect of adoption of Ind AS 116 on the Company.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment, including assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.15 Critical accounting estimates

Impairment testing

Investments in subsidiary is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating units to which these pertain is less than its carrying value. The recoverable amount of Cash Generating Units (CGU) is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

Investments in subsidiaries 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 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 profit and loss."

2.16 New Accounting Standards yet to be adopted

The Ministry of Corporate Affairs (""MCA"") notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Company from April 1, 2020.

Note 3 : Investments : Non Current

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
In subsidiary- quoted		
41,342,165 Equity Shares of Euro 1 each fully paid-up of Pininfarina S.p.A. (Refer Note 8.b) (Refer Note 5)	**61,366,282**	61,366,282
Less: Provision for impairment of value of investment	**(22,091,224)**	-
Total	**39,275,058**	61,366,282

Note 4 : Cash and Cash Equivalents

Amount in Euro

Particulars	As at 31-Mar-20	As at 31-Mar-19
Balances with banks		
In Current Accounts	**177,215**	201,579
Total	**177,215**	201,579

Note 5 : Equity Share Capital

Particulars	31-Mar-20		31-Mar-19	
	Number	Amount in Euro	Number	Amount in Euro
Authorised				
Equity shares of Euro 1/- each with voting rights	**45,840,125**	**45,840,125**	45,840,125	45,840,125
Issued, Subscribed and Paid up				
Balance as at beginning of reporting year	**45,840,125**	**61,730,024**	45,840,125	61,730,024
Shares Issued during the year	**-**	**-**	-	-
Adjusted : Issued, Subscribed Share Capital	**45,840,125**	**61,730,024**	45,840,125	61,730,024
Reconciliation of number of Equity Shares and amount outstanding				
Shares outstanding at the beginning of the year	**45,840,125**	**61,730,024**	45,840,125	61,730,024
Shares issued during the year	**-**	**-**	-	-
Total	**45,840,125**	**61,730,024**	45,840,125	61,730,024
Adjusted : Issued, Subscribed Share Capital	**45,840,125**	**61,730,024**	**45,840,125**	**61,730,024**

Note: i) Share capital includes a sum of Euro 15,889,899, being financial guarantee given by Tech Mahindra Limited to the bankers of Pininfarina S.p.A., which has been 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 concern 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 31/Mar/20		As at 31/Mar/19	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Tech Mahindra Limited	**27,504,075**	**60%**	27,504,075	60%
Mahindra & Mahindra Limited	**18,336,050**	**40%**	18,336,050	40%

i) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

Note 6 : Trade Payables

Amount in Euro

Particulars	**As at 31-Mar-20**	As at 31-Mar-19
Trade Payables (Refer Note 8b)	**25,076**	23,370
Total	**25,076**	23,370

Note 7 : Other Expenses

Amount in Euro

Particulars	**As at 31-Mar-20**	As at 31-Mar-19
Rates and taxes	**15,998**	21,274
Legal and other professional costs	**9,764**	23,067
Foreign Exchange (gain)/loss net	**307**	331
Total	**26,070**	44,672

Note 8: Related party transactions

8.a Details of related parties:

Description of relationship	**Names of related parties**
Holding Company	Tech Mahindra Limited
Shareholder having significant influence	Mahindra and Mahindra Limited
Subsidiary Company	Pininfarina S.p.A.

8.b Details of related party transactions during the year ended March 31, 2019 and balances outstanding as at March 31, 2020:

Particulars	**Holding Company**	**Shareholder having significant influence**	**Subsidiary Company**	**Total**
Balances outstanding at the end of the year				
Investment (Net of provision for impairment)	-	-	39,275,058	39,275,058
	(-)	(-)	(61,366,282)	(61,366,282)
Payable balance on account of reimbursement of expenses	15,095	-	-	15,095
	(11,129)	(-)	(-)	(11,129)
Previous years figures are in brackets.				

Note 9: Earnings Per Share is calculated as follows:

Amount in Euro

Particulars	**As at 31-Mar-20**	As at 31-Mar-19
Loss after taxation	**(22,117,294)**	(44,672)
Equity Shares outstanding as at the end of the year (in nos.)	**45,840,125**	45,840,125
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**45,840,125**	45,840,125
Nominal Value per Equity Share (in EUR)	**1**	1
Earnings Per Share:		
Earnings Per Share (Basic) (in EUR)	**(0.482)**	(0.001)
Earnings Per Share (Diluted) (in EUR)	**(0.482)**	(0.001)

10 Financial Instruments and Risk Review

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company operates a risk management policy and program that performs close monitoring of and responding to each risk factors.Following are the financial risk factors.

(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.

(b) 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 requirement.

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2020.

Particulars	Less than 1 year	1-3 years	3-5 years	5 years and above
Trade Payables	25,076	-	-	-
Total	**25,076**	**-**	**-**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2019:

Particulars	Less than 1 year	1-3 years	3-5 years	5 years and above
Trade Payables	23,370	-	-	-
Total	**23,370**	**-**	**-**	**-**

The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

Particulars			Amount in Euro
	Amortised cost	**Carrying value**	**Fair value**
Assets:			
Cash and cash equivalents	177,215	177,215	177,215
	177,215	**177,215**	**177,215**
Liabilities:			
Trade and other payables	25,076	25,076	25,076
	25,076	**25,076**	**25,076**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

Particulars			Amount in Euro
	Amortised cost	**Carrying value**	**Fair value**
Assets:			
Cash and cash equivalents	201,579	201,579	201,579
	201,579	**201,579**	**201,579**
Liabilities:			
Trade and other payables	23,370	23,370	23,370
	23,370	**23,370**	**23,370**

11 The Company has an investment in subsidiary 'Pininfarina S.p.A. This investment is accounted for at cost less impairment. Management assesses the operations of the subsidiary, including the future projections, to identify indications of diminution, other than temporary, in the value of the investment recorded in the books of account.

In case impairment triggers are identified, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss. With respect to determination of recoverable amount of investment based on fair value less costs of disposal, the fair value measurement of the asset is determined using the market approach and is categorised as Level 1 in the fair value hierarchy. Estimates of future cash flows used in the value in use calculation are specific to the entity based on business plans and need not be the same as those of market participants. The performance of the subsidiary and the relevant economic and market indicators in its country of operation, have led the Company to reassess recoverable amount of investment in the subsidiary, as on March 31, 2020. Consequently, the Company has recognized an impairment loss of EUR 22,091,224 for the year ended March 31, 2020."

12 The Company had no contingent liabilities outstanding as on the balance sheet date.

13 The Company is a holding company and accordingly, there are no separate business segments.

14 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date : May 15, 2020

For PF Holdings B.V.

Nikhil Sohoni
Director

Vikram Nair
Director

Place : Den Hague
Date : May 15, 2020

(Translation from the Italian original which remains the definitive version)

PININFARINA S.P.A.
2019 ANNUAL FINANCIAL REPORT

Pininfarina S.p.A. - Share capital €54,287,128 fully paid-up - Registered office in Turin, Via Montecuccoli 9

Tax Code and Turin Company Registration no. 00489110015

On 23 March 2020, the Board of Directors approved the separate financial statements of Pininfarina S.p.A., the consolidated financial statements as at and for the year ended 31 December 2019 and the directors' report.

Board of Directors

Chairman *	Paolo Pininfarina
Chief Executive Officer	Silvio Pietro Angori (4)
Directors	Manoj Bhat Romina Guglielmetti (2) (3) Chander Prakash Gurnani Jay Itzkowitz (1) (2) (3) Licia Mattioli (1) Sara Miglioli (2) Antony Sheriff (1)

(1) Member of the Nomination and Remuneration Committee

(2) Member of the Control and Risk Committee

(3) Member of the Committee for Transactions with Related Parties

(4) Responsible for the Internal Control and Risk Management System

Board of Statutory Auditors

Chairman	Massimo Miani
Standing Statutory Auditors	Antonia Di Bella Alain Devalle
Alternate Statutory Auditors	Luciana Dolci Fausto Piccinini

Secretary to the Board of Directors and Manager in charge of

financial reporting	Gianfranco Albertini
Independent Auditors	KPMG S.p.A.

***Powers**

Pursuant to article 22 of the bylaws, the Chairman is the parent's legal representative vis-à-vis third parties and in court proceedings.

DIRECTORS' REPORT

General considerations

With reference to the design and engineering activities in the automotive segment, as mentioned in previous financial reports, the group had signed important contracts with certain Asian customers for the production of electric cars. During the year, due to the macro-economic and political conditions of the country in which one of the customers operates, as well as delays in the progress of some contracts in the Chinese market, certain contracts were suspended, leading to a significant drop in revenue compared to 2018.

In general, the macro-economic situation of the automotive segment in 2019 was marked by a drop in global sales (estimated at 4% lower than 2018) and a resulting decrease in volumes and profits for the entire supply chain. Car manufacturers continued to invest heavily in new technologies (electric cars and ADAS), cutting back on cash flows earmarked for developing traditional vehicles. At the same time, many start-ups in the electric car segment struggled to raise the funds needed to develop new vehicles, thus forcing them to downsize their initial projects or abandon them completely.

Pininfarina's key markets - China, India and Germany - showed signs of a downswing compared to 2018 with regard to both GDP and the automotive segment in particular.

Due to the segment's instability, there was severe pressure on prices - especially in the second half of the year - with a consequent rise in competitiveness and widespread fall in profits for all operators, especially suppliers of engineering services.

Pininfarina S.p.A. and the subsidiary Pininfarina Engineering S.r.l. in particular saw their revenue fall in 2019, leading to operating losses. The parent also incurred impairment losses on a facility and other assets following the impairment tests carried out.

Economic trends had a negative impact on cash and cash equivalents and the net financial debt, which was also increased due to the recognition of lease liabilities (following IFRS 16 coming into effect) which were absent at 31 December 2018.

The group

The group recognised revenue of €90.4 million for 2019, a 14% decrease on the previous year regarding all segments with the exception of design activities on the Chinese market.

Gross operating loss came to €1.7 million, compared to gross operating profit of €12.6 million in 2018, due to the drop-in revenue and sales prices caused by trends in the automotive segment, as mentioned above.

Operating loss amounted to €19.4 million compared to operating profit of €3.8 million in 2018. The downswing is mainly due to the gross operating loss and impairment losses on the parent's property and other assets (€9.2 million). Following the impairment tests carried out, the parent reduced a facility's carrying amount to its fair value (by €4.0 million) and that of other assets to their recoverable value (by €5.2 million).

The group's net financial expense for the year amounted to €1.5 million compared to €2.4 million for 2018. This improvement is mainly due to positive trends in cash flows used by the parent over the year.

The group recognised a tax expense of €2.2 million compared to a tax benefit of €0.8 million in the previous year, due to the reversal of the deferred tax assets recognised by Italian companies in 2018.

As a result of the above, the group recorded a loss for the year of €23.1 million compared to a profit of €2.2 million for the previous year.

The group's equity dropped from €61.7 million at 31 December 2018 to €39 million at the reporting date (-37%), principally due to the loss for the year.

The net financial position of €5.2 million at 31 December 2018 decreased to net financial debt of €12 million at the reporting date. The FTA of IFRS 16 (which became effective in 2019) led to a €6.3 million decrease on the previous year end.

The workforce numbered 672 at the reporting date (31 December 2018: 656; +2%). A breakdown by business segment and by geographical segment is provided below.

Business segment

	Engineering	Operations	Design	General staff	TOTAL
2019	344	85	135	108	672
2018	324	93	135	104	656

The figures of the operations segment do not include 44 employees who were transferred to a third party on 1 April 2011 by virtue of a business lease agreement that ended on 1 January 2020.

In January 2020, some employees returned to the parent following the termination of the business lease agreement for the Bairo facility. Under a trade union agreement signed by the parent on 7 January 2020. Moreover, these 44 excess workers may be laid off unless they express opposition. The same agreement also provided for an extraordinary government-sponsored lay-off scheme for all workers at the Bairo facility for a twelve-month period (1 January to 31 December 2020), subject to the agreement signed before the Ministry of Labour on 27 January 2020. On 23 January 2020, the parent signed a memorandum of agreement with the Piedmont regional authorities to implement an active policy for affected employees should the scheme be approved. The Ministerial decree for approval is still pending to date.

Geographical segment

	Italy	Germany	China	USA	TOTAL
2019	373	242	42	15	672
2018	370	234	40	12	656

Significant events of the year

The deed for the merger of Pininfarina Extra S.r.l. into Pininfarina S.p.A. was signed on 18 December 2018. As of 1 January 2019, the Italian design operations in the automotive segment and those relating to the industrial design, architectural and brand extension in general are grouped into a single company, which is expected to benefit from synergies among services addressing different market segments.

Human resources and the environment

During the year, the parent implemented the ordinary government-sponsored lay-off scheme.

In 2019, there were no deaths and there was just one accident during the commute to/from work causing absence of more than 40 days. The parent was not found liable for occupational diseases contracted by employees or former employees or mobbing.

During the year, the parent reached agreements regarding remuneration issues with 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.).

The parent also implemented two collective lay-off procedures during the year:

one with a memorandum of agreement signed on 22 May 2019 regarding seven employees;

another with a memorandum of agreement signed on 7 November 2018 regarding eight employees.

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 2020 amount to roughly €270,000. In general, protecting the environment and health and safety in the workplace are considered leading factors in achieving company objectives.

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”. A hearing had been set for 18 November 2019 for the appeal pending before the Italian council of state.

With its ruling no. 8170/2019, the council of state dismissed the appeal due to lack of interest, following Pininfarina S.p.A.’s willingness to become proactive, carrying out the reclamation activities as a non-accountable party (article 245 of Legislative decree no. 152/2006 as subsequently amended). Indeed, in 2018, Pininfarina S.p.A. had presented a site characterisation plan to the Grugliasco local authorities as an “interested” but not accountable party following the change in the facts and judicial grounds of the legal dispute.

The local authorities approved the plan. The costs to be borne by SIT for the activities that could have prevented the site’s characterisation were identified.

The procedure is at an advanced stage. A services conference was called on 16 January 2020 with the bodies that approved the site-specific risk assessment report in order to draft the reclamation operational plan.

In January 2020, SIT sued the parent before the Turin Court for alleged damage caused by the sale of the site in 2019 at an unfair price.

Pininfarina S.p.A. is currently preparing its defence and is confident that it will prove its point.

Moreover, Pininfarina S.p.A. has a 2015 UNI EN ISO 14001-2015 certified environmental management system. A notified body carried out the periodic check of the system's compliance in the Italian facilities in 2019, finding it compliant.

Research

Research projects undertaken in 2019 related to the Horizon 2020 programme rolled out in 2018. Specifically, the KRAKEN project is developing a machine (with the same name) for the production and repair of functional parts of any size, with size tolerance smaller than 0.3 mm and surface roughness below Ra 0.1 µm, with the aim of obtaining timing and cost savings of at least 40% and 30%, respectively, and a 25% increase in productivity of the current additive and subtractive process.

Research to integrate new rapid prototyping technologies into the production process with full functionalities and quality of design were finalised in 2019. Research expenditure amounted to €0.3 million during the year and was fully expensed.

2019 performance by business segment

The Pininfarina Group was involved in a number of corporate transactions during 2018 and in early 2019, aimed at streamlining and rationalising the various services offered and grouping them into dedicated legal entities. With effect from 1 July 2018, Pininfarina S.p.A. transferred its engineering business unit and 100% investment in Pininfarina Deutschland Holding GmbH (active in the German engineering market) to Pininfarina Engineering S.r.l., which was incorporated in May 2018. Moreover, with effect from 1 January 2019, Pininfarina Extra S.r.l., which engages in non-automotive design and architecture activities, was merged into Pininfarina S.p.A., which also acquired, as a result of the above merger, the 100% investment in Pininfarina of America Corp, a company active in the architecture and industrial design market. In addition, the group progressively reduced its non-core operations, such as the sale of spare parts (for cars manufactured in the past up to 2010) and other activities. Starting from 2019, the allocation of the group's operations to business segments has changed as a result of the variations described above. In line with IFRS 8, the group has identified two new business segments. Starting from 1 January 2019, the new reportable segments are the Design and Engineering business segments. The 2018 figures have been reclassified accordingly.

Design segment

In addition to the revenue from the automotive and non-automotive design activities of all kinds, this segment includes revenue from architecture services, royalties for the use of the Pininfarina trademark, revenue from aerodynamic and aeroacoustic services and the income and costs arising from the parent's property management. It recognised revenue of €54.7 million, down by roughly 10% on the €60.5 million recognised in 2018. Reference should be made to the "General considerations" section for further details.

Its operating loss came to €14.1 million, compared to an operating profit of €5.9 million in 2018, mainly due to the impairment losses on a property and other assets (€9.2 million in total) as a result of the impairment tests required following the drop in the fair value or value in use of such assets compared to their respective carrying amounts. The impairment losses are also partly due to changed prospects for the parent and group following the difficult macro-economic situation of the automotive segment, leading to smaller volumes and profits on design activities, the manufacturing of prototypes and show cars and smaller royalties for the use of the trademark (roughly €3 million).

Engineering segment

This segment, comprising the Italian and German engineering businesses, recognised revenue of €35.7 million, down 20% on 2018 (€44.8 million) for the seasons set out in the "General considerations" section.

Its operating loss came to €5.3 million, up on the €2.1 million recorded in 2018, due to the reduction in revenue and profits in Italy.

Group companies

Pininfarina S.p.A.			
€'million	31.12.2019	31.12.2018	Variation
Revenue	47.3	63.2	(15.9)
Operating profit (loss)	(14.3)	6.5	(20.8)
Profit (loss) for the year	(16.5)	5.7	(22.2)
Net financial debt	(6.6)	(0.1)	(6.5)
Equity	55.3	66.2	(10.9)
Employees (no.)	232	205	27

Pininfarina Engineering S.r.l. (*)			
€'million	31.12.2019	31.12.2018	Variation
Revenue	21.9	11.6	10.3
Operating loss	(4.3)	(3.3)	(1.0)
Loss for the year	(4.9)	(2.5)	(2.4)
Net financial position	1.0	1.9	(0.9)
Equity	12.2	17.1	(4.9)
Employees (no.)	141	129	12

Pininfarina Deutschland Group			
€'million	31.12.2019	31.12.2018	Variation
Revenue	22.9	21.3	1.6
Operating loss	(1.1)	(1.1)	0.0
Loss for the year	(1.3)	(1.1)	(0.2)
Net financial debt	(7.3)	(2.2)	(5.1)
Equity	15.7	17.0	(1.3)
Employees (no.)	242	234	8

Pininfarina Shanghai Co. Ltd			
€'million	31.12.2019	31.12.2018	Variation
Revenue	8.9	7.2	1.7
Operating profit	0.3	1.6	(1.3)
Profit for the year	0.3	1.1	(0.8)
Net financial position	0.9	1.3	(0.4)
Equity	1.9	2.1	(0.2)
Employees (no.)	42	40	2

Pininfarina of America Corp.			
€'million	31.12.2019	31.12.2018	Variation
Revenue	2.3	2.6	(0.3)
Operating profit (loss)	(0.1)	0.6	(0.7)
Profit (loss) for the year	(0.1)	0.4	(0.5)
Net financial position	0.1	0.6	(0.5)
Equity	1.5	1.6	(0.1)
Employees (no.)	15	12	3

Pininfarina Extra S.r.l. (**)			
€'million	31.12.2019	31.12.2018	Variation
Revenue	-	6.4	-
Operating profit (loss)	-	1.3	-
Profit (loss) for the year	-	1.1	-
Net financial (position) debt	-	3.7	-
Equity	-	6.4	-
Employees (no.)	-	36	-

(*) commenced operations on 1 July 2018

(**) Pininfarina Extra S.r.l. was merged into Pininfarina S.p.A. as of 1 January 2019

Other information

None of the group companies has approved the distribution of dividends to Pininfarina S.p.A. after the reporting date.

Reference should be made to the “General information” section of the notes for details on branches.

The parent does not hold share of its ultimate parent; reference should be made to note 14 for details on treasury shares.

Reference should be made to the “Financial risk management” section (pages 46 and 127) for the disclosure required by article 2428.6-bis.a)/b) of the Italian Civil Code.

Related party transactions are detailed in the “Other information” section of the notes to the separate financial statements of Pininfarina S.p.A. and the consolidated financial statements of the Pininfarina Group.

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 on the “Investor Relations” 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 Issuers’ Regulation, the 2019 remuneration report will be available on the “Investor Relations” 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 on the “Investor Relations” 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

Including the contract work in progress, revenue increased by €17.6 million to €85.3 million from €102.9 million in 2018. The change in finished goods is in line with the previous year. Other revenue and income increased to €5.1 million from €2.5 million in the previous year and mainly comprise the business lease income and royalties earned by the parent.

2019 consolidated revenue decreased by 14.2% to €90.4 million from €105.3 million in 2018. The decrease is mostly due to the reduced volume of design and engineering activities performed in Italy. A breakdown of revenue by business segment is given on page 130. Net gains on the sale of non-current assets totalled €50 thousand in 2019 and relate to sales of equipment by the parent.

Operating expense, including changes in inventories, came to €37.1 million (€42.9 million in 2018);

Value added fell by €9.4 million to €53.3 million from €62.7 million in the previous year.

Labour cost amounted to €55 million (€50 million in 2018).

The gross operating loss amounted to €1.7 million, down significantly from the €12.6 million gross operating profit for 2018, mainly due to the smaller contribution of the Italian companies following the drop in sales volumes and profits caused by falling sales prices.

Amortisation and depreciation amounted to €4.9 million with an increase of €1.5 million (€3.4 million for 2018). Additions to/utilisation of provisions and impairment losses came to a negative €12.7 million (compared to a negative €5.4 million for 2018). Specifically, additions (net of utilisations) were €3.5 million (€5.3 million for 2018) and impairment losses came to €9.2 million, while no releases of provisions for risks and charges were recognised.

The increase in amortisation and depreciation was due to the first-time application of IFRS 16, while additions to provisions and impairment losses were mainly impacted by impairment losses and the accrual to the provision for losses on contracts for the negative effect of falling contract sales prices due to the difficult situation of the reference market mentioned above.

As a result, the group recognised an operating loss of €19.4 million (operating profit of €3.8 million in 2018).

Net financial expense decreased to €1.5 million from €2.4 million in the previous year, mainly due to the parent's gain on current assets held for trading. The group recognised an income tax expense of €2.2 million in 2019, due to the deferred tax expense, compared to an income tax benefit of €0.8 million in 2018 (including a current tax expense of €1.4 million and deferred tax income of €2.2 million).

The loss for 2019 came to €23.1 million compared to a profit of €2.2 million for 2018.

Reclassified income statement

(€'000)

	2019	%	2018	%	Variation
Revenue from sales and services	85,301	94.36	102,899	97.69	(17,598)
Change in finished goods	(17)	(0.02)	(26)	(0.02)	9
Other revenue and income	5,114	5.66	2,454	2.33	2,660
Revenue	**90,398**	**100.00**	**105,327**	**100.00**	**(14,929)**
Net gains (losses) on the sale of non-current assets	**(34)**	**(0.04)**	**184**	**0.17**	**(218)**
Materials and services (*)	(37,076)	(41.01)	(42,900)	(40.73)	5,824
Change in raw materials	(32)	(0.04)	41	0.04	(73)
Value added	**53,256**	**58.91**	**62,652**	**59.48**	**(9,396)**
Labour cost (**)	(54,996)	(60.83)	(50,038)	(47.50)	(4,958)
Gross operating profit (loss)	**(1,740)**	**(1.92)**	**12,614**	**11.98**	**(14,354)**
Amortisation and depreciation	(4,918)	(5.45)	(3,433)	(3.27)	(1,485)
Additions to provisions and impairment losses	(12,711)	(14.06)	(5,386)	(5.11)	(7,325)
Operating profit (loss)	**(19,369)**	**(21.43)**	**3,795**	**3.60**	**(23,164)**
Net financial expense	(1,469)	(1.62)	(2,397)	(2.27)	928
Share of loss of equity-accounted investees	(2)	0.00	(21)	(0.02)	19
Profit (loss) before taxes	**(20,840)**	**(23.05)**	**1,377**	**1.31**	**(22,217)**
Income taxes	(2,235)	(2.48)	796	0.75	(3,031)
Profit (loss) for the year	**(23,075)**	**(25.53)**	**2,173**	**2.06**	**(25,248)**

(*) **Materials and services** are net of utilisations of the provisions for product warranties and risks (€7 thousand and €227 thousand for 2018 and 2019, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€44 thousand and €184.5 thousand for 2018 and 2019, 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 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 income (expense)** comprises net financial income (expense) and dividends.

Financial position

Net capital requirements at 31 December 2019 decreased by €5.5 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 €53.2 million (down by €4.9 million on 31 December 2018), comprising a decrease of €1.2 million in intangible assets and of €9.5 million in property, plant and equipment (mainly due to the parent's recognition of an impairment loss following the impairment tests performed) and the recognition of right-of-use assets of €5.8 million (in application of IFRS 16);

working capital fell by €1.1 million to €2.1 million from €3.2 million at 31 December 2018;

post-employment benefits amounted to €4.2 million, down €0.5 million on the prior year end (€4.7 million);

capital requirements were funded by:

- a €22.7 million decrease in equity, which went from €61.7 million at 31 December 2018 to €39 million at 31 December 2019. The decrease is mainly attributable to the comprehensive expense for the year;
- net financial debt, which amounted to €12 million at year end, deteriorating by €5.2 million on 31 December 2018, mostly due to working capital trends of the year and the effect of falling profits and volumes on cash and cash equivalents.

Reconciliation between the parent's loss and equity and consolidated loss and equity

The parent's loss and equity as at and for the year ended 31 December 2019 are reconciled with the group's relevant figures below:

	Profit (loss) for the year		Equity	
	2019	**2018**	**31.12.2019**	**31.12.2018**
Pininfarina S.p.A.'s separate financial statements	(16,549,396)	5,730,195	55,269,263	66,238,856
- Subsidiaries' contribution	(6,025,269)	(1,070,801)	(4,241,857)	1,204,431
- Merger of Pininfarina Extra S.r.l.	-	-	(5,277,015)	-
- Goodwill Pininfarina Extra S.r.l.	-	-	-	1,043,497
- Elimination of trademark licence in Germany	-	-	(6,749,051)	(6,749,053)
- Intragroup dividends	(500,000)	(776,000)	-	-
- Rigiro svalutazione partecipazione Pininfarina Shanghai	-	(1,721,358)	-	-
- Share of profit of equity-accounted investees	-	11,145	-	11,145
Consolidated financial statements	**(23,074,665)**	**2,173,181**	**39,001,340**	**61,748,876**

Reclassified statement of financial position

(€'000)

	31.12.2019	31.12.2018	Variation
Net non-current assets (A)			
Net intangible assets	6,092	7,326	(1,234)
Net property, plant and equipment and investment property	40,481	49,979	(9,498)
Right-of-use assets	5,785	-	5,785
Equity investments	854	857	(3)
Total A	**53,212**	**58,162**	**(4,950)**
Working capital (B)			
Inventories	360	408	(48)
Contract assets	4,617	3,131	1,486
Net trade receivables and other assets	40,004	34,647	5,357
Assets held for sale	1,819	-	1,819
Deferred tax assets	839	3,019	(2,180)
Trade payables	(19,638)	(16,595)	(3,043)
Contract liabilities	(14,624)	(13,566)	(1,058)
Provisions for risks and charges	(3,452)	(620)	(2,832)
Other liabilities (*)	(7,864)	(7,268)	(596)
Non-current liabilities associated with assets held for sale			
Total B	**2,061**	**3,156**	**(1,095)**
Net invested capital (C=A+B)	**55,273**	**61,318**	**(6,045)**
Post-employment benefits (D)	**4,243**	**4,778**	**(535)**
Net capital requirements (E=C-D)	**51,030**	**56,540**	**(5,510)**
Equity (F)	**39,001**	**61,749**	**(22,748)**
Net financial (position) debt (G)			
Non-current loans and borrowings	24,840	21,891	2,949
Net current financial position	(12,811)	(27,100)	14,289
Total G	**12,029**	**(5,209)**	**17,238**
Total as in E (H=F+G)	**51,030**	**56,540**	**(5,510)**

(*) Other liabilities include the following items: deferred tax liabilities, other financial liabilities, current tax liabilities and other liabilities.

Net financial debt

(€'000)

	31.12.2019	31.12.2018	Variation
Cash and cash equivalents	20,115	18,357	1,758
Current assets held for trading	-	13,106	(13,106)
Crediti finanz. v.so parti correlate	-	-	-
Current bank overdrafts	(2,368)	(725)	(1,643)
Lease liabilities	(1,298)	-	(1,298)
Loans and borrowings - related parties and joint ventures	**-**	**-**	**-**
Current portion of bank loans and borrowings	(3,638)	(3,638)	-
Net current financial position	12,811	27,100	(14,289)
Non-current loans and receivables - third parties	-	-	-
Non-current loans and receivables - related parties	550	550	-
Non-current held-to-maturity investments	-	-	-
Non-current lease liabilities	(4,990)	-	(4,990)
Non-current bank loans and borrowings	(20,400)	(22,441)	2,041
Non-current loans and borrowings	**(24,840)**	**(21,891)**	**(2,949)**
NET FINANCIAL POSITION (DEBT)	**(12,029)**	**5,209**	**(17,238)**

Net financial debt (Consob)

(CESR recommendations no. 05-04b – EU Regulation no. 809/2004)

(€'000)

		31.12.2019	31.12.2018	Variation
A.	Cash	(20,115)	(18,357)	(1,758)
B.	Other cash equivalents	-	-	-
C.	Securities held for trading	-	(13,106)	13,106
D.	**Total cash and cash equivalents (A.)+(B.)+(C.)**	**(20,115)**	**(31,463)**	**11,348**
E.	**Current loan assets**	**-**	**-**	**-**
F.	**Current bank loans and borrowings**	**2,368**	**725**	**1,643**
	Current portion of secured bank loans	60	60	-
	Current portion of unsecured bank loans	3,578	3,578	-
G.	**Current portion of non-current debt**	**3,638**	**3,638**	**-**
H.	Other current loans and borrowings	1,298	-	1,298
I.	**Current financial debt (F.)+(G.)+(H.)**	**7,304**	**4,363**	**2,941**
J.	**Net current financial position**	**(12,811)**	**(27,099)**	**14,288**
	Non-current portion of secured bank loans	30	90	(60)
	Non-current portion of unsecured bank loans	20,370	22,351	(1,981)
K.	**Non-current bank loans and borrowings**	**20,400**	**22,441**	**(2,041)**
L.	Bonds issued	-	-	-
M.	Other non-current loans and borrowings	4,990	-	4,990
N.	**Net non-current financial debt (K.)+(L.)+(M.)**	**25,390**	**22,441**	**2,949**
O.	**Net financial (position) debt (J+N)**	**12,579**	**(4,658)**	**17,237**

The "Net financial debt" 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 debt" table provided on the previous page, assets are shown with a plus sign and liabilities with a minus sign.

The reason for the difference between the amount of the "Net financial debt" on the previous page and on this page is that the latter does not include non-current loan assets. The total amount of these differences at the relevant reporting dates is shown below:

- At 31 December 2019: €550 thousand
- At 31 December 2018: €550 thousand

The net financial debt at the reporting date comprises the effect of FTA of IFRS 16 (approximately €6.3 million).

OUTLOOK FOR 2020

The situation of the struggling international automotive segment - as commented on above - was aggravated in early 2020 by the global spread of the Covid-19 virus (Coronavirus), which slowed down and, in some cases, suspended commercial activities for a significant period of time. Though not affected by direct cases of infection, the group was directly impacted by the downturn in trading on some key markets, including China. In order to raise enough funds to meet the group's medium/long-term financial requirements, the parent took out a 36-month loan of €20 million from PF Holdings B.V. in February 2020. Not yet used at the date of this report, these funds will help ensure maximum operating flexibility in the event of a further deterioration of the reference markets.

Based on the current situation of the business sectors where the Pininfarina Group operates, its outlook for 2020 is a fall in revenue compared to 2019, along with an operating loss and a loss for the year.

Chief Executive Officer
(Silvio Pietro Angori)
(signed on the original)

PININFARINA GROUP
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2019

Statement of financial position
(Amount in Euro)

	Note	31.12.2019	31.12.2018
Land and buildings	1	**28,770,391**	33,825,524
Land		**5,365,936**	7,655,314
Buildings		**23,404,455**	26,170,210
Plant and machinery	1	**4,477,859**	5,442,977
Machinery		**86,781**	1,648,444
Plant		**4,391,078**	3,794,533
Furniture, fixtures and other assets	1	**1,602,653**	3,305,878
Furniture and fixtures		**707,005**	1,077,762
Hardware and software		**504,208**	1,401,352
Other assets, including vehicles		**391,440**	826,764
Assets under construction		**132,356**	11,736
Property, plant and equipment		**34,983,259**	42,586,115
Investment property	2	**5,497,561**	7,392,752
Goodwill	3	**-**	1,043,495
Licences and trademarks	3	**446,850**	750,162
Other	3	**5,644,884**	5,532,738
Intangible assets		**6,091,734**	7,326,395
Right-of-use assets	4	**5,785,015**	-
Subsidiaries		**-**	-
Associates	5	**602,142**	604,571
Joint ventures		**-**	-
Other companies	6	**252,017**	252,017
Equity investments		**854,159**	856,588
Deferred tax assets	19	**839,071**	3,019,085
Loans and receivables	7	**550,000**	550,000
Third parties		**-**	-
Related parties		**550,000**	550,000
Available-for-sale financial assets		**-**	-
Non-current financial assets		**550,000**	550,000
TOTAL NON-CURRENT ASSETS		**54,600,799**	61,730,935
Raw materials		**210,396**	242,042
Finished goods		**149,285**	166,246
Inventories	8	**359,681**	408,288
Contract assets third parties		**4,616,785**	3,130,909
Contract assets related parties		**-**	-
Contract assets	9	**4,616,785**	3,130,909
Assets held for trading	10	**-**	13,105,943
Loans and receivables		**-**	-
Third parties		**-**	-
Related parties		**-**	-
Current financial assets		**-**	13,105,943
Trade receivables	11	**25,596,880**	24,173,832
Third parties		**24,588,878**	21,344,384
Related parties		**1,008,002**	2,829,448
Other assets		**14,407,216**	10,473,358
Third parties	12	**14,407,216**	10,473,358
Related parties		**-**	-
Trade receivables and other assets		**40,004,096**	34,647,190
Cash in hand and cash equivalents		**12,879**	17,227
Short-term bank deposits		**20,102,249**	18,339,366
Cash and cash equivalents	13	**20,115,128**	18,356,593
TOTAL CURRENT ASSETS		**65,095,690**	69,648,923
Assets held for sale	1	**1,818,800**	-
TOTAL ASSETS		**121,515,289**	131,379,858

	Note	31.12.2019	31.12.2018
Share capital	14	**54,271,170**	54,271,170
Share premium reserve	14	**2,053,660**	2,053,660
Reserve for treasury shares	14	**175,697**	175,697
Legal reserve	14	**10,854,234**	6,063,759
Stock option reserve	14	**2,216,799**	1,911,103
Translation reserve	14	**42,613**	(8,639)
Other reserves	14	**7,923,223**	2,646,208
Losses carried forward	14	**(15,461,391)**	(7,537,263)
Profit (loss) for the year	14	**(23,074,665)**	2,173,181
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**39,001,340**	61,748,876
Equity attributable to non-controlling interests		**-**	-
EQUITY		**39,001,340**	61,748,876
Lease liabilities	4	**4,989,882**	-
Other loans and borrowings		**20,399,957**	22,441,025
Third parties		**20,399,957**	22,441,025
Related parties		**-**	-
Non-current loans and borrowings	15	**25,389,839**	22,441,025
Change in deferred tax liabilities	19	**-**	-
Italian post-employment benefits		**4,243,045**	4,778,297
Other		**-**	-
Post-employment benefits	16	**4,243,045**	4,778,297
TOTAL NON-CURRENT LIABILITIES		**29,632,884**	27,219,322
Bank overdrafts	15	**2,368,172**	725,304
Lease liabilities	4	**1,297,588**	-
Other loans and borrowings	15	**3,638,089**	3,638,089
Third parties		**3,638,089**	3,638,089
Related parties		**-**	-
Current loans and borrowings		**7,303,849**	4,363,393
Wages and salaries payable		**4,076,478**	3,172,734
Social security charges payable		**1,309,280**	1,358,763
Other		**1,686,304**	1,379,007
Other financial liabilities	17	**7,072,062**	5,910,504
Third parties		**19,193,148**	16,102,312
Related parties		**164,058**	493,063
Other liabilities - third parties		**280,442**	375,737
Other liabilities - related parties		**-**	-
Trade payables	17	**19,637,648**	16,971,112
Third parties		**12,532,403**	13,565,536
Related parties		**2,091,897**	-
Contract liabilities	9	**14,624,300**	13,565,536
Direct tax liabilities		**-**	224,671
Other tax liabilities		**791,268**	756,012
Current tax liabilities	19	**791,268**	980,683
Provision for product warranties		**53,236**	53,236
Restructuring provision		**-**	184,454
Other provisions		**3,398,702**	382,742
Provisions for risks and charges	18	**3,451,938**	620,432
TOTAL CURRENT LIABILITIES		**52,881,065**	42,411,660
TOTAL LIABILITIES		**82,513,949**	69,630,982
TOTAL LIABILITIES AND EQUITY		**121,515,289**	131,379,858

Pursuant to Consob resolution no. 15519 of 27 July 2006, an ad hoc statement of financial position showing related party transactions has not been prepared as these are already shown in the consolidated financial statements schedules. As for transactions with other related parties, such as directors and statutory auditors, “Trade payables - third parties” include accrued fees for the year of €106,689, mainly relating to Pininfarina S.p.A..

Statement of profit or loss
(Amount in Euro)

	Note	2019	of which: related parties	2018	of which: related parties
Revenue from sales and services	20	**85,301,216**	**25,006,870**	102,899,386	17,996,314
Internal work capitalised		**-**		-	
Change in finished goods		**(16,961)**		(25,608)	
Other revenue and income		**5,113,617**	**-**	2,453,698	5,333
Revenue		**90,397,872**	**25,006,870**	105,327,476	18,001,647
Gains on sale of non-current assets and equity investments	21	**49,975**	**-**	184,074	-
Gain on sale of equity investments		**-**		-	
Raw materials and components	22	**(7,072,380)**	**(74,354)**	(7,719,739)	
Change in raw materials		**(31,646)**		41,147	
Inventory write-downs		**-**		-	
Raw materials and consumables		**(7,104,026)**	**(74,354)**	(7,678,592)	-
Consumables		**(836,094)**		(1,464,750)	
External maintenance		**(1,201,842)**		(1,369,254)	
Other variable production costs		**(2,037,936)**	**-**	(2,834,004)	-
External variable engineering services	23	**(14,658,050)**	**(366,996)**	(19,025,131)	(1,852,953)
Blue collars, white collars and managers		**(53,418,415)**		(48,599,325)	
Independent contractors and temporary workers		**-**		-	
Social security contributions and other post-employment benefits		**(1,577,448)**		(1,438,373)	
Wages, salaries and employee benefits	24 `	**(54,995,863)**	**-**	(50,037,698)	-
Depreciation of property, plant and equipment and investment property		**(3,056,835)**		(2,743,459)	
Amortisation of intangible assets		**(396,399)**		(689,928)	
Depreciation of right-of-use assets		**(1,465,037)**		-	
Losses on sale of non-current assets and equity investments	21	**(84,305)**		-	
(Additions to)/utilisation of provisions and impairment losses	25	**(12,711,208)**		(5,386,036)	
Amortisation, depreciation and impairment losses		**(17,713,784)**	**-**	(8,819,423)	
Net exchange losses		**(28,545)**		(50,445)	
Other expenses	**26**	**(13,278,786)**	**-**	(13,271,394)	
Operating profit (loss)		**(19,369,143)**	**24,565,520**	3,794,863	16,148,694
Net financial expense	**27**	**(1,479,069)**	**-**	(2,406,464)	2,157
Dividends		**10,817**		10,108	
Share of loss of equity-accounted investees		**(2,429)**		(21,403)	
Profit (loss) before taxes		**(20,839,824)**	**24,565,520**	1,377,104	16,150,851
Income taxes	**19**	**(2,234,841)**		796,077	
Profit (loss) for the year		**(23,074,665)**	**24,565,520**	2,173,181	16,150,851
Of which:					
- Profit (loss) for the year attributable to the owners of the parent		**(23,074,665)**		2,173,181	
- Profit (loss) for the year attributable to non-controlling interests		**-**		-	
Basic/diluted earnings (loss) per share:					
- Profit (loss) for the year attributable to the owners of the parent		**(23,074,665)**		2,173,181	
- Number of ordinary shares, net		**54,271,170**		54,271,170	
- Basic/diluted earnings (loss) per share		**(0.43)**		0.04	

Statement of comprehensive incom
(Amount in Euro)

	2019	2018
Profit/(loss) for the year	**(23,074,665)**	2,173,181
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans - IAS 19	**(29,819)**	4,202
- Income taxes	**-**	(12,293)
- Other	**-**	-
Total items of other comprehensive expense that will not be reclassified to profit or loss, net of tax effect:	**(29,819)**	(8,091)
Items that will or may be subsequently reclassified to profit or loss:		
- Gains from translation of financial statements of foreign operations - IAS 21	**51,252**	42,311
- Other	**-**	-
Total items of other comprehensive income that will be subsequently reclassified to profit or loss, net of tax effect:	**51,252**	42,311
Total other comprehensive income, net of tax effect	**21,433**	34,220
Comprehensive income (expense)	**(23,053,232)**	2,207,401
Of which:		
- Comprehensive income (expense) attributable to the owners of the parent	**(23,053,232)**	2,207,401
- Comprehensive income (expense) attributable to non-controlling interests	**-**	-
Of which:		
- Comprehensive income (expense) from continuing operations	**(23,053,232)**	2,207,401
- Comprehensive income (expense) from discontinued operations	**-**	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of related party transactions on the statement of profit or loss of the Pininfarina Group are shown in the table provided above and in the “Other information” section of the notes.

Statement of changes in equity
(Amount in Euro)

	31.12.2017	Comprehensive income	Stock option reserve	Allocation of prior year profit	Proceeds from the issue of shares	Capital increase transaction costs	31.12.2018
Share capital	54,271,170	-	-	-	-	-	54,271,170
Share premium reserve	2,053,660	-	-	-	-	-	2,053,660
Reserve for treasury shares	175,697	-	-	-	-	-	175,697
Legal reserve	6,033,331	-	-	30,428	-	-	6,063,759
Stock option reserve	1,172,170	-	738,933	-	-	-	1,911,103
Translation reserve	(50,950)	42,311	-	-	-	-	(8,639)
Other reserves	2,646,208	-	-	-	-	-	2,646,208
Losses carried forward	(8,810,453)	(8,091)	-	1,281,281	-	-	(7,537,263)
Profit for the year	1,311,709	2,173,181	-	(1,311,709)	-		2,173,181
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	58,802,542	2,207,401	738,933	-	-	-	61,748,876
Equity attributable to non-controlling interests	-	-	-	-	-	-	-
EQUITY	**58,802,542**	**2,207,401**	**738,933**	**-**	**-**	**-**	**61,748,876**

	31.12.2018	Comprehensive income	FTA of IFRS 16	Stock option reserve	Allocation of prior year profit	Proceeds from the issue of shares	Capital increase transaction costs	31.12.2018
Share capital	54,271,170	-	-	-	-	-	-	54,271,170
Share premium reserve	2,053,660	-	-	-	-	-	-	2,053,660
Reserve for treasury shares	175,697	-	-	-	-	-	-	175,697
Legal reserve	6,063,759	-	-	-	-	4,790,475	-	10,854,234
Stock option reserve	1,911,103	-	-	305,696	-	-	-	2,216,799
Translation reserve	(8,639)	51,252	-	-	-	-	-	42,613
Other reserves	2,646,208	-	-	-	-	-	5,277,015	7,923,223
Losses carried forward	(7,537,263)	(29,819)	-	-	2,173,181	(4,790,475)	(5,277,015)	(15,461,391)
Profit for the year	2,173,181	(23,074,665)	-	-	(2,173,181)	-	-	(23,074,665)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	61,748,876	(23,053,232)	-	305,696	-	-	-	39,001,340
Equity attributable to non-controlling interests	-	-		-	-	-	-	-
EQUITY	**61,748,876**	**(23,053,232)**	**-**	**305,696**	**-**	**-**	**-**	**39,001,340**

PININFARINA S.P.A.

Statement of cash flows

(Amount in Euro)

	2019	2018
Profit/(loss) for the year	**(23,074,665)**	2,173,181
Adjustments:		
- Income taxes	**2,234,841**	(796,077)
- Depreciation of property, plant and equipment and investment property	**3,056,835**	2,743,459
- Amortisation of intangible assets	**396,399**	689,928
- Depreciation of right-of-use assets	**1,465,037**	-
- Impairment losses, provisions and change in accounting estimates	**11,260,240**	5,196,813
- (Gains)/losses on the sale of non-current assets	**34,330**	(184,074)
- Financial expense	**2,212,003**	2,411,579
- Financial income	**(732,934)**	(5,115)
- Dividends	**-**	-
- Share of loss of equity-accounted investees	**2,429**	21,403
- Other adjustments	**(237,314)**	634,509
Total adjustments	**19,691,866**	10,712,425
Change in working capital:	**55,900**	(4,676)
- Decrease in inventories	**55,900**	6,281
- Increase in contract assets	**(1,485,876)**	(1,647,562)
- (Increase)/decrease in contract assets related parties	**-**	-
- Increase in trade receivables and other assets	**(6,950,981)**	(12,082,226)
- (Increase)/decrease in trade receivables - related parties	**1,821,446**	(2,207,989)
- Increase in trade payables, other financial liabilities and other liabilities	**4,095,504**	2,088,104
- Increase/(decrease) in trade payables - Other liabilities related parties	**(329,005)**	1,883
- Increase/(decrease) in contract liabilities	**(1,033,133)**	1,787,732
- Increase in contract liabilities to related parties	**2,091,897**	-
- Decrease in lease liabilities	**(1,279,877)**	-
- Other changes	**(18,335)**	(768,381)
Total changes in working capital	**(3,032,460)**	(12,822,158)
Gross cash flows from (used in) operating activities	**(6,415,259)**	63,448
- Interest expense	**(294,091)**	(266,215)
- Income taxes	**(706,957)**	(756,800)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(7,416,307)**	(959,567)
- Purchases of non-current assets and equity investments	**(3,687,441)**	(4,205,853)
- Proceeds from the sale of non-current assets and equity investments	**66,591**	436,500
- Cash and cash equivalents from business combination	**1,597,739**	-
- Increase in loans and receivables - third parties	**-**	-
- Increase in loans and receivables - related parties	**-**	(550,000)
- Repayment of loans and receivables - third parties	**-**	-
- Repayment of loans and receivables - related parties	**-**	102,627
- (Purchases of)/proceeds from the sale of assets held for trading	**13,098,124**	(13,408,318)
- Financial income	**4,095**	2,958
- Dividends collected	**-**	-
- Other changes	**(1,551,913)**	(743,077)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	**9,527,195**	(18,365,163)
- Increase in lease liabilities and other loans and borrowings - third parties	**1,642,868**	725,304
- Increase in other loans and borrowings - related parties	**-**	-
- Repayment of lease liabilities and other loans and borrowings - third parties	**(3,638,089)**	(3,553,899)
- Repayment of other loans and borrowings - related parties	**-**	-
CASH FLOWS USED IN FINANCING ACTIVITIES	**(1,995,221)**	(2,828,595)
TOTAL CASH FLOWS	**115,667**	(22,153,325)
Opening net cash and cash equivalents	**17,631,289**	39,784,614
Closing net cash and cash equivalents	**17,746,956**	17,631,289
Of which:	**17,035,646**	**11,182,815**
- Cash and cash equivalents	**20,115,128**	18,356,593
- Bank overdrafts	**(2,368,172)**	(725,304)

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 associates Goodmind S.r.l. and Signature S.r.l., are disclosed in notes 5, 7, 11, and 17 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Euro unless otherwise stated)

GENERAL INFORMATION

Foreword

The core business of the Pininfarina Group (the "group") is based on the establishment of comprehensive partnerships 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 Raimondo Montecuccoli 9, 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%.

At the reporting date, PF Holdings is controlled by Tech Mahindra, which holds 60% of its share capital. Mahindra & Mahindra holds the residual 40%.

Tech Mahindra, an Indian company listed on the National Stock Exchange of Mumbai (India), is a public company, specialised in IT services and solutions. It is not controlled by any major shareholder. Mahindra & Mahindra held an investment of 26.06% therein at the previous reporting date. Mahindra & Mahindra is a company incorporated under Indian law, with registered office in India, whose shares are listed on the Indian National Stock Exchange. It is specialised in the production of cars, commercial vehicles, buses and tractors.

Despite being directly controlled by PF Holdings, which is part of the Mahindra Group, Pininfarina S.p.A. is neither managed nor coordinated by PF Holdings pursuant to article 2497 and following articles of the Italian Civil Code. PF Holdings is simply a vehicle incorporated under Dutch law without an operating structure. There is no authorisation or reporting procedure in place that Pininfarina S.p.A. should follow in the relationships with its parent and, therefore, it has full autonomy to define its strategic and operating objectives, since it has (i) a structured organisation able to perform all business and corporate activities; (ii) its own distinct strategic and financial planning process and (iii) the ability to make proposals about how to conduct and develop its business.

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 23 March 2020. 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 have the same basis of presentation as that of the parent. They include the following:

- statement of financial position, in which current and non-current assets and liabilities are classified separately;
- statement of profit or loss 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;
- notes to the consolidated financial statements.

These schedules present the corresponding prior year annual figures for comparative purposes.

Moreover, as required by Consob resolution no. 15519 of 28 July 2006, the group presents the following information in separate schedules:

- net financial debt, with a breakdown of the main components and balances with related parties
- 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.

Related party transactions are not presented in separate schedules because they are listed as separate items in the statement of financial position.

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 2019 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 2019 are the same as those used in 2018, except as noted in the following section.

Actuarial valuations of post-employment benefits are performed in connection with the preparation of the condensed interim consolidated financial statements at 30 June and annual consolidated financial statements.

New applicable standards

The new standards and/or amendments to existing standards applicable to annual periods beginning on or after 1 January 2019 are set out below:

- IFRS 16 - Leases
- IFRIC 23 - Uncertainty over income tax treatments
- Prepayment features with negative compensation (Amendments to IFRS 9)
- Long-term interests in associates and joint ventures (Amendments to IAS 28)
- Plan amendment, curtailment or settlement (Amendments to IAS 19)
- Annual improvements to IFRS 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

IFRS 16 - Leases

The Pininfarina group adopted IFRS 16 on 1 January 2019. The other new standards that became effective on 1 January 2019 did not have a material effect on the group's consolidated financial statements.

The group adopted IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated, i.e., it is presented, as previously reported under IAS 17 and related interpretations. Additional details on changes in accounting policies are provided below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to the comparative information.

A. Definition of a lease

Before the adoption of IFRS 16, at the inception date, the group assessed whether a contract was or contained a lease in accordance with IFRIC 4 - Determining whether an arrangement contains a lease. Now, the group assesses whether a contract is or contains a lease on the basis of the new definition as indicated in the notes to the consolidated financial statements.

On transition to IFRS 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Therefore, it applied IFRS 16 only to contracts that had previously been identified as leases. Those not identified as leases under IAS 17 and IFRIC 4 were not assessed again. IFRS 16 therefore only applies to contracts entered into on or after 1 January 2019.

B. Model for lessees

As a lessee, the group leases many assets, including buildings, IT equipment and company cars. The group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the group recognises right-of-use assets and lease liabilities for most leases.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

i. Leases classified as operating leases under IAS 17

Previously, the group classified property leases as operating leases under IAS 17. On transition to IFRS 17, lease liabilities for such leases were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate at 1 January 2019 (see paragraph C). Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The group classified all leases with this approach.

At the date of FTA, right-of-use assets were tested for impairment, of which there is no evidence.

The group adopted the practical expedients to apply IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the group:

– applied recognition exemption for right-of-use assets and lease liabilities for leases with a term of less than 12 months;

– did not recognise right-of-use assets and lease liabilities for leases of low-value assets (IT equipment);

– excluded any initial direct costs from the right-of-use asset measured at the date of FTA; and

– used hindsight to determine the lease term.

ii. Leases classified as financial leases under IAS 17

The group does not have any leased equipment that was classified as a finance lease under IAS 17.

C. Financial statements impacts

i. FTA effect*

Upon FTA on 1 January 2019, the group recognised the following right-of-use assets and lease liabilities relating to leases that were not recognised under IAS 17.

	1 January 2019
Land and buildings	6,167,833
Other assets	695,153
Lease liabilities	(6,862,986)
Impact on equity at 1 January 2019	-

* Reference should be made to note 4 for more information on the IFRS 16 FTA effect on profit or loss and to the note on page 116 for more information on the recognition of leases under IFRS 16 and IAS 17.

When measuring lease liabilities of leases classified as operating leases, the group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 4.42%.

	1 January 2019
Operating lease commitments at 31 December 2018	11,189,624
Discounted using the incremental borrowing rate at 1 January 2019	6,946,319
Finance lease liabilities recognised as at 31 December 2018	-
Recognition exemption for short-term leases	(83,333)
Lease liabilities at 1 January 2019	**6,862,986**

Other standards

The following amended standards and interpretations did not have a significant impact on the group's consolidated financial statements:

- IFRIC 23 - Uncertainty over income tax treatments;
- Prepayment features with negative compensation (Amendments to IFRS 9);
- Long-term interests in associates and joint ventures (Amendments to IAS 28);
- Plan amendment, curtailment or settlement (Amendments to IAS 19);
- Annual improvements to IFRS 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).

Standards applicable to subsequent reporting periods

The new standards and/or amendments to existing standards applicable to subsequent reporting periods are as follows:

Standards and/or amendments applicable to annual periods beginning on or after 1 January 2020:

- Amendments to References to the conceptual framework in IFRS Standards;
- Definition of a business (Amendments to IFRS 3);
- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform;
- Definition of material (Amendments to IAS 1 and IAS 8).

Standards and/or amendments not yet endorsed by the European Union:

- IFRS 17 - Insurance contracts;
- IFRS 14 - Regulatory deferral accounts;
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28);
- Classification of Liabilities as current or non-current (Amendment to IAS 1).

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	Share/ quota capital
Pininfarina of America Corp.	501 Brickell Key Drive, Suite 200, Miami FL 33131 USA	100%	Pininfarina S.p.A.	USD	10,000
Pininfarina Engineering S.r.l.	Via Nizza 262/25, Turin, Italy	100%	Pininfarina S.p.A.	€	100,000
Pininfarina Deutschland Holding GmbH	Riedwiesenstr. 1, Leonberg, Germany	100%	Pininfarina Engineering S.r.l.	€	3,100,000
Pininfarina Deutschland GmbH	Frankfurter Ring 81, Munich, Germany	100%	Pininfarina Deutschland Holding GmbH	€	25,000
Pininfarina 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..

(b) Acquisition/sale of equity investments subsequent to the acquisition of control

Acquisitions and sales of equity 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 in profit or loss.

(c) Associates

Associates are listed below:

Name	Registered office	Investment %	Held by	Currency	Quota capital
Goodmind S.r.l.	Corso Vittorio Emanuele II 12, Turin, Italy	20%	Pininfarina S.p.A.	€	20,000
Signature S.r.l.	Via Paolo Frisi 6, Ravenna, Italy	24%	Pininfarina S.p.A.	€	10,000

(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 immediately reclassified to profit or loss.

If the equity 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	31.12.2019	2019	31.12.2018	2018
US dollar - USD	1.12	1.12	1.14	1.18
Chinese renminbi (yuan) - CNY	7.82	7.73	7.87	7.81

(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 gains and losses are recognised in profit or loss, except for those stemming from foreign currency loans that hedge investments in foreign operations, which are recognised directly in equity, net of the related tax effects. 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.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made estimates and judgements, that affect the application of the group's accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any changes due to the revision of estimates are recognised prospectively.

The captions most affected by estimation uncertainties are contract revenue, deferred tax liabilities and assets, investments in subsidiaries, provisions for risks and charges and trade receivables.

Investment property

Property held to earn rentals or for capital appreciation is 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:

Category	Useful life (years)	
	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 liabilities directly associated with assets held for sale 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.

Investments in associates

Investments in associates are recognised in the consolidated financial statements using the equity method, as required by IAS 28 - Investments in associates and joint ventures and IFRS 11 - Joint arrangements. An associate is an entity in which the group holds at least 20% of its voting rights and over which it exercises a significant influence but not control or joint control.

Under the equity method, the equity investment is recognised in the statement of financial position at cost, increased by subsequent changes in the Group's share of the associate's net assets.

Equity investments in other companies

The other equity investments (other than in subsidiaries and associates) are classified as non-current or current assets, depending on whether the group intends to maintain the investment in its assets for a period longer or shorter than twelve months, respectively.

Equity investments in other companies are initially recognised at acquisition cost and subsequently measured at FVTPL, as required by IFRS 9.

In the absence of a principal active market, the group identifies the investment's fair value as its acquisition cost, considering it as the most reliable input in accordance with IFRS 13.

Financial assets and liabilities

The group initially measures financial assets at fair value plus, except in the case of financial assets that are not recognised at fair value through profit or loss, transaction costs.

IFRS 9 classifies financial assets into three main categories: at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

The classification is based on the business model adopted by the group to manage the asset or the SPPI (solely payments of principal and interest) test, if the financial instruments' contractual cash flows solely comprise payments of principal and interest.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt instrument; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – policy applicable from 1 January 2018

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable rate features;
– prepayment and extension features; and
– terms that limit the group's claim to cash flows from specified assets (e.g., non-recourse features).

Financial assets: subsequent measurement and gains and losses – policy applicable from 1 January 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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.

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.

Employee benefits

(a) Pension plans

The Pininfarina Group's employees participate in defined contribution plans and defined benefit plans. The latter are a portion of the Italian post-employment benefits provided for by article 2120 of the Italian Civil Code and, therefore, do not comprise any plan assets. Defined contribution plans are formalised plans for post-employment benefits that require that the group pay contributions to an insurance company or a pension fund. By doing this, the group does not have any other legal or constructive obligation to pay additional contributions should the fund not have sufficient resources to pay all benefits accrued by employees over their current and past service periods when the benefits become due. These contributions paid in exchange for the service rendered by employees are recognised as an expense on an accruals basis. This category includes the payments made to the Cometa and Previp funds. Under defined benefit plans, the group has a future obligation to pay the pension benefit to the employee upon termination of employment. The amount of the benefit depends on different factors, such as age, seniority and remuneration. The group, therefore, takes on actuarial and investment risks arising from the plan. It calculates the present value of the plan liability and the service cost using the projected unit credit method, based on the actuarial calculation that uses demographic (mortality rate and turnover) and financial (discount rate and future salary and benefit increases) variables. The post-employment benefits of the Group's Italian employees are classified as follows pursuant to IAS 19 - Employee benefits.

- defined benefit plan for the portion vested prior to enactment of the Finance Act (Law no. 296 of 27 December 2006) and related implementing decrees;
- defined contribution plan for the portion accrued thereafter.

At the annual and half year reporting dates, the group calculates the benefits using an actuarial valuation. The accumulated actuarial losses and gains arising from changes in estimates are recognised in a specific caption of comprehensive income. Any curtailment or extinguishment of a plan liability is immediately recognised in profit or loss.

(b) Incentives, bonuses and profit-participation plans

The group recognises a cost and a liability for its obligations for incentives, bonuses and profit-participation plans. The liability is recognised when the group has a legal or constructive obligation and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(c) Termination benefits

The group recognises a liability and personnel expense when it is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The group is demonstrably committed to a termination when, and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(d) Share-based payments

The group has granted additional benefits to its key management personnel in the form of equity-settled share based plans (e.g., stock options). Under IFRS 2 - Share-based payment, the present value of the stock options calculated at the grant date using the Black & Scholes method is recognised as personnel expense in profit or loss on a straight-line basis over the vesting period, with a balancing entry recognised in equity.

The effects of the non-market vesting conditions are not considered in the fair value measurement of the options granted, but are taken into account in measuring the number of expected exercisable options.

The group revises its estimates of expected exercisable options at each reporting date.

The resulting effects are recognised in profit or loss over the vesting period with a balancing entry recognised in equity.

When the options are exercised, the amounts received from employees, net of directly attributable transaction costs, increase the share capital to the extent of the nominal amount of the issued shares. The remainder increases the premium reserve.

Provisions for risks and charges, contingent liabilities

The provisions for risks and charges include specific costs and losses whose existence is certain or probable but whose amount or due date is unknown at the reporting date. Provisions are recognised when all the following conditions are met: (i) the group has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation or transfer it to third parties at the reporting date. Where the effect of the time value of money is material and the payment dates can be estimated reliably, the provision is discounted to present value. The group recognises expected restructuring costs when a restructuring plan is formalised only if it has raised a valid expectation in those affected that it will carry out the restructuring. The liability accrued in the provisions for risks and charges is regularly adjusted for changes in estimated costs, expected timing and discount rates. Changes in estimates of provisions are recognised in the same profit or loss 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

The group applied IFRS 16 using the modified retrospective approach. Consequently, the information presented for 2018 has not been restated – i.e., it is presented under IAS 17 and IFRIC 4. The disclosures required by IAS 17 are presented separately.

Policy applicable from 1 January 2019

At inception of a contract, the group assesses whether a contract is or contains a lease. 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. For the purpose of this assessment the group applies IFRS 16.

This policy applies to all contracts entered into on or after 1 January 2019.

i. Model for lessees

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of buildings, the group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, including the initial measurement of the lease liability adjusted by lease payments made at or before the commencement date, increased by initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the underlying asset or the site on which it is located, net of any lease incentives received.

The right-of-use assets are amortised subsequently on a straight-line basis from the commencement date over the lease term, unless their ownership is transferred to the group at the end of the lease term or, considering the right-of-use assets, it is expected that the group will exercise a purchase option; in that case the right-of-use assets will be amortised over the estimated useful life of the asset, determined on the same basis as for properties and machinery. Furthermore, the right-of-use assets are regularly reduced by any impairment losses and adjusted for remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The group's incremental borrowing rate is calculated based on interest rates obtained from various external financing sources with adjustments reflecting the lease conditions and the leased asset:

– fixed payments (including in-substance fixed payments);
– variable lease payments for leases depending on an index or a rate, initially measured by reference to an index or rate at the commencement date;
– amounts expected to be payable under residual value guarantees; and
– the price of a purchase option, which the group is reasonably certain to exercise, lease payments due in the optional renewal period, if the group is reasonably certain to exercise the option to extend the lease, and termination penalties unless the group is reasonably certain not to cancel the lease before the end of the lease term.

The lease liability is measured at amortised cost using the effective interest method and is remeasured to reflect a change in an index or a rate used to determine lease payments, a change in the amount expected to be payable under residual value guarantees, a change in the assessment of whether a purchase, extension or termination option is reasonably certain to be exercised, or a revision of in-substance fixed payments.

When a lease liability is remeasured, the lessee shall adjust the related right-of-use asset accordingly. If the carrying amount is brought to zero, the lessee recognises the adjustment in profit or loss.

The group presents right-of-use assets that do not meet the definition of investment property under “Right-of-use assets” and lease liabilities under “Lease liabilities” in the statement of financial of financial position.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. Model for lessors

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

At inception of the lease, the group determines whether each lease is a finance lease or an operating lease.

To this end, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards of ownership of the right-of-use asset. In this case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

With regard to sub-leases, as intermediary lessor, the group accounts for its interests in the head lease and the sub-lease separately. To this end, the group classifies the sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the group applies the aforementioned exemption, then the sub-lease is classified as an operating lease.

If a contract contains a lease component and one or more non-lease components, the group applies IFRS 15 to allocate the consideration of the contract.

The group applies the derecognition and impairment losses requirements of IFRS 9 to the net investment in a lease (reference should be made to note 45(R)(i)). The group periodically revises the estimated unguaranteed residual values used in calculating the gross investment in the lease.

The group recognises the lease payments associated with operating leases as income on a straight-line basis over the lease term under “Other income”.

In general, the accounting policies applicable to the group as a lessor in the previous year do not differ significantly from IFRS 16 requirements, except for the classification of sub-lease entered into during the year, which was classified as a finance lease.

Policy applicable before 1 January 2019

For all contracts entered into before 1 January 2019, the group determined whether a contract was, or contained, a lease based on the assessment of whether: - fulfilment of the contract was dependent on the use of a specific asset or assets; and - the contract conveyed the right to use the asset. A contract conveyed the right to use the asset if one of the following conditions was met:

- the purchaser had the ability or right to operate the asset or obtain and control more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset or obtain or control more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that one or more other parties would acquire more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. **Model for lessees**

In the comparative year, the group classified all leases that transferred substantially all of the risks and rewards of ownership as finance leases. In this case, the leased assets were initially recognised at the lower of their fair value and the present value of the minimum lease payments (i.e., payments over the lease term that the lessee was required to make, excluding any contingent rent). These assets were subsequently recognised in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the group’s statement of financial position. Payments made under operating leases were recognised as an expense on a straight-line basis over the lease term, while lease incentives received were recognised as an integral part of the total lease expense over the lease term.

ii. Model for lessors

At inception of the lease, the group classified each of its leases as finance leases or operating leases.

To this end, the group assessed whether the lease transferred substantially all of the risks and rewards of ownership of the underlying asset. In this case, the lease was classified as a finance lease, otherwise as an operating lease. As part of this assessment, the group considered certain indicators such as whether the lease was for the major part of the underlying asset's useful life of the asset.

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

IFRS 15 requires an entity to recognise revenue at the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to a customer.

Based on the above, IFRS 15 provides an articulated and detailed series of requirements that, as a whole, make up the new single model for the recognition of revenue from contracts with customers. The model provides for the following five steps:

- Step 1 – identification of the contract;

- Step 2 – identification of the performance obligations;

- Step 3 – determination of the transaction price;

- Step 4 – allocation of the transaction price to the performance obligations;

- Step 5 – recognition of revenue when (or as) the entity satisfies the performance obligations.

Step 1 – identification of the contract

IFRS 15 defines a "contract" as an agreement between two or more parties that creates enforceable rights and obligations, specifying that enforceability of the rights and obligations in a contract is a matter of law. The contract may be approved in writing, orally or in accordance with other customary business practices.

Step 2 – identification of the performance obligations

At contract inception, an entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

a) a good or service (or a bundle of goods or services) that is distinct; or

b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A contract may include promises to transfer more than one good or service to a customer. An entity shall assess the goods or services promised in order to identify which good or service (or bundle of goods or services) that is promised to a customer is distinct and may constitute a separate performance obligation.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer;

b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

If a promised good or service is not distinct, an entity shall combine that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct. In some cases, that would result in the entity accounting for all the goods or services promised in a contract as a single performance obligation.

Step 3 – determination of the transaction price

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

The group considers the terms of the contract and its customary business practices to determine the transaction price. The consideration may include fixed amounts, variable amounts, or both.

When determining the transaction price, the group considers the effects of all of the following:

- variable consideration and constraining estimates of variable consideration;
- the existence of a significant financing component in the contract;
- non-cash consideration;
- consideration payable to a customer.

Step 4 – allocation of the transaction price to the performance obligations

The transaction price identified in step 3 is allocated to each performance obligation identified in step 2 on a relative stand-alone selling price basis.

Step 5 – recognition of revenue when (or as) the entity satisfies the performance obligations

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The group considers the terms of the contract, as well as any laws that apply to the contract, when evaluating whether it has an enforceable right to payment for performance completed to date.

When recognising revenue over time from the provision of design and engineering services, the group measures the progress towards complete satisfaction of that performance obligation using the percentage of completion method on a cost to cost basis.

Incremental costs of obtaining contracts

An entity shall recognise as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs.

The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission).

As a practical expedient, the group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

An asset recognised for incremental costs of obtaining a contract is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Contract assets and liabilities

An entity shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. An entity shall present any unconditional rights to consideration separately as a receivable.

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The group assesses a contract asset for impairment in accordance with IFRS 9.

If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (i.e., a receivable), before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Licencing

A licence establishes a customer's rights to the intellectual property of an entity.

If the promise to grant the licence is a separate performance obligation, an entity shall not apply the general revenue recognition model but the specific guidelines set out in Appendix B to the standard and described below:

- revenue shall be recognised at a point in time if the entity's promise is to provide the customer with a right to use its intellectual property as it exists at the point in time at which the licence is granted;
- revenue shall be recognised over time if the entity's promise is to provide the customer with a right to access its intellectual property as it exists throughout the licence period.

Notwithstanding the nature of the licence ("right to use" or "right to access"), an entity shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

a) the subsequent sale or usage occurs; and

b) the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

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 at least, but not limited to, twelve months from the reporting date. Opinions are expressed on the outcome of future events or circumstances which are, by their nature, uncertain and are based on information available when the opinion is expressed.

As explicitly pointed out in the directors' report, Pininfarina is operating in particularly difficult economic conditions, leading to the parent recording a significant operating loss in 2019.

Pininfarina S.p.A. recorded a loss for the year of €16.5 million, mainly due to the fall in revenue and the operating loss recorded, following lower sales prices in its reference markets, while fixed costs remained substantially unchanged. Furthermore, the parent recognised impairment losses following the impairment tests performed, along with accruals to the provision for losses on contracts.

The directors believe that in order for the group to continue as a going concern, significant efforts will be necessary in terms of sales volumes, expenses and costs to win future contracts given the current economic situation of the automotive segment, which is being further deteriorated by the ongoing COVID-19 health emergency.

The directors have already prepared measures to limit the absorption of operating cash flows and have implemented actions to reduce costs, such as:

- relationships with existing and prospective customers have been intensified in order to negotiate the development of new projects starting during the year;
- all business segments are making greater use of outsourcing, using external resources to cover the requirements in terms of production hours due to the increase in volumes, with visible results in terms of reduced production costs;
- recourse to down payment where possible in order to balance cash inflow and outflow;
- surplus direct and indirect workers have been reduced.

Furthermore, the directors have put measures in place to ensure that the parent has the sufficient financial resources to implement the above-mentioned actions. Specifically, PF Holding BV granted the parent a shareholder loan of €20 million, which can be used on demand. According to cash flow forecasts for the 12 months after the reporting date, there are no further financial requirements.

According to forecasts, a decrease in production revenue is expected in 2020 compared to the previous year, resulting in an operating loss and a loss for the year. However, the parent's financial position and performance raise no concern at the moment considering the forecasts for the 2020-2023 period.

The first few months of 2020 have confirmed the forecasts relating to the parent, both in terms of revenue and profitability.

Despite the loss for the year, the parent has continued to meet its obligations, including those under the Rescheduling Agreement of the debt (2016-2025) with certain lending institutions. Under the Rescheduling Agreement, there is just one financial covenant: consolidated equity at a minimum of €30 million. At 31 March 2020 this contractual obligation is expected to be fulfilled. Should the minimum equity threshold be exceeded, the agreement would not be automatically terminated, as there are specific remedies in place and the lending institutions can waive their right to take action. The Mahindra Group granted a surety that is enforceable if the parent fails to meet its obligations under the Rescheduling Agreement.

With regard to the effects of the current health emergency (the coronavirus) on the outlook of the Pininfarina Group and, thus, on whether the parent's separate financial statements and the group's consolidated financial statements can be prepared on a going concern basis, we note the following:

- almost all of the design and engineering contracts performed by Pininfarina are commissioned by large domestic and international customers that operate according to medium/long-term plans entailing sizeable long-term investments. This would lead us to believe that the current order backlog and expected new activities in the short term should not be compromised by the very tense situation caused by the current health crisis. At the date of this financial report, also considering the group's close relationship with its customers and the progress of contracts underway, in general the group has not detected downturns in activities or cancellations of orders due to the coronavirus such to highlight major divergences from the trends forecast prior to the spread of the virus. The sole exception is the Chinese market where production activities and service supplies were drastically decreased in January and February 2020 following the measures taken by the authorities. The design activities managed locally by Pininfarina Shanghai were postponed to subsequent months. However, going by current indicators, we expect that the group can end 2020 with positive results, though not with the turnover volumes and profitability previously expected. The other key markets for group activities (India, Germany, Italy and the United States) do not currently show any deterioration with respect to forecast trends;
- as mentioned numerous times in the directors' report, the performance of the automotive segment in 2019 was

marked by a widespread drop in volumes and profits. Accordingly, the parent acted to boost its financial capacity so as to be able to support its group. Indeed, Pininfarina S.p.A. signed a loan with the Mahindra Group (as mentioned above) which increased the funds available for all types of needs, including those potentially deriving from important changes in the business compared to the situation at the date of preparation of this report. That being said, it is clear that a widespread halt to activities on reference markets over a long period of time and without external aid would lead to a situation that an individual company (regardless of its size or financial capacity) would not be able to manage. Lastly, to the extent that can be objectively predicted to date, considering the liquid funds at the end of February and the new funds guaranteed by the Mahindra Group, in addition to relationships with existing customers, the funds available to the parent would lead us to believe that the current market situation and expected outlook may not be bad enough to create uncertainty about the parent's ability to continue as a going concern, also taking into consideration the measures recently approved by the Italian government to support companies and that could be activated in cases of extreme necessity, including by the parent and the subsidiary Pininfarina Engineering.

Considering the above, management can reasonably expect that the parent has sufficient resources available to continue its operations for the foreseeable future, as provided for by the IFRS. Due to the above reasons, the directors deem it correct to prepare these consolidated financial statements on a going concern basis.

(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

During the year, the parent appointed an independent expert, Mr. Fabrizio Bava, to draw up a report on impairment testing pursuant to IAS 36 for the preparation of Pininfarina S.p.A.'s separate financial statements and the Pininfarina Group's consolidated financial statements for the reasons indicated hereafter. The scope of the impairment test is to check whether the group's and parent's non-current assets are impaired.

In order to perform the impairment test, cash-generating units are identified, along with estimates of their value in use, any impairment losses and the assets attributable to them.

Starting from 2019, the allocation of the group's operations to business segments has changed as a result of the variations described above. In line with IFRS 8, the group has identified two new business segments compared to the previous year.

Starting from 1 January 2019, the new reportable segments are the following:

- the design segment;
- the engineering segment.

The group has adopted an impairment testing procedure pursuant to IAS 36, approved by the Board of Directors on 17 February 2020.

With regard to the design segment, the following CGUs/assets were identified to be tested for impairment for the preparation of the separate and consolidated financial statements:

- "other design activities": all other activities related to the design segment, currently carried out by Pininfarina S.p.A.. Goodwill is allocated to this CGU;
- Pininfarina Shanghai Co. Ltd;
- Pininfarina of America Corp.;
- "Wind gallery";

- the building and other assets related to the Bairo Canavese production facility, which is waiting to be repurposed for production after the termination of a business lease on 31 December 2019;
- the building and other assets related to the San Giorgio production facility, currently idle;
- other minor buildings.

With regard to the engineering segment, the following CGUs/assets were identified:

- Engineering Italy, comprising all assets and operations transferred to Pininfarina Engineering S.r.l. (PF ENG) on 1 July 2018;
- Engineering Germany, comprising all activities carried out by the German subsidiary Pininfarina Deutschland GmbH;
- buildings held in Germany by the German subsidiary Pininfarina Deutschland Holding GmbH.

The “other design activities” CGU is tested for impairment as goodwill of €1,043 thousand was allocated thereto. Moreover, the group recorded a loss for the year and the pre-budget forecasts for 2020 analysed by the Board of Directors on 13 November 2019 also show a loss. Based on the above, one of the trigger events provided for by IAS 36.12 was identified, since evidence is available from internal reporting that “the economic performance of an asset is, or will be, worse than expected”.

The value in use of the CGU in question was determined using the unlevered financial method by determining the after-tax cash flow based on 2020-2023 budget data approved by the Board of Directors on 17 February 2020, using a WACC discount rate of 9.10%. On a prudent basis, the growth rate used to calculate the terminal value is equal to zero.

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, the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

The net invested assets of the parent’s “other design activities” CGU were tested for impairment at the reporting date. The recoverable value was lower than their carrying amount; therefore, an impairment loss of €5.2 million was recognised.

As required by IAS 36:

- goodwill of €1 million was fully impaired;
- the residual impairment loss was attributed proportionally to the other assets belonging to the CGU, specifically:
- property, plant and equipment other than the property in Cambiano (the fair value of which was higher than its carrying amount as per the recent appraisal drawn up by an independent expert) were impaired by €3.4 million;
- intangible assets were impaired by €0.6 million;
- right-of-use assets were impaired by €0.2 million.

Reference should be made to note 1 for information on the Bairo Canavese and San Giorgio Canavese buildings, also affected by trigger events.

Considering the operating losses in 2019, a trigger event was identified for the CGUs of the Italian and German engineering segments. As a result of specific impairment tests performed on such CGUs, no impairment losses have been identified.

No indicators of impairment have been identified for the other CGUs of the design and engineering segments.

(d) Fair value measurement and hierarchy for financial instruments

Pursuant to IFRS 7 – Financial instruments: Disclosures, the classification of financial instruments at fair value is 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 inputs of which are 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
- current financial assets at fair value through profit or loss;
- non-current loan liabilities;
- trade receivables and payables, loans and receivables - related parties and contract assets and liabilities;
- other current financial assets and liabilities.

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 at cost	Carrying amount at 31.12.2019	Carrying amount at 31.12.2018
	profit or loss	equity					
Assets:							
Equity investments in other companies	-	-		-	252,017	252,017	252,017
Loans and receivables	-	-		550,000	-	550,000	550,000
Contract assets	-	-		4,616,785		4,616,785	3,130,909
Current financial assets at fair value through profit or loss	-	-	Level 1	-	-	-	13,105,943
Trade receivables and other assets	**-**	**-**		**40,004,096**	**-**	**40,004,096**	**34,647,190**
Liabilities:							
Contract liabilities	-	-		14,624,300	-	14,624,300	3,565,536
Other loans and borrowings	-	-		32,693,688	-	32,693,688	26,804,418
Trade payables and other liabilities	**-**	**-**		**21,323,952**	**-**	**21,323,952**	**17,974,383**

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 is 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 inputs of which are 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, its exposure to fluctuations in exchange rates is limited to the following currencies against the Euro: US dollar (USD), and Chinese renminbi (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%.

A breakdown of the group's financial debt by fixed and variable interest rates is as follows:

	31.12.2019	**%**	31.12.2018	%
- Fixed rate	**23,948,046**	**90.7%**	25,929,114	96.7%
- Variable rate	**2,458,172**	**9.3%**	875,304	3.3%
Gross financial debt with third parties	**26,406,218**	**100.0%**	26,804,418	100.0%

(c) Price risk

The group mainly carries out design and engineering activities, therefore it is not significantly exposed to price risk on the commodities it purchases.

(d) Credit risk

The group is exposed to credit risk, defined as the probability of an impairment loss on exposures with a commercial or financial counterparty. With reference to commercial transactions, the group's most significant projects have a limited number of counterparties, most of which may be qualified as of a primary credit standing. At group level, credit risk is especially concentrated in Asia (Iran, India and China).

Counterparty risk in the case of countries in which the group does not usually undertake commercial transactions is analysed and assessed at the offering phase in order to identify and mitigate any solvency risk.

The Group operates in markets that are or have been recently affected by geopolitical or financial tensions. Specifically, the following exposures at the reporting date are considered to bear solvency risk:

	Iran
(€'000)	
Assets	3,040
Contract liabilities	1,468
Net exposure	**1,572**

Lastly, as disclosed in the specific section, the receivables related to certain contracts may remain unpaid, be renegotiated or cancelled. Specifically, in 2018, the group recognised impairment losses on the receivables relating to a project for a Chinese customer (carrying amount of €1,462 thousand).

Please refer to the relevant notes for more information on the breakdown of receivables by geographical segment and their due dates.

(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 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 31.12.2019	**Contractual cash flows**	**Of which: due within one year**	**Of which: due from one to five years**	**Of which: due after five years**
Term financing	26,406,218	33,195,357	6,006,261	27,189,096	-

The group holds net cash and cash equivalents of €17.7 million.

As outlined in the "Outlook for 2019", "Events after the reporting date" and "Going concern" sections of these notes, Pininfarina Holdings BV granted Pininfarina S.p.A. a shareholder loan of €20 million in February 2020 to make adequate financial resources available to the group to implement the actions defined by the directors in the 2020-2022 business plan.

(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 of each year, the financial covenant shall be at least equal to the minimum consolidated equity, i.e., €30 million. The covenant will be checked until the expiry of the loan in 2025.

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.

The directors do not currently expect any issues with respect to the above-mentioned financial obligations. At the reporting date, the above-mentioned financial covenant is met.

SEGMENT REPORTING

Operating segments are identified in accordance with paragraphs 5 to 10 of IFRS 8 – Operating segments.

Financial income and expense and income taxes are not allocated to the reporting segments because management makes the relevant decisions on an aggregate segment basis. Intra-segment transactions are carried out at market conditions. In accordance with IFRS 8.4, the group presents segment reporting in its consolidated financial statements only.

The group's business segments are not affected by seasonal factors.

Segment reporting as at and for the year ended 31 December 2019 and 2018 is set out below. Amounts are in thousands of Euros.

	2019			2018		
	Design	**Engineering**	**Total**	Design	Engineering	Total
	A	**B**	**A + B**	A	B	A + B
Revenue	**58,515**	**44,802**	**103,317**	64,888	47,481	112,369
(Intra-segment revenue)	**(3,784)**	**(9,135)**	**(12,919)**	(4,368)	(2,674)	(7,042)
Revenue - third parties	**54,731**	**35,667**	**90,398**	60,520	44,807	105,327
Operating profit (loss)	**(14,109)**	**(5,260)**	**(19,369)**	5,913	(2,118)	3,795
Net financial expense			**(1,469)**			(2,397)
Dividends			**-**			-
Share of loss of equity-accounted investees	**(2)**	**-**	**(2)**	-	(21)	(21)
Profit (loss) before taxes	**-**	**-**	**(20,840)**	-	-	1,377
Income taxes	**-**	**-**	**(2,235)**	-	-	796
Profit (loss) from continuing operations	**-**	**-**	**(23,075)**	-	-	2,173
Other information required by IFRS 8:						
- Amortisation and depreciation	**(3,018)**	**(1,901)**	**(4,918)**	(1,064)	(2,369)	(3,433)
- Impairment losses	**(9,271)**	**(18)**	**(9,289)**	(100)	(17)	(117)
- Provisions/change in accounting estimates	**(930)**	**(2,493)**	**(3,423)**	(1,458)	(3,811)	(5,269)
- Net gains (losses) on the sale of non-current assets	**(34)**	**-**	**(34)**	184	-	184

The design and engineering segments are the operating segments whose operating results are regularly reviewed by the parent's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

At the reporting date, there are three customers of the engineering segment that each make up more than 10% of the group's total production revenue: €14.3 million (15.9%), €13.8 million (15.3%) and €9.2 million (10.1%), respectively.

A breakdown of assets and liabilities by business segment is set out below.

	31 December 2019			31 December 2018		
	Design	**Engineering**	**Total**	Design	Engineering	Total
Assets	119,140	50,904	170,045	136,499	47,928	184,426
Elimination of intragroup assets	(28,118)	(20,411)	(48,530)	(30,410)	(19,400)	(49,810)
Liabilities	60,470	29,796	90,266	3,944	28,082	32,025
Elimination of intragroup liabilities	(1,011)	(6,741)	(7,752)	(3,237)	(2,514)	(5,751)
Of which: other information required by IFRS 8:						
- Equity-accounted investments	602	-	602	605	-	605
- Intangible assets	5,450	642	6,092	7,145	181	7,326
- Property, plant and equipment and investment property	33,546	6,935	40,481	40,983	8,996	49,979
- Employees	289	383	672	293	363	656

Sales are broken down by geographical segment below:

	31.12.2019	31.12.2018
Italy	**7,975,146**	15,715,685
EU	**41,256,413**	28,713,897
Non-EU countries	**34,578,726**	56,821,775
Change in contract assets	**1,490,931**	1,648,029
Revenue from sales and services	**85,301,216**	102,899,386

NOTES TO THE CAPTIONS

1. Property, plant and equipment

The carrying amount of property, plant and equipment at 31 December 2019 decreased to €41.1 million from €50 million at 31 December 2018.

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	64,295,066	76,586,809
Accumulated depreciation and impairment losses	(4,636,429)	(38,124,856)	(42,761,285)
Carrying amount at 31 December 2018	**7,655,314**	**26,170,210**	**33,825,524**
Reclassification: Historical cost	(290,000)	-	(290,000)
Additions	-	420,712	420,712
Depreciation	-	(1,131,903)	(1,131,903)
Impairment losses	(1,999,378)	(2,054,573)	(4,053,951)
Reclassifications	-	942	942
Other changes	-	(933)	(933)
Carrying amount at 31 December 2019	**5,365,936**	**23,404,455**	**28,770,391**
Of which:			
Historical cost	12,001,743	64,715,778	76,717,521
Accumulated depreciation and impairment losses	(6,635,807)	(41,311,323)	(47,947,130)

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 a property in Beinasco (TO).

The reclassification from “Land” to “Assets held for sale” refers to the fair value of agricultural land close to the San Giorgio Canavese production facility that was sold at the beginning of 2020.

The parent entered into a business lease with third parties for the Bairo Canavese production facility in 2011. At the end of May, it was notified that such agreement would be terminated early on 31 December 2019.

Based on the above, the parent identified a trigger event which may impair the facility’s carrying amount. Therefore, in accordance with IAS 36, it tested the asset for impairment at 30 June 2019. It compared its carrying amount to its value in use, as recalculated to account for the early termination notice received from the lessee, and its fair value calculated considering the facility’s appraised value. The carrying amount of the facility was found to be substantially in line with the appraisal available to the parent and, therefore, the parent did not recognise any impairment loss.

The San Giorgio Canavese production facility has not been used since the end of 2015.

Its carrying amount was compared to its fair value. The latter was calculated considering the facility’s appraised value, showing a decrease in its recoverable amount of €4,053,961.

Impairment losses on land and buildings refer to the adjustment of the San Giorgio Canavese production facility carrying amount to its fair value net of costs to sell.

All land and buildings located in Italy are owned by Pininfarina S.p.A..

	Machinery	Plant	Total
Historical cost	6,860,513	84,927,841	91,788,354
Accumulated depreciation and impairment losses	(5,212,069)	(81,133,308)	(86,345,377)
Carrying amount at 31 December 2018	**1,648,444**	**3,794,533**	**5,442,977**
Reclassification: Historical cost	-	11	11
Reclassification: Acc. depreciation and imp. losses	-	786	786
Additions	355,249	1,263,613	1,618,862
Disposals: Historical cost	(134,735)	(437,201)	(571,936)
Disposals: Acc. depreciation and imp. losses	134,735	404,797	539,532
Depreciation	(201,925)	(635,461)	(837,386)
Impairment losses	(1,714,987)	-	(1,714,987)
Carrying amount at 31 December 2019	**86,781**	**4,391,078**	**4,477,859**
Of which:			
Historical cost	7,081,027	85,754,264	92,835,291
Accumulated depreciation and impairment losses	(6,994,246)	(81,363,186)	(88,357,432)

Plant and machinery at 31 December 2019 include generic production plant and machinery, mainly based at the Bairo and Cambiano facilities.

Additions of the year are mainly due to machinery and plant installed at the Cambiano facility.

Impairment losses on machinery were recognised following the comparison between the recoverable amount and the carrying amount of the “other design activities” CGU.

	Furniture and fixtures	Hardware and software	Other	Total
Historical cost	3,970,171	6,571,677	1,220,077	11,761,925
Accumulated depreciation and impairment losses	(2,892,409)	(5,170,325)	(393,313)	(8,456,047)
Carrying amount at 31 December 2018	**1,077,762**	**1,401,352**	**826,764**	**3,305,878**
Reclassification: Historical cost	-	481	-	481
Additions	103,802	492,784	118,863	715,449
Disposals: Historical cost	(79,421)	(34,473)	(43,081)	(156,975)
Disposals: Acc. depreciation and imp. losses	27,419	34,473	26,567	88,459
Depreciation	(168,672)	(413,577)	(138,907)	(721,156)
Impairment losses	(255,152)	(923,041)	(389,933)	(1,568,126)
Reclassifications	1,981	(50,915)	3,056	(45,878)
Other changes	(714)	(2,876)	(11,889)	(15,479)
Carrying amount at 31 December 2019	**707,005**	**504,208**	**391,440**	**1,602,653**
Of which:				
Historical cost	3,996,533	6,979,554	1,298,915	12,275,002
Accumulated depreciation and impairment losses	(3,289,528)	(6,475,346)	(907,475)	(10,672,349)

Additions to hardware and software for the year relate to the purchase of IT equipment for technological upgrading, mainly attributable to the parent.

The impairment losses on furniture and fixtures, hardware and software and other assets were recognised following a comparison between the recoverable amount and the carrying amount of the “other design activities” CGU.

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.

1They are mortgaged to secure a loan received by the German subsidiary (€90,000) and its bank overdraft (€2,368,172).

The reclassification to assets held for sale refers to the fair value of one of the two group properties that was sold at the beginning of 2020.

The fair value of property calculated in the appraisal exceeds its carrying amount.

	Land	Buildings	Total
Historical cost	5,807,378	12,232,539	18,039,917
Accumulated depreciation and impairment losses	-	(10,647,165)	(10,647,165)
Carrying amount at 31 December 2018	**5,807,378**	**1,585,374**	**7,392,752**
Reclassification: Historical cost	(888,789)	(1,147,283)	(2,036,072)
Reclassification: Acc. depreciation and imp. losses	-	507,271	507,271
Depreciation	-	(366,390)	(366,390)
Carrying amount at 31 December 2019	**4,918,589**	**578,972**	**5,497,561**
Of which:			
Historical cost	5,807,378	11,085,256	16,892,634
Accumulated depreciation and impairment losses	-	(10,506,284)	(10,506,284)

3. Intangible assets

The carrying amount of intangible assets at 31 December 2019 decreased to €6.1 million from €7.3 million at 31 December 2018.

	Goodwill	Licences	Other	Total
Historical cost	1,043,495	6,605,891	8,023,104	15,672,490
Accumulated amortisation and impairment losses	-	(5,855,729)	(2,490,366)	(8,346,095)
Carrying amount at 31 December 2018	**1,043,495**	**750,162**	**5,532,738**	**7,326,395**
Additions	-	639,783	172,015	811,798
Amortisation	-	(356,571)	(39,828)	(396,399)
Impairment losses	(1,043,495)	(586,524)	(20,041)	(1,650,060)
Carrying amount at 31 December 2019	**-**	**446,850**	**5,644,884**	**6,091,734**
Of which:				
Historical cost	1,043,495	7,245,674	8,195,119	16,484,288
Accumulated amortisation and impairment losses	(1,043,495)	(6,798,824)	(2,550,235)	(10,392,554)

The group's only intangible asset with an indefinite useful life, goodwill of €1,043,495, originates from the merger of Pininfarina Extra S.r.l.. It relates to the design activities which constitute a separate cash-generating unit.

The impairment losses on goodwill were recognised following a comparison of the recoverable amount of the "other design activities" CGU to its carrying amount.

"Other" includes the capitalisation of an advisory services agreement that the parent signed in connection with a long-term engineering contract.

The asset was recognised in 2018 at the amount of the liability with the supplier (see note 16) discounted on the basis of the payment plan agreed with the provider. Since the engineering contract has been suspended, the related asset's amortisation and contractual payments have also been suspended, pending developments in the end customer's situation.

4. Right-of-use assets and lease liabilities

This caption is required by IFRS 16 and shows the right to use the leased assets covered by the leases signed by the group companies, mainly buildings housing their offices.

i. Right-of-use assets

	Cars and other assets	Land and buildings
Opening balance	695,153	6,167,833
Depreciation	(366,592)	(1,098,445)
Increase	382,125	233,105
Impairment losses	(228,163)	-
Closing balance	**482,522**	**5,302,493**

ii. Amounts recognised in profit or loss

	2019
Depreciation of right-of-use assets	(1,465,037)
Interest expense on lease liabilities	(320,890)
Impairment losses on right-of-use assets	(228,163)
Expense for short-term or leases of low-value assets	(35,365)
Total	**(2,014,090)**

The group recognised impairment losses on its right-of-use assets following a comparison between the recoverable amount of the "Other design activities" CGU to its carrying amount, as discussed in "Accounting policies" section.

iii. Amounts recognised in the statement of cash flows

	2019
Total cash flows for leases	1,600,768

iv. Lease liabilities

Lease liabilities are broken down by due date in the following table:

	Carrying amount 31.12.2019	Contractual cash flows	Of which: due within one year	Of which: due from one to five years	Of which: due after five years
Lease liabilities	6,287,470	7,034,352	1,664,610	5,369,742	-

5. Investments in associates

They include:

	31.12.2019	31.12.2018
Goodmind S.r.l.	**119,001**	107,839
Signature S.r.l.	**483,141**	496,732
Investments in associates	**602,142**	604,571

The decrease is due to the group’s share of their loss for the year.

6. Equity investments in other companies

Equity investments in other companies did not change from the previous year end and are as follows:

	31.12.2019
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**

7. Loans and receivables

This caption relates to the non-interest bearing loan disbursed by the parent to the associate Signature S.r.l. to support its start-up phase.

8. Inventories

Raw materials mainly consist of various materials used for the production of cars and prototypes at the Cambiano facility. Finished goods comprise Pininfarina-branded products and 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:

	31.12.2019	31.12.2018
Raw materials	**541,471**	580,410
Allowance for inventory write-down	**(331,075)**	(338,368)
Finished goods	**2,349**	23,482
Finished goods store	**146,936**	142,764
Allowance for inventory write-down	**-**	-
Inventories	**359,681**	408,288

	2019		2018	
	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	**338,368**	**-**	360,188	-
Additions	**-**	**-**	-	-
Utilisations	**(7,293)**	**-**	(21,820)	-
Other changes	**-**	**-**	-	-
Closing balance	**331,075**	**-**	338,368	-

The allowance for raw material write-down reflects the risk of obsolete and slow-moving items.

9. Contract assets and liabilities

Contract assets show the balance of gross contract work in progress less progress payments and advances.

The change for the year is due to the progress of certain styling and engineering contracts from customers inside and outside the European Union.

Contract liabilities represent the group's obligation to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer.

10. Current financial assets at fair value through profit or loss

Current financial assets at fair value through profit or loss totalling €13.1 million at 31 December 2018 have been entirely sold.

The fair value gains and losses for the year have been recognised in profit or loss as financial income and expense (see note 27).

11. Trade receivables - third and related parties

The following table shows trade receivables at 31 December 2019 and 2018:

	31.12.2019	31.12.2018
Italy	**2,827,605**	2,286,911
EU	**7,123,011**	4,749,650
Non-EU countries	**20,317,679**	19,965,378
(Loss allowance)	**(5,679,416)**	(5,657,555)
Third parties	**24,588,878**	21,344,384
Signature S.r.l.	**48,800**	42,312
Pininfarina Engineering S.r.l.	**139,175**	-
Mahindra&Mahindra Group	**113,940**	2,404,982
Tech Mahindra Group	**53,271**	46,309
Automobili Pininfarina GmbH	**652,816**	335,845
Related parties	**1,008,002**	2,829,448
Trade receivables	**25,596,880**	24,173,832

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 loss allowance. The group did not factor any receivables. Trade receivables are mostly denominated in Euros.

The increase in trade receivables from third parties is due to a different type of invoicing plan being used compared to the previous year. The decrease in trade receivables from related parties is mainly due to Pininfarina Engineering S.r.l.'s receivable from the Mahindra & Mahindra Group.

The increase in the loss allowance is due to the impairment losses recognised on a prudent basis on the receivables due from certain European customers to which the group provided industrial design services.

Changes in the loss allowance are set out below:

	2019	2018
Opening balance	**5,657,555**	456,809
Additions	**212,207**	5,286,661
Utilisations	**(190,346)**	(85,915)
Closing balance	**5,679,416**	5,657,555

The group recognised impairment losses on certain net contract assets (see the following table) of specific contracts that have been suspended, pending developments in the related customers' industrial and commercial strategies, in order to cover the risk of non-payment, renegotiation or cancellation.

(€'000)	
Trade receivables	11,617
Contract liabilities	5,181
Net exposure	**5,181**

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2019:

	Gross carrying amount	**Loss allowance**
Contract assets	4,616,785	-
Current (not past due)	7,568,981	75,690
1–30 days past due	3,241,810	64,836
31–60 days past due	1,320,525	52,821
61–90 days past due	571,900	34,314
91–120 days past due	1,058,082	84,647
More than 120 days past due	**16,199,280**	**5,367,109**

With respect to exposures not individually impaired, the group defined a provisioning matrix based on its historical credit loss figures, adjusted by the counterparties' different credit rating and business environment.

12. Other assets

The following table shows other assets at 31 December 2019 and 2018:

	31.12.2019	31.12.2018
VAT	**7,645,797**	5,237,456
Withholding taxes	**5,033,890**	4,011,704
IRAP (regional tax on production activities) paid on account	**460,917**	-
Prepayments and accrued income	**706,014**	775,686
Amounts due from INAIL (the Italian workers' compensation authority) and INPS (the Italian social security institution)	**95,419**	83,977
Amounts due from employees	**137,960**	53,564
Other assets	**2,180**	3,500
Other	**325,039**	307,471
Third parties	**14,407,216**	10,473,358
Related parties	**-**	-
Other assets	**14,407,216**	10,473,358

The VAT asset is mainly attributable to the parent, which received the partial reimbursement of the VAT assets that arose in 2018 and in the second quarter of 2019 in March 2020 (€5.1 million).

Withholding taxes include amounts withheld from the parent and Pininfarina Engineering S.r.l..

13. Cash and cash equivalents

The table below shows a breakdown of this caption and a comparison with the previous year-end corresponding figures:

	31.12.2019	31.12.2018
Cash in hand and cash equivalents	**12,879**	17,227
Short-term bank deposits	**20,102,249**	18,339,366
Cash and cash equivalents	**20,115,128**	18,356,593
(Bank overdrafts)	**(2,368,172)**	(725,304)
Net cash and cash equivalents	**17,746,956**	17,631,289

The change is mainly due to working capital trends.

The bank overdrafts relate to the credit facilities drawn down by Pininfarina Deutschland GmbH.

Reference should be made to the statement of cash flows for details of the cash flows for the year.

14. Equity

(a) Share capital

	31.12.2019		31.12.2018	
	Nominal amount	**No.**	Nominal amount	No.
Ordinary shares	**54,287,128**	**54,287,128**	54,287,128	54,287,128
(Treasury shares)	**(15,958)**	**(15,958)**	(15,958)	(15,958)
Share capital	**54,271,170**	**54,271,170**	54,271,170	54,271,170

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.

(b) Share premium reserve

This reserve is unchanged from the previous year end.

(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 €10,854,234 increased by €4,790,475 from the previous year end, as provided for by the resolution for the allocation of the profit for the previous year. Pursuant to the provisions of article 2430 of the Italian Civil Code, it is available to cover any losses.

(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. It 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 year.

The options are measured using the Black-Scholes valuation approach and the following assumptions:

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: €305,696
8. Carrying amount at the reporting date: €2,216,799

(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 Shanghai Co Ltd. and Pininfarina of America Corp..

(g) Other reserves

Other reserves of €7,923,223 rose by €5,277,015 due to the merger of Pininfarina Extra S.r.l. into Pininfarina S.p.A..

(h) Losses carried forward

Losses carried forward totalled €15,461,391 at the reporting date, up by €7,924,128 from the 31 December 2018 figure. The increase is due to:

- the allocation of the profit for 2018 of €2,173,181;
- the reclassification of €5,277,015 to other reserves, following the merger of Pininfarina Extra into Pininfarina S.p.A.;
- the reclassification of €4,790,475 to the legal reserve, following the resolution for the allocation of the parent's profit.;
- the negative effect for the year of the adoption of IAS 19 (revised), quantified at €29,819.

The table reconciling the parent's loss and equity as at and for the year ended 31 December 2019 with the group's relevant figures is provided in the directors' report, to which reference is made.

15. Loans and borrowings

(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

On 30 May 2015, 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:

	31.12.2018	Change in bank overdrafts	Unrealised interest	Repayment	Current/ non-current reclassification	31.12.2019
Other loans and borrowings	22,441,025		1,597,021		(3,638,089)	20,399,957
Non-current portion	**22,441,025**		**1,597,021**		**(3,638,089)**	**20,399,957**
Bank overdrafts	725,304	1,642,868				2,368,172
Other loans and borrowings	3,638,089			(3,638,089)	3,638,089	3,638,089
Current portion	4,363,393	1,642,868		(3,638,089)	3,638,089	6,006,261
Current and non-current portions	**26,804,418**	**1,642,868**	**1,597,021**	**(3,638,089)**	**-**	**26,406,218**

The increase in bank overdrafts is due to the credit facilities drawn down by Pininfarina Deutschland GmbH.

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:

	31.12.2018	Unrealised interest	Repayment	**31.12.2019**
Intesa Sanpaolo S.p.A.	16,784,939	1,033,815	(2,316,237)	**15,502,517**
Banca Nazionale del Lavoro S.p.A.	988,016	60,854	(136,341)	**912,529**
Ubi Banca S.p.A. (formerly Banca Regionale Europea S.p.A.)	3,945,462	243,008	(544,456)	**3,644,014**
Selmabipiemme Leasing S.p.A.	4,210,697	259,344	(581,055)	**3,888,986**
Volksbank Region Leonberg (GER)	150,000	-	(60,000)	90,000
Other loans and borrowings	26,079,114	1,597,021	(3,638,089)	**24,038,046**

Pininfarina Deutschland Holding GmbH has a €90,000 loan with Volksbank Region Leonberg (GER). It is the only subsidiary with non-current debt. Consequently, the group's loans and borrowings are not subject to currency risk.

Reference should be made to the directors' report for more details on the net financial debt (ESMA).

16. 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:

	2019	2018
Opening post-employment benefits	**4,778,297**	4,789,063
Interest cost recognised in profit or loss	**48,306**	49,692
Current service cost recognised in profit or loss	**-**	90,435
Actuarial (gains)/losses recognised in other comprehensive income	**29,819**	(4,202)
Payments	**(849,427)**	(146,691)
Transfer to Pininfarina Engineering S.r.l.	**236,050**	-
Closing post-employment benefits	**4,243,045**	4,778,297

Following the early termination on 31 December 2019 of the business lease with Bluecar Italy S.r.l., 44 employment contracts and related post-employment benefits are transferred to Pininfarina S.p.A. from 1 January 2020.

The main assumptions underlying the actuarial calculation of the liability in the current and previous years are set out below:

	2019	2018
Annual inflation rate	**0.7%**	1.5%
Benefit discount rate	**0.3%**	1.0%

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.

17. Trade payables, other financial liabilities and other liabilities

(a) Trade payables

	2019	2018
Third parties	**19,193,148**	16,102,312
Related parties	**164,058**	493,063
Other liabilities - third parties	**280,442**	375,737
Other liabilities - related parties	**-**	-
Trade payables	**19,637,648**	16,971,112

Trade payables to third parties include roughly €5.8 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 payment plan originally in place with the service provider.

Since the engineering contract to which the obligation refers has been suspended at the reporting date, the related liability has also been suspended, pending developments in the end customer's situation.

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.

(b) Other financial liabilities

	2019	2018
Wages and salaries payable	**4,076,478**	3,172,734
Social security charges payable	**1,309,280**	1,358,763
Other	**1,686,304**	1,379,007
Other financial liabilities	**7,072,062**	5,910,504

18. 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:

	31.12.2018	**Additions**	**Utilisations**	**Other changes**	**31.12.2019**
Provision for product warranties	53,236	-	-	-	53,236
Restructuring provision	184,454	-	(184,454)	-	-
Other provisions	382,742	4,205,416	(1,154,698)	(34,758)	3,398,702
Provisions for risks and charges	**620,432**	**4,205,416**	**(1,339,152)**	**(34,758)**	**3,451,938**

The provision for product warranties, unchanged from the previous reporting date, represents the best estimate of the group's contractual and legal obligations with regard to costs entailed by warranties provided on certain components of the vehicles it manufactured for a specific period, starting from the sale of the vehicles to end customers. The above-mentioned estimate was determined based on the group's experience, specific contractual terms and product specifications and defect data generated by the statistical survey systems of the group's customers.

The restructuring provision was the best estimate of the related liability. Utilisations include amounts paid to employees who left during the year.

Other provisions reflect the estimated liabilities that may arise from losses to complete long-term design and engineering contracts, potential disputes with former employees and environmental risks. Additions, utilisations and other changes show the effects of the measurement of losses to complete long-term contracts attributable to Pininfarina S.p.A. e Pininfarina Engineering S.r.l. and environmental risks attributable to the parent.

(b) Contingent liabilities and litigation

There are no contingent liabilities or litigation to report at the reporting date.

19. Current and deferred taxes

(a) Deferred taxes

The table below provides a breakdown of deferred tax assets and liabilities:

	2019	2018
Deferred tax assets	**839,071**	3,019,085
(Deferred tax liabilities)	**-**	-
Net deferred tax assets	**839,071**	3,019,085

Deferred tax assets at 31 December 2018 were impaired on a prudent basis in 2019, considering the reference market trends in the second half of the year, as discussed in the directors' report.

The net deferred tax assets shown in the consolidated financial statements refer to the German companies.

(b) Current taxes

Income taxes recognised in the profit or loss are detailed below:

	2019	2018
Income taxes	**(33,201)**	(856,863)
IRAP (Regional tax on production activities)	**-**	(481,528)
Tax consolidation benefit	**-**	-
Adjustment to prior year tax consolidation benefit	**(12,918)**	4,214
Release of prior year provision	**(8,767)**	(23,522)
Current taxes	**(54,886)**	(1,357,699)
Change in deferred tax assets	**(2,179,955)**	2,153,776
Change in deferred tax liabilities	**-**	-
Net deferred taxes	**(2,179,955)**	2,153,776
Income taxes	**(2,234,841)**	796,077

20. Revenue from sales and services

Reference should be made to the relevant table for information on the impact of initially applying IFRS 15 to the Group's revenue from contracts with customers.

a) Revenue streams

The group's revenue mainly relates to the provision of design and engineering services and sales of spare parts and prototypes.

	2019	2018
Sales - Italy	**548,843**	1,176,476
Sales - EU	**986,946**	2,168,524
Sales - Non-EU countries	**574,068**	5,238,403
Services - Italy	**6,448,828**	13,327,334
Services - EU	**39,531,764**	25,825,216
Services - Non-EU countries	**31,743,413**	45,921,747
Royalties - Italy	**1,001,419**	1,211,875
Royalties - EU	**737,703**	720,157
Royalties - Non-EU countries	**2,237,301**	5,661,625
Change in contract assets	**1,490,931**	1,648,029
Revenue from sales and services	**85,301,216**	102,899,386

Following the Group's reorganisation, it reclassified the royalties for the use of the trademark to revenue in both years presented.

Other sources of revenue include the following:

	2019	2018
Lease income	**3,171,137**	1,913,751
Grants for research and training	**64,222**	35,112
Prior year income	**122,668**	151,682
Insurance compensation	**10,000**	80,908
Sundry	**1,607,175**	131,102
Rebilling	**138,415**	141,143
Other revenue and income	**5,113,617**	2,453,698

"Sundry" relates to Pininfarina Engineering S.r.l.'s acquisition of a business unit. 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 normal updating of estimates made in previous years.

b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major product and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments:

	Design	Engineering	Total
Geographical segment			
Italy	5,606,044	2,369,102	7,975,146
EU	19,977,157	21,279,256	41,256,413
Non-EU countries	29,147,796	12,018,517	41,166,313
Total	**54,730,997**	**35,666,875**	**90,397,872**
Major products/service lines			
Design services	48,066,578		48,066,578
Engineering services		33,258,215	33,258,215
Royalties	3,976,423		3,976,423
Lease income	2,400,000	771,137	3,171,137
Income from business combination		1,364,313	1,364,313
Other	287,995	273,210	561,206
Total	**54,730,997**	**35,666,875**	**90,397,872**
Timing of revenue recognition			
Products transferred at a point in time	287,995	1,637,523	1,925,519
Products and services transferred over time	54,443,001	34,029,352	88,472,353
Total	**54,730,997**	**35,666,875**	**90,397,872**

c) Contract balances

The following table provides information about receivables, assets and liabilities from contracts with customers.

	31.12.2019	31.12.2018
Amounts included in trade receivables	**31,276,296**	29,831,387
Contract assets	**4,616,785**	3,130,909
Contract liabilities	**(14,624,300)**	(13,565,536)

The contract assets primarily relate to the group's rights to consideration for work completed but not billed at the reporting date on made-to-order products/services.

The amount of contract assets was impacted by an impairment loss of €927,424 during the year. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the group issues an invoice to the customer.

Contract liabilities represent the group's obligation to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer.

The lower revenue recognised in 2019 from performance obligations satisfied (or partially satisfied) in previous years, mainly due to the changes in the estimate of the stage of completion of contracts, is €718 thousand.

The combined transaction price allocated to performance obligations still unsatisfied at the reporting date approximated €157 million. The Group expects that it will recognise roughly 21% of that amount as revenue in the following year.

No information is provided about remaining performance obligations at 31 December 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

Opening contract liabilities of €13.6 million have been reclassified to revenue during the year ended 31 December 2019.

d) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer.

The group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Major products/service lines	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under IFRS 15**
Design, engineering and operations services	The group has determined that for made-to-order products, the customer controls all of the work in progress as the products are being manufactured. This is because, under those contracts, products/services are made to a customer's specification and if a contract is terminated by the customer, then the group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms and are usually payable within 30 days. Uninvoiced amounts are presented as contract assets.	Revenue and associated costs are recognised over time - i.e., before the goods/services are made available at the customers' premises. Progress is determined based on the cost-to-cost method. When incremental in accordance with IFRS 15, costs of obtaining a contract are recognised as assets and depreciated in line with the transfer of control over the related product/service.
Architecture and design services	The group has determined that revenue from design services is recognised at a point in time, because the contractual terms do not allow the group to collect the consideration before the satisfaction of the performance obligation, even though the products/services are made to a customer's specification. Revenue is recognised when the work is delivered to and accepted by the customer, when the group's right to payment becomes enforceable.	Revenue is recognised at a point in time, corresponding to the customer's acceptance. The group applies the practical expedient provided for by the standard for incremental costs of obtaining a contract with a term of less than 12 months. Accordingly, these costs are recognised as an expense when incurred.
Architecture and design services	The group has determined that revenue from design services is recognised at a point in time, because the contractual terms do not allow the group to collect the consideration before the satisfaction of the performance obligation, even though the products/services are made to a customer's specification. Revenue is recognised when the work is delivered to and accepted by the customer, when the group's right to payment becomes enforceable.	Revenue is recognised at a point in time, corresponding to the customer's acceptance. The group applies the practical expedient provided for by the standard for incremental costs of obtaining a contract with a term of less than 12 months. Accordingly, these costs are recognised as an expense when incurred.
Lease income	The group has determined that lease income arises from services whereby the customer simultaneously receives and uses the related benefits as the group provides them. Accordingly, revenue from these performance obligations is recognised over time.	Revenue is recognised over time
Other	The group determines the most appropriate recognition of other minor revenue on a case-by-case basis.	Revenue is recognised over time/at a point in time

21. Gains and losses on sale of non-current assets and equity investments

Gains are mainly attributable to the sale of a robotic welding unit, while losses are mainly attributable to the sale of furniture and plant not entirely depreciated, both attributable to the parent.

22. 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.

23. External variable engineering services

External variable engineering services mainly refer to design and technical services.

24. Wages, salaries and employee benefits

	2019	2018
Wages and salaries	**(42,982,256)**	(39,101,005)
Social security contributions	**(10,620,611)**	(9,542,766)
Utilisation of restructuring provision	**184,452**	44,446
Blue collars, white collars and managers	**(53,418,415)**	(48,599,325)
Post-employment benefits - defined contribution plan	**(1,577,448)**	(1,438,373)
Wages, salaries and employee benefits	**(54,995,863)**	(50,037,698)

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 2019 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.

	31.12.2019		31.12.2018	
	reporting date	**average**	reporting date	average
Managers	**29**	**29**	27	26
White collars	**622**	**635**	606	580
Blue collars	**21**	**24**	23	25
Total	**672**	**688**	656	631

The business lease involved the transfer of 44 employment contracts.

25. (Additions to)/utilisation of provisions and impairment losses

	2019	2018
Net impairment losses on loans and receivables	**(220,521)**	(5,297,728)
Additions to provisions for risks and charges	**(4,205,416)**	(108,845)
Utilisation and revised estimates of provisions for risks and charges	**962,233**	20,537
Impairment losses on foreign withholding taxes	**(32,217)**	-
Impairment losses on property, plant and equipment	**(7,337,064)**	-
Amortisation of intangible assets	**(1,650,060)**	-
Right-of-use	**(228,163)**	-
(Additions to)/utilisation of provisions and impairment losses	**(12,711,208)**	(5,386,036)

Reference should be made to note 11 for details of impairment losses on loans and receivables.

Impairment losses on foreign withholding taxes refer to the assets acquired as a result of the merger with Pininfarina Extra S.r.l. which can no longer be offset.

Reference should be made to notes 1, 2 and 3 for details of impairment losses on property, plant and equipment, intangible assets and right-of-use assets, respectively.

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 18 for details of additions to the provisions for risks and charges.

26. Other expenses

	2019	2018
Travel expenses	**(1,626,399)**	(1,689,071)
Leases	**(1,245,141)**	(2,487,848)
Directors' and statutory auditors' fees	**(844,363)**	(923,314)
Consulting and other services	**(4,046,194)**	(3,191,064)
Other personnel costs	**(1,370,873)**	(1,203,131)
Postal expenses	**(397,753)**	(344,087)
Cleaning and waste disposal services	**(286,860)**	(300,644)
Advertising	**(1,016,876)**	(666,014)
Indirect taxes	**(785,650)**	(966,869)
Insurance	**(505,186)**	(448,373)
Membership fees	**(111,272)**	(97,444)
Prior period expense	**(39,508)**	(65,087)
General services and other expenses	**(1,002,711)**	(888,448)
Other expenses	**(13,278,786)**	(13,271,394)

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 under operating leases that are not covered by IFRS 16 either because they do not convey the right to use the asset or as a result of the application of the practical expedient to short-term or low value leases.

27. Net financial expense

	2019	2018
Interest and commission expense on credit facilities	**(205,866)**	(168,442)
Lease interest expense	**(320,891)**	-
Interest expense on loans and financing	**(1,685,168)**	(1,802,118)
Expense on assets held for trading	**-**	(276,552)
Interest expense on trade payables	**(78)**	(164,467)
Financial expense	**(2,212,003)**	(2,411,579)
Bank interest income	**4,042**	2,958
Interest income on loans and receivables - third parties	**53**	-
Interest income on loans and receivables - related parties	**-**	2,157
Gains on assets held for trading	**728,839**	-
Financial income	**732,934**	5,115
Net financial expense	**(1,479,069)**	(2,406,464)

Interest and commission expense refers to interest paid on credit facilities and bank fees.

Lease interest expense relates to the amortised-cost measurement of lease liabilities under IFRS 16.

Interest expense on loans and financing of €1,685,168 comprises the effect of amortised-cost accounting (€1,597,021) and interest accrued under the existing Agreement (€86,922). The remainder relates to foreign subsidiaries.

Bank interest income accrued on the current account credit balances.

OTHER INFORMATION

Events after the reporting date

The parent took out a 36-month loan of €20 million from Pininfarina Holdings B.V. in February 2020, not yet used to date.

Reference should be made to the "Going concern" section for details of the impacts of the current health crisis caused by COVID-19.

There are no other significant events that occurred after the reporting date.

Related party transactions – Pininfarina Group

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, considering the nature of the goods exchanged or services provided. They were neither atypical nor unusual for the purposes of the above-mentioned communication.

	Trade		Financial		Operating		Financial	
	Receivables	Payables	Assets	Liabilities	Revenue	Expense	Income	Expense
Signature S.r.l.	48,800	1,818	550,000	-	118,894	78,354	-	-
Tech Mahindra Ltd	5,370	162,240	-	-	250,654	219,411	-	-
Tech Mahindra GmbH	24,051	-	-	-	204,069	-	-	-
Mahindra&Mahindra Ltd	113,940	-	-	-	9,820,076	-	-	-
Mahindra Graphic Research Design S.r.l.	-	-	-	-	-	143,585	-	-
PT Mahindra Accelo Steel Indonesia	-	31,746	-	-	44,754	-	-	-
Mahindra North Americas Technical Center	23,850	-	-	-	55,022	-	-	-
Ssangyong Motor Company	-	-	-	-	302,000	-	-	-
Automobili Pininfarina GmbH	652,816	2,060,151	-	-	14,211,401	-	-	-
Total	**868,827**	**2,255,955**	**550,000**	**-**	**25,006,870**	**441,350**	**-**	**-**

Intragroup transactions include:

- Signature S.r.l.: loan agreement, purchases and sales of goods with Pininfarina S.p.A.;
- Tech Mahindra Ltd: services agreements with Pininfarina Engineering S.r.l. and Pininfarina S.p.A., Pininfarina Deutschland GmbH and Pininfarina of America Corp.;
- Tech Mahindra GmbH: lease agreement for equipped office premises and service agreements with Pininfarina Deutschland GmbH;
- Mahindra & Mahindra Ltd: brand licence agreement and engineering services agreements with Pininfarina S.p.A. and Pininfarina Engineering S.r.l.;
- Mahindra Graphic Research Design S.r.l.: engineering services agreement with Pininfarina Engineering S.r.l.;
- PT Mahindra Accelo Steel Indonesia: design services agreement with Pininfarina S.p.A.;
- Mahindra North America Technical Center: services agreement with Pininfarina Engineering S.r.l.;
- Ssangyong Motor Company: design services agreement with Pininfarina S.p.A.;
- Automobili Pininfarina GmbH: design and engineering 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 €36,000;
- Roberto Mattio provided consultancy to Pininfarina Engineering S.r.l. for €6,960.

On 26 September 2018, Pininfarina Engineering S.r.l. signed an engineering services agreement with Mahindra & Mahindra Ltd ("M&M") for the development of a project to design the upper body systems of the body shell, integration of the body shell with the main operating systems and achievement of the performance requested of a new Mahindra vehicle based on its new platform.

Pininfarina Engineering S.r.l. will receive a fee of €10,583,172 for its services to be provided over roughly 16 months. This fee qualifies the transaction as a “major transaction” pursuant to the relevant legislation. The services provided are part of the “company’s normal business activities” and are rendered on an arm’s length basis. At the reporting date, services provided to the customer totalled €10,553,138, €7,783,643 of which in 2019. The project has not been concluded yet because the wind tunnel test was postponed to 2020.

The parent, Pininfarina S.p.A., signed five design and engineering services agreements with Automobili Pininfarina GmbH (“AP”) on 29 June 2018, 26 March 2019, 31 May 2019, 22 July 2019 and 9 December 2019 respectively, for the development of a project to design the interior and exterior of a new car, to design the upper body systems of the body shell, integration of the body shell with the main operating systems and achievement of the performance requested of a new AP vehicle based on its new platform.

The parent will receive a total fee of €20,510,227 for its services to be provided under the above contracts from June 2018 to December 2020. This fee qualifies the transaction as a “major transaction” pursuant to the relevant legislation. The services provided are part of the “company’s normal business activities” and are rendered “on an arm’s length basis. At the reporting date, services provided to the customer totalled €14,261,633, €10,345,998 of which in 2019.

On 25 July 2019, Pininfarina Engineering S.r.l. signed an engineering services agreement with Mahindra & Mahindra Ltd (“M&M”) for the development of a project to design the upper body systems of the body shell, integration of the body shell with the main operating systems and achievement of the performance requested of a new Mahindra vehicle based on its new platform.

Pininfarina Engineering S.r.l. will receive a fee of €3,950,000 for its services to be provided over roughly 14 months. This fee qualifies the transaction as a “major transaction” pursuant to the relevant legislation. The services provided are part of the “company’s normal business activities” and are rendered on an arm’s length basis. Services provided to the customer in 2019 totalled €1,030,666.

Directors’ and statutory auditors’ fees

	2019	2018
Directors	**737**	812
Statutory auditors	**107**	112
Total	**844**	924

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:

	31.12.2019	**Merger of Pininfarina Extra**	**Impairment losses on the San Giorgio Canavese facility**	**Impairment losses on the “Other design assets” CGU**	**31.12.2019, net of significant non-recurring transactions**
Property, plant and equipment	34,983,259	(1,007)	4,053,951	3,283,113	42,319,316
Investment property	5,497,561			1,650,060	7,147,621
Intangible assets	6,091,734			228,163	6,319,897
Right-of-use assets	5,785,015				5,785,015
Equity investments	854,159				854,159
Deferred tax assets	839,071				839,071
Non-current financial assets	**550,000**				**550,000**
NON-CURRENT ASSETS	54,600,799	(1,007)	4,053,951	5,161,336	63,815,079
Inventories	359,681				359,681
Contract assets	4,616,785				4,616,785
Trade receivables and other assets	40,004,096				40,004,096
Cash and cash equivalents	20,115,128	(1,597,739)			18,517,389
CURRENT ASSETS	65,095,690	(1,597,739)	-	-	63,497,951
Assets held for sale	**1,818,800**				**1,818,800**
TOTAL ASSETS	**121,515,289**	**(1,598,746)**	**4,053,951**	**5,161,336**	**129,131,830**
Share capital and reserves	62,076,005	-	-	-	62,076,005
Loss for the year	(23,074,665)	(1,301,101)	4,053,951	5,161,336	(15,160,479)
EQUITY	**39,001,340**	**(1,301,101)**	**4,053,951**	**5,161,336**	**46,915,526**
Non-current loans and borrowings	25,389,839				25,389,839
Deferred tax liabilities	-				-
Post-employment benefits and other provisions	4,243,045	(236,050)			4,006,995
NON-CURRENT LIABILITIES	**29,632,884**	**(236,050)**	**-**	**-**	**29,396,834**
Current loans and borrowings	7,303,849				7,303,849
Other financial liabilities	7,072,062	(61,595)			7,010,467
Trade payables	19,637,648				19,637,648
Contract liabilities	14,624,300				14,624,300
Current tax liabilities	791,268				791,268
Provisions for risks and charges	3,451,938				3,451,938
CURRENT LIABILITIES	**52,881,065**	**(61,595)**	**-**	**-**	**52,819,470**
TOTAL LIABILITIES	**82,513,949**	**(297,645)**	**-**	**-**	**82,216,304**
TOTAL LIABILITIES AND EQUITY	**121,515,289**	**(1,598,746)**	**4,053,951**	**5,161,336**	**129,131,830**

	2019	Merger of Pininfarina Extra S.r.l.	Impairment losses on the San Giorgio Canavese facility	Impairment losses on the "Other design assets" CGU	2019, net of significant non-recurring transactions
Revenue from sales and services	85,301,216				85,301,216
Change in finished goods	(16,961)				(16,961)
Other revenue and income	5,113,617	(1,301,101)			3,812,516
REVENUE	**90,397,872**	**(1,301,101)**	**-**	**-**	**89,096,771**
Net gains on sale of non-current assets and equity investments	49,975				49,975
Raw materials and consumables	(7,104,026)				(7,104,026)
Other variable production costs	(2,037,936)				(2,037,936)
External variable engineering services	(14,658,050)				(14,658,050)
Wages, salaries and employee benefits	(54,995,863)				(54,995,863)
Amortisation and depreciation, impairment losses and provisions	(17,713,784)		4,053,951	5,161,336	(8,498,497)
Net exchange losses	(28,545)				(28,545)
Other expenses	(13,278,786)				(13,278,786)
OPERATING LOSS	**(19,369,143)**	**(1,301,101)**	**4,053,951**	**5,161,336**	**(11,454,957)**
Net financial expense	(1,479,069)				(1,479,069)
Dividends	10,817				10,817
Share of loss of equity-accounted investees	(2,429)				(2,429)
LOSS BEFORE TAXES	**(20,839,824)**	**(1,301,101)**	**4,053,951**	**5,161,336**	**(12,925,638)**
Income taxes	(2,234,841)	-	-	-	(2,234,841)
LOSS FOR THE YEAR	(23,074,665)	(1,301,101)	4,053,951	5,161,336	(15,160,479)

The transactions identified as significant and non-recurring are as follows:

a) Pininfarina Engineering S.r.l.'s acquisition of a business unit from Mahindra Graphic Research Design S.r.l. (which is a related party as it is owned by Mahindra & Mahindra Ltd). The impact of this transaction on the net financial debt and cash flows amounts to €1,597,738;

b) impairment loss on the San Giorgio Canavese facility by Pininfarina S.p.A.;

c) impairment loss on the assets of the "other design activities" CGU by Pininfarina S.p.A..

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 on the independent auditors' fees required by article 149-duodecies of the Issuer Regulation

The 2019 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 Issuers' Regulation.

Type of service	Service provider	Fee 2019
KPMG S.p.A.	Pininfarina S.p.A. (1)	155,500
KPMG Advisory S.p.A.	Pininfarina S.p.A. (2)	40,000
KPMG S.p.A.	Pininfarina Engineering S.r.l. (3)	25,000
KPMG S.p.A.	Pininfarina Extra S.r.l. (4)	
KPMG network	Subsidiaries (5)	61,000
Total		**281,500**

(1) They include the following services for total fees of €155,500:

- translation of financial documents prepared by Pininfarina S.p.A.;
- audit of the consolidated reporting package at 31 March 2019 for the consolidation purposes of the Tech Mahindra Group;
- limited assurance engagement on the non-financial statement.

(2) Non-financial statement assessment and benchmarking.

(3) Audit of the financial statements of Pininfarina Engineering S.r.l.;

(4) Audit of the financial statements of Pininfarina Extra S.r.l.;

(5) They include the audit of the reporting package at 31 March for the consolidation purposes of the Tech Mahindra Group (€18,000).

LIST OF CONSOLIDATED COMPANIES

Name	Registered office	Country	Share/quota capital	Currency	Consolidated%	Investor	Investment %
Parent							
Parent							
Pininfarina S.p.A.	Turin Via Raimondo Montecuccoli 9	Italy	54,287,128	€	100		
Consolidated subsidiaries							
Italian subsidiaries							
Pininfarina Engineering S.r.l.	Turin Via Nizza 262/25	Italy	100,000	€	100	Pininfarina S.p.A.	100
Foreign subsidiaries							
Pininfarina of America Corp.	Miami FL , 501 Brickell Key Drive, Suite 200	USA	10,000	USD	100	Pininfarina S.p.A.	100
Pininfarina Deutschland Holding GmbH	Leonberg Riedwiesenstr. 1	Germany	3,100,000	€	100	Pininfarina Engineering S.r.l.	100
Pininfarina Deutschland GmbH	Munchen Frankfurter Ring 81	Germany	25,000	€	100	Pininfarina Deutschland Holding GmbH	100
Pininfarina Shanghai 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.	Turin, Corso Vittorio 12	Italy	20,000	€	20	Pininfarina S.p.A.	20
Signature S.r.l.	Ravenna (RA) Via Paolo Frisi 6	Italy	10,000	€	24	Pininfarina S.p.A.	24

Key figures of the main group companies

(IFRS figures)

Pininfarina Engineering S.r.l. (*)

Registered office: Turin - I
Quota capital €100,000
Direct investment percentage 100%

€'million	**31.12.2019**	31.12.2018
Revenue	**21.9**	11.6
Loss for the year	**(4.9)**	(2.5)
Equity	**0.1**	17.1
Net financial position	**1.0**	1.9

Pininfarina Deutschland Group

Registered office: Leonberg - D
Share capital €3,100,000
Direct investment percentage 100%

€'million	**31.12.2019**	31.12.2018
Revenue	**22.9**	21.3
Loss for the year	**(1.3)**	(1.1)
Equity	**15.7**	17.0
Net financial debt	**(7.3)**	(2.2)

Pininfarina Shanghai Co. Ltd

Registered office: Shanghai - PRC
Share capital CNY3,702,824
Direct investment percentage 100%

€'million	**31.12.2019**	31.12.2018
Revenue	**8.9**	7.2
Profit for the year	**0.3**	1.1
Equity	**1.9**	2.1
Net financial position	**0.9**	1.3

Pininfarina of America Corp.

Registered office: Miami - USA
Share capital USD10,000
Direct investment percentage 100%

€'million	**31.12.2019**	31.12.2018
Revenue	**2.3**	2.6
Profit (loss) for the year	**(0.1)**	0.4
Equity	**1.5**	1.6
Net financial position	**0.1**	0.6

Pininfarina Extra S.r.l. (**)

Registered office: Turin - I
Share capital €388,000
Direct investment percentage 100%

€'million	**31.12.2019**	31.12.2018
Revenue	**0.0**	6.4
Profit for the year	**0.0**	1.1
Equity	**0.0**	6.4
Net financial position	**0.0**	3.7

(*) commenced operations on 1 July 2018

(**) Pininfarina Extra S.r.l. was merged into Pininfarina S.p.A. as of 1 January 2019

Chief Executive Officer

Silvio Pietro Angori

(signed on the original)

Disclosure on the merger of Pininfarina Extra S.r.l. (article 2504-bis-3 of the Italian Civil Code)

With respect to the above merger, a pro forma statement of financial position has been drawn up for the comparative purposes.

The schedule sums the assets and liabilities of Pininfarina S.p.A. and Pininfarina Extra S.r.l., which was merged into the former, and the result is adjusted by eliminating all intragroup balances and including the impact of the merger.

	Pininfarina S.p.A. (01.01.2019)	**Pininfarina Extra S.r.l. (01.01.2019)**	**Merger effect**	**Total**
Property, plant and equipment	40,230,608	138,784		40,369,392
Intangible assets	5,962,758	290,155		6,252,913
Equity investments	24,043,730	367,276	(2,177,506)	22,233,500
Deferred tax assets	1,255,256	24,861		1,280,117
Non-current financial assets	2,325,967	397,807		2,723,774
NON-CURRENT ASSETS	**73,818,319**	**1,218,883**	**(2,177,506)**	**72,859,696**
Inventories	265,524	142,764		408,288
Contract assets	838,677			838,677
Current financial assets	13,105,943			13,105,943
Trade receivables and other assets	22,387,592	3,307,016	(662,244)	25,032,363
Cash and cash equivalents	11,182,815	3,354,517		14,537,332
Assets held for sale	-			-
CURRENT ASSETS	**47,780,551**	**6,804,296**	**(662,244)**	**53,922,603**
TOTAL ASSETS	**121,598,870**	**8,023,179**	**(2,839,750)**	**126,782,299**
Share capital and reserves	60,508,661	6,411,027	(2,177,506)	64,742,181
Profit for the year	5,730,195			5,730,195
EQUITY	**66,238,856**	**6,411,027**	**(2,177,506)**	**70,472,376**
Non-current loans and borrowings	22,351,025			22,351,025
Post-employment benefits and other provisions	2,716,632	730,887		3,447,519
NON-CURRENT LIABILITIES	**25,067,657**	**730,887**		**25,798,544**
Current loans and borrowings	4,315,665	120,267		4,435,932
Other financial liabilities	2,973,429	385,359		3,358,788
Trade payables	14,566,356	369,483	(723,405)	14,212,434
Contract liabilities	7,541,381		61,161	7,602,542
Current tax liabilities	367,757	6,158		373,915
Provisions for risks and charges	527,769			527,769
CURRENT LIABILITIES	**30,292,357**	**881,266**	**(662,244)**	**30,511,379**
TOTAL LIABILITIES	**55,360,014**	**1,612,153**	**(662,244)**	**56,309,923**
TOTAL LIABILITIES AND EQUITY	**121,598,870**	**8,023,179**	**(2,839,750)**	**126,782,299**

Statement on the consolidated financial statements pursuant to article 154-bis of Legislative decree no. 58/98

◊ The undersigned Silvio Pietro Angori, as CEO, 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 2019.

◊ Moreover, they state that the consolidated financial statements as at and for the year ended 31 December 2019:

- 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.

23 March 2020

Chief Executive Officer	Manager in charge of financial reporting
Silvio Pietro Angori	Gianfranco Albertini
(signed on the original)	(signed on the original)

KPMG

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Pininfarina S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Pininfarina Group (the "group"), which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Pininfarina Group as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Pininfarina S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimate of the recoverable amount of non-current assets and goodwill

Directors' report: section "2019 performance by business segment", paragraph "Design segment", section "Financial performance and financial position of the Pininfarina Group", paragraphs "Financial performance" and "Financial position"; notes to the consolidated financial statements: note "Assessments that affect the consolidated financial statements, paragraph (c) Impairment", note 1 "Property, plant and equipment" and note 2 "Intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
Due to the suspension of certain important contracts and the general negative performance of the reference automotive market, in the second half of 2019, the group's revenue began to plummet, leading to an operating loss for the year. According to the directors' outlook for 2020, the difficult situation is expected to continue. Since they believed that this was an indication of impairment in accordance with IAS 36.12, the directors tested the group's non-current assets for impairment, by comparing the reporting-date carrying amount of the CGUs, including the related goodwill, to their recoverable amount. They estimated the recoverable amount based on their value in use, calculated using the discounted cash flow model. Impairment testing requires a high level of judgement, especially in relation to: — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector and the actual cash flows generated by the CGUs in recent years; — the financial parameters to be used to discount the above cash flows. For the above reason, we believe that the recoverability of non-current assets and goodwill is a key audit matter.	Our audit procedures included: — understanding the process adopted to prepare the impairment test approved by the parent's board of directors; — understanding the process adopted to prepare the CGUs' financial projections from which the expected cash flows used for impairment testing have been derived; — analysing the reasonableness of the assumptions used to prepare the financial projections; — checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process; — comparing the expected cash flows used for impairment testing to those used for the financial projections and analysing the reasonableness of any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information;

	— assessing the appropriateness of the disclosures provided in the notes about non-current assets, goodwill and the related impairment tests.

Recoverability of the Bairo Canavese and San Giorgio Canavese industrial facilities

Directors' report: section "Financial performance and financial position of the Group Pininfarina", paragraphs "Financial performance" and "Financial position"; notes to the consolidated financial statements: note "Assessments that affect the consolidated financial statements, paragraph (c) Impairment", note "Accounting policies" and note 1 "Property, plant and equipment"

Key audit matter	Audit procedures addressing the key audit matter
"Land and buildings" include the carrying amounts of the discontinued Bairo Canavese and San Giorgio Canavese industrial facilities. The recoverability of the above facilities' carrying amounts is based on their fair value, which is in line with the most recent appraisals available to the parent. Estimating those industrial facilities' fair value entails a high level of judgement by the directors, especially in relation to the key underlying assumptions. For the above reasons, we believe that the recoverability of the industrial facilities mentioned above is a key audit matter.	Our audit procedures included: — analysing the method used to calculate the Bairo Canavese and San Giorgio Canavese industrial facilities' fair value; — analysing the reasonableness of the assumptions underlying the industrial facilities' estimated fair value, including by checking the appraisals prepared by the group's consultants; — involving experts of the KPMG network in the assessment of the reasonableness of the appraisals prepared by the group's consultants, including by means of a comparison with external data and information; — analysing the events after the reporting date that provide information useful for an assessment of the recoverability of the carrying amounts of those industrial facilities; — assessing the appropriateness of the disclosures provided in the notes about the recoverability of the carrying amounts of those industrial facilities.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, 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.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISA Italia 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 consolidated financial statements.

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

— identify and assess the risks of material misstatement of the consolidated 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 group'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 group'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 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 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 6 May 2013, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2013 to 31 December 2021.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2019 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2019 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2019 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Pininfarina S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Turin, 17 April 2020

KPMG S.p.A.

(signed on the original)

Andrea Fumagallo
Director of Audit

MAD*POW MEDIA SOLUTIONS, LLC

Board of Directors
Mr. Will Powley
Mr. Ritesh Mohan Idnani
Mr. Lakshmanan Chidambaram

Registered Office
27 Congress Street Portsmouth
NH 03801 United States

Bankers
People’s United Bank

Auditors
CKH CPAs and Advisors, LLC

ACCOUNTANT’S COMPILATION REPORT

To the Board of Directors

Mad*Pow Media Solutions, LLC

Portsmouth, NH

Management is responsible for the accompanying financial statements of Mad*Pow Media Solutions, LLC (a Limited Liability Company), which comprise the balance sheet as of December 31, 2019, and the related statements of operations and changes in members’ equity and cash flows for the 5 months then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in Schedules of Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

CKH CPAs and Advisors, LLC
Atlanta, Georgia
June 16, 2020

BALANCE SHEET

AT DECEMBER 31, 2019

Current assets		
Cash and cash equivalents		$ 1,680,589
Accounts receivable, net	3	3,974,971
Due from related parties	6	105,484
Prepaid state and other taxes		28,019
Prepaid expenses and other current assets		149,431
		5,938,494
Non-current assets		
Right of use asset		4,165,810
Property and equipment, net	5	582,112
		4,747,922
Total Assets		**$ 10,686,416**
Current liabilities		
Accounts payable		$ 210,044
Accrued expenses and other current liabilities		331,394
Unearned revenue		893,107
Lease liability current portion		491,786
Short-term debt and line of credit	7	586,416
		2,512,747
Non-current liabilities		
Deferred income tax liabilities		73,374
Lease liability non-current portion		3,766,721
		3,840,095
Total liabilities		**6,352,842**
Commitments and contingencies (Note 9)		
Members' Equity		
Members' equity	8	4,333,574
Total Liabilities and Members' Equity		$ 10,686,416

See Notes to the Financial Statements

MAD*POW MEDIA SOLUTIONS, LLC

STATEMENT OF OPERATIONS

FOR THE PERIOD AUGUST 1, 2019 TO DECEMBER 31, 2019

	Schedules	
REVENUES:		
Consulting services		$ 7,805,264
Conference income		37,377
Total revenues		**7,842,641**
COST OF REVENUES:		
Cost of revenue for consulting service		4,731,097
Cost of revenue for conferences		148,239
Total cost of revenues		**4,879,336**
GROSS PROFIT		**2,963,305**
OPERATING EXPENSES:		
Personnel		1,079,158
General and administrative	I	743,476
Sales and marketing	II	88,230
Depreciation	Note 5	94,397
Total operating expenses		**2,005,261**
OPERATING PROFIT		**958,044**
OTHER EXPENSES		
Interest expense, net		9,984
Total other expenses		**9,984**
Profit before income tax expense		**948,060**
INCOME TAX EXPENSE	Note 4	94,800
NET PROFIT		**$ 859,625**

All revenue and profit for the year is generated from continuing operations.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE PERIOD AUGUST 1, 2019 TO DECEMBER 31, 2019

	Members' Capital	Accumulated Profits	Total Member's Equity
Balance at August 1, 2019	$ 100	$ 3,528,599	$ 3,528,699
Net profit for the period	-	859,625	859,625
Members drawings for the period	-	(54,750)	(54,750)
Balance at December 31, 2019	$ 100	$ 4,333,474	$ 4,333,574

MAD*POW MEDIA SOLUTIONS, LLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD AUGUST 1, 2019 TO DECEMBER 31, 2019

Cash flows from operating activities	
Net Profit	$ 859,625
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	94,397
Deferred income taxes	72,752
Lease expense	286,490
Changes in operating assets and liabilities:	
Accounts receivable, net	(1,351,720)
Due from related parties	(105,484)
State and other taxes	(5,465)
Prepaid expenses and other current assets	(27,140)
Unearned revenue	627,263
Operating lease payments	(234,992)
Accrued expenses and other current liabilities	(79,625)
Accounts payable	110,365
Net cash provided by operating activities	**246,466**
Cash flows from investing activities	
Capital expenditures	(74,197)
Net cash used in investing activities	**(74,197)**
Cash flows from financing activities	
Members drawings	(54,750)
Proceeds from debt and line of credit	550,000
Repayment of debt and line of credit	(22,262)
Net cash provided by/financing activities	**472,988**
Net increase in cash	645,257
Cash and cash equivalents at beginning of period	1,035,332
Cash and cash equivalents at December 31	**$ 1,680,589**
Supplemental disclosure of cash flow information:	
Cash paid for interest	9,984
Cash paid for income taxes	22,856

NOTES TO THE FINANCIAL STATEMENTS

AT DECEMBER 31, 2019

1. NATURE OF OPERATIONS

Mad*Pow Media Solutions, LLC (the company) is a consulting business that specializes in providing strategic user-centered design services and digital solutions to a diverse client base across various industries throughout the United States. Digital solutions comprise, but are not limited to, assisting clients with customer research, customer experience strategy and design, behavior change, marketing content strategy, mobile application and website development.

The company was converted from a New Hampshire Limited Liability company to a Delaware Limited liability company on July 29th, 2019. Tech Mahindra (Americas), Inc. acquired 65% of the shares of the company on July 31st, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

These 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).

B. 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.

C. REVENUE RECOGNITION

Revenue from consulting services contracts are recognized as the services are performed and the amounts are earned. The Company considers amounts to be earned once evidence of an arrangement has been obtained, services have been provided, fees are fixed or determinable, and collectability is reasonably assured.

The company further generates revenue by hosting conferences and only recognizes this revenue once the event is held.

Revenues from consulting services and conferences, together with all reimbursed costs for out of pocket expenses are presented on the statement of operations, net of allowances or adjustments for agreed changes to reimbursed costs.

D. COST OF REVENUE

This includes all direct costs for employee and contractors consisting of salaries and contract payments, payroll taxes, insurance costs as well as reimbursable costs such as travel, lodging or entertainment.

All costs associted with hosting conferences are capitalized to prepaid expenses and only recognized as cost of sales once the event has taken place.

E. ADVERTISING AND MARKETING

The Company expenses all advertising costs as incurred. Sales and marketing costs for the five months ended December 31, 2019, was $88,231, and were detailed in the supplemental schedule II to the financial statements.

F. INCOME TAXES

A limited liability company is treated as a partnership for federal income tax purposes and is not subject to federal income taxes. The taxable income or loss of the company is included in the individual income tax returns of its members based upon their percentage of ownership. Consequently, no federal tax provision for income taxes is required in the accompanying financial statements.

The company pays state taxes to MA and NH, in addition to the state taxes that it pays on behalf of its members through composite tax returns. Accordingly, there is a state tax provision raised for composite taxes which is included in the financial statements when required.

The company 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. The Company 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 all state jurisdictions where it operates.

G. CASH

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts held by a financial institution in the United States of America. As of December 31, 2019, the Company had $1,430,589 with financial institutions in excess of the federally insured limit.

H. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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 specific review of outstanding account balances. Company policy is that accounts overdue in excess of 120 days and not subject to offsetting is a strong indicator that the receivable has potentially impaired. Bad debts are written off against the allowance when identified.

I. UNBILLED RECEIVABLES

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

J. PROPERTY AND EQUIPMENT

Computers and equipment are recorded at cost less accumulated depreciation, however the depreciation for this category of assets is provided by applying the double declining balance method for the first three years of use of the asset and the straight-line method of the remaining balance for the following two years.

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method and is generally based on the following useful lives:

- Furniture and fixtures – seven years;
- Software – three years;
- Leasehold improvements – lesser of remaining life of lease (including probable lease extensions) or estimated useful life of equipment.

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the appropriate accounts and any resulting gain or loss is reflected in operations.

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, 2019.

K. 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.

L. LEASES

The company determines if an arrangement is a lease at inception of the arrangement. These leases are classified as either an operating lease or a finance lease. Based on the evaluation of leases for the period ended December 31, 2019, no leases meet the criteria for classification as a finance lease. Operating leases are capitalized on the balance sheet through a right-of-use ("ROU") asset and a corresponding lease liability. ROU assets represent the company's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long-term operating lease liabilities on the balance sheet. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The company enters into long-term contracts to lease office space in support of company operations and these have all been determined to represent operating leases.

3. ACCOUNTS RECEIVABLE, NET

At December 31, 2019, accounts receivable balances were as follows:

Amounts due for services rendered and billed	$	3,902,276
Less: allowance for doubtful accounts		(242,733)
Amounts due for services rendered and billed, net		3,659,543
Amounts due for services rendered, not billed		315,428
Total accounts receivable, net	$	3,974,971

4. INCOME TAXES

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

Current income tax (benefit) expense consists of the following:

Business enterprise tax	$	15,683
Other State taxes		-
		15,683
Deferred income tax (benefit) expense consists of the following:		
State	$	72,752
		72,752
Total current and deferred income tax (benefit) expense	$	88,435
Deferred tax liability consists of the following:		
State	$	(73,374)
	$	(73,374)

In the ordinary course of business there are 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.

The Company does not anticipate any amount to be recognized related to the Company's uncertain tax position.

5. PROPERTY AND EQUIPMENT, NET

At December 31, 2019, property and equipment balances were as follows:

Computer and equipment	$	931,016
Furniture	$	291,062
Leasehold improvements	$	605,465
Software	$	179,814
Less: accumulated depreciation	$	(1,425,245)
	$	582,112

Total depreciation expense for the five months ending December 31, 2019 was $94,397. The depreciation policies followed by the Company are disclosed in Note 2J above.

6. TRANSACTIONS WITH RELATED PARTIES

During the five months ended December 31, 2019, the Company had transactions with Tech Mahindra (Americas), Inc. ("TMA"). At December 31, 2019 the Company had receivables due from TMA as follows:

Billed income	21,103
Unbilled revenue	84,381
Ending balance, due from	105,484

7. SHORT-TERM DEBT AND LINE OF CREDIT FACILITY

On June 2, 2012, the Company entered into a line of credit agreement for $750,000 with People's United Bank (the "Bank"). The line is collateralized by the assets of the Company and the balance outstanding on this line at December 31, 2019 was $550,000. The interest is payable on the relevant interest payment day at the variable interest rate of the Bank's Prime Rate plus 1%, with a minimum rate of 4%, on a year of 360 days. Interest for the five months ended December 31, 2019 amounted to $9,133.

Additionally, on August 20, 2015 the Company entered into an term loan with the Bank for an amount of $250,000. The loan is collateralized by the assets of the Company. The balance outstanding at December 31, 2019 was $36,416 payable in monthly instalments of $4,622, the final instalment being August 20, 2020. Interest accrues at rate of 4.10% per annum based on a year of 360 days. Interest for the five months ended December 31, 2019 amounted to $852.

The loan agreements contain certain restricting covenants. At December 31, 2019 the Company complied with covenants as per the loan agreements.

Line of credit balance at August 1, 2019	$	-
Proceeds		550,000
Interest		9,133
Repayments made		(9,133)
Balance at December 31, 2019 of outstanding line of credit	$	550,000
Term loan balance at August 1, 2019	$	58,677
Interest		852
Repayment of term loan		(23,113)
Balance at December 31, 2019 of outstanding term loan	$	36,416
Total short term debt and line of credit	$	586,416

8. MEMBERS' EQUITY

On July 29, 2019, Tech Mahindra (Americas), Inc. ("TMA") entered into an agreement with the members of the Company whereby it acquired 65% of the shares in the company. Under this agreement TMA will purchase the balance of the shares over the next three years. At December 31, 2019 three individuals, resident in the State of New Hampshire ("minority shareholders") continue to hold the remaining minority interest in the Company.

9. COMMITMENTS AND CONTINGENCIES

Real Estate Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (Topic 842) "Leases." Topic 842 supersedes the lease requirements in Accounting Standards Codification Topic 840, "Leases." Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating.

The company adopted Topic 842 effective April 1, 2019. The most significant effects of Topic 842 were the recognition of right of use assets and of operating lease liabilities. We applied Topic 842 to all leases as of April 1, 2019. In the adoption of Topic 842, we carried forward the assessment from Topic 840 of whether our contracts contain or are leases, the classification of our leases, and remaining lease terms. The standard does not have a significant effect on our consolidated results of operations and cash flows.

On August 31, 2017 the Company entered into a building lease with Invesco IF IV U.S.3,LLC, for business use and occupancy of office space in Boston, Massachusetts. The lease was an extension of an existing lease dated June 8, 2012. The lease was extended beyond December 31, 2019 and is now effective until December 31, 2027. The new lease extension also stipulates the inclusion of additional floor space to that which was stipulated in the original lease.

The lease is subject to an annual increase as stipulated in the agreement applied from April 1st, 2020. In addition to the rental payable the company will also be responsible to pay certain recoveries of operational costs and taxes. The company has accounted for this new lease at July 31, 2019 and December 31,2019, in terms of the policies in Note L of the accounting policies disclosed above.

On September 5, 2018 the Company entered into a building lease with Wenberry Associates,LLC., for business use and occupancy of office space in Portsmouth, New Hampshire. The lease was an extension of an existing lease dated November 18, 2009. The lease was extended beyond December 31, 2018 and is now effective until December 31, 2023. The lease is subject to an annual increase at a rate equal to the Consumer Price Index for All Urban Consumers, but shall not exceed 3% in any year. In addition to the rental payable the company will also be responsible to pay certain recoveries of operational costs and taxes. The company has accounted for this new lease at July 31, 2019 and December 31,2019, in terms of Note L of the accounting policies disclosed above.

Rent expense for the five months ended December 31, 2019 was $286,489. The future minimum lease commitments are as follows:

Years ending December 31,	**$**
2020	657,970
2021	671,902
2022	685,916
2023	700,015
2024	548,600
2025	559,000
2026	569,400
2027	580,667

Contingent liability

The Company received notice from the State of New Hampshire Department of Revenue and Administration on February 18, 2020 of revised Business Tax Assessments based on the findings of their audit. The Company has subsequently appealed to the notice and are confident that their objection will be successful, however the Company cannot reasonably predict the ultimate outcome. The amount of the additional taxes levied for the fiscal years ending December 31, 2018, 2017 and 2016 were $ 15,017, $ 10,418 and $ 11,175 respectively.

10. CONCENTRATION OF CREDIT RISK

REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company's sales are credit sales and terms offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the entity's markets. The contractual terms on invoices issued to customers vary and are payable upon receipt or immediate to within 120 days.

Aging analysis of trade receivables, is as follows:

Less than 30 days	3,281,888
Between 30 and 60 days	278,539
Between 60 and 120 days	99,116
More than 120 days (provided for in full)	242,733
	3,902,276

The following are customer concentration for sales for the five months ended December 31, 2019 and billed accounts receivable as at December 31, 2019.

Billed Revenue concentration for the five months ended December 31, 2019:

	Amount, $	Concentration
Customer 1	2,267,749	29%
Customer 2	910,669	12%
Customer 3	609,572	8%
Customer 4	493,951	6%
Customer 5	475,349	6%

Billed accounts receivable concentrations as at December 31, 2019:

	Amount, $	Concentration
Customer 1	882,550	23%
Customer 2	838,138	21%
Customer 3	350,846	9%
Customer 4	319,184	8%
Customer 5	236,483	6%

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments. The carrying amounts of the Company's floatable interest rate debt are considered reasonable estimates of fair value.

12. EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

The Company sponsored defined contribution plans in which eligible participants may defer a fixed amount or a percentage of their eligible compensation, subject to limitations, pursuant to Section 401(k) of the Internal Revenue Code. The Company made discretionary matching contributions of eligible compensation. Contributions are discretionary and evaluated annually. Aggregate contributions charged to operations, including discretionary amounts, for the five months ending December 31, 2019 was $126,881.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 16, 2020. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

SCHEDULES OF EXPENSES

FOR THE PERIOD AUGUST 1, 2019 TO DECEMBER 31, 2019

	$
Schedule I	
GENERAL AND ADMINISTRATIVE	
Lease expense and other rent	286,490
Bad and doubtful receivables	94,729
Computer and software expenses	58,590
Professional fees	54,720
Dues and subscriptions	43,737
Insurance	31,543
Operational costs on rentals	25,695
Meals and entertainment	23,204
Miscellaneous expenses	21,925
Travel expenses	18,786
Charitable contributions	17,600
Utilities	14,550
Training and continuing education	14,243
Communications	11,473
Automobile expenses	10,220
Cleaning and janitorial expenses	8,020
Office supplies, printing and postage	5,623
Other Taxes	1,930
Bank service charges	398
	743,476
Schedule II	
SALES AND MARKETING	
Meals and entertainment	41,917
Office supplies, printing and posting	16,963
Advertising and promotions	13,704
Travel expenses	9,813
Research and samples	5,833
	88,230

LIGHTBRIDGE COMMUNICATIONS CORPORATION

Board of Directors
Mr. Manish Vyas
Mr Guru Prasad R Iyengar

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 TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2020.

Financial Results:

For the year ended March 31,	**2020** **USD (in '000)**	**2019** **US D (in '000)**
Income	218,551	229,787
Profit/(Loss) before tax	(2,531)	(25,463)
Profit/(Loss)after tax	(5,607)	(24,877)

Review of Operations:

During the year under review, the Company recorded an income of US$ 218,551 Mn Loss after tax was (US$ (5,607) Mn).

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, 2020.

Directors:

Mr. Manish Vyas, and Mr Guru Prasad R Iyengar 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, Texas
Date :10-June-2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Lightbridge Communications Corporation

We have audited the accompanying consolidated financial statements of Lightbridge Communications Corporation (a Delaware corporation), its subsidiaries and its associate which comprise the consolidated balance sheet as of March 31, 2020 and 2019, and the related consolidated statement 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 consolidated 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We did not audit the financial information of the component, LCC Acquisition Holdings B.V., a component of LCC Europe B.V. and of Leadcom Integrated Solutions International B.V. and its subsidiaries, which reflect total assets constituting $ 83.66 million and $ 85.64 million of consolidated total assets as of March 31, 2020 and 2019 respectively, and total revenues of $ 88.03 million and $ 90.99 million of consolidated total revenues for the year ended March 31, 2020 and 2019 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.

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, its subsidiaries and its associate as of March 31, 2020 and 2019 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.

Place: Mumbai, India
Date: June 10, 2020

CONSOLIDATED BALANCE SHEET

(all amounts in thousands, except per share data)

	Notes		March 31, 2020		March 31, 2019
Assets					
Current assets					
Cash and cash equivalents		$	27,673	$	14,491
Restricted cash			149		191
Receivables, net of allowance for doubtful accounts of $ 2,838 and $14,774	3		37,232		43,272
Unbilled receivables, net			30,380		35,870
Prepaid expenses and other current assets			15,085		21,275
Due from related parties	12		30,183		22,584
Deferred income tax assets	8		2,001		4,468
Total current assets		**$**	**142,703**	**$**	**142,151**
Non-current assets					
Property and equipment, net	4	$	6,219	$	9,145
Advance income taxes			1,160		1,206
Deferred income tax assets	8		340		2,033
Goodwill	5		3,443		3,443
Other intangibles, net	5		11,992		16,132
Operating lease right-of-use assets (net)	9		9,067		—
Investments in affiliates	13		—		—
Other non current assets			1,233		954
Total assets		**$**	**176,157**	**$**	**175,064**
Liabilities and shareholders' equity					
Current liabilities					
Lines of credit	6	$	113,602	$	119,480
Accounts payable			8,486		9,842
Accrued expenses			24,791		17,357
Accrued employee compensation and benefits			8,286		11,531
Deferred revenue			4,625		2,962
Income taxes payable			4,969		4,820
Deferred tax liabilities	8		615		936
Operating lease liabilities	9		2,284		—
Obligations under capital leases	9		886		1,463
Other current liabilities			2,206		507
Total current liabilities		**$**	**170,750**	**$**	**168,898**
Notes payable, net of current portion	6	$	16	$	79
Operating lease liabilities	9		7,495		—
Obligations under capital leases	9		499		1,021
Accrued restructuring, non current	7		1,828		1,353
Deferred income tax liabilities	8		2,125		4,551
Other non current liabilities			5,841		5,098
Total liabilities		**$**	**188,554**	**$**	**181,000**
Shareholders' equity					
Class A common stock; $0.5 and $0.5 par value at March 31, 2020 and March 31, 2019, respectively; 6,000 shares and 6,000 shares authorized at March 31, 2020 and March 31, 2019, respectively; 5,063 and 5,063 issued and outstanding at March 31, 2020 and March 31, 2019, respectively		$	3	$	3
Additional paid-in capital			265,077		265,077
Accumulated deficit			(287,585)		(281,978)
Accumulated other comprehensive income			10,087		10,941
Non-controlling interest			**21**		**21**
Total shareholders' equity		**$**	**(12,397)**	**$**	**(5,936)**
Total liabilities and shareholders' equity		**$**	**176,157**	**$**	**175,064**

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTBRIDGE COMMUNICATIONS CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

(all amounts in thousands)

	Notes		Year ended March 31, 2020		Year ended March 31, 2019
Revenues		$	218,551	$	229,787
Cost of revenues			190,574		192,928
Gross profit		$	27,977	$	36,859
Operating expenses					
Sales and marketing		$	3,604	$	3,623
General and administrative			9,303		32,334
Restructuring charge	7		1,704		1,277
Depreciation and amortization	4 & 5		8,327		10,013
Total operating expenses		**$**	**22,938**	**$**	**47,247**
Profit/(loss) before other income (expenses) and income taxes		$	**5,039**	$	**(10,388)**
Other income/(expense)					
Interest income			147		138
Interest expense			(4,498)		(4,746)
Others			(3,219)		(10,467)
Total other expense, net		**$**	**(7,570)**	**$**	**(15,075)**
Loss before income taxes			**(2,531)**		**(25,463)**
Income tax expense/(benefit)	8		**3,076**		**(586)**
Net loss		**$**	**(5,607)**	**$**	**(24,877)**
Add: net profit attributable to non-controlling interest			0.06		0.06
Net loss attributable to shareholders of Lightbridge Communications Corporation		$	(5,607)	$	(24,877)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

(all amounts in thousands)

		Year ended March 31, 2020		Year ended March 31, 2019
Net loss	$	(5,607)	$	(24,877)
Other comprehensive (loss) / income :				
Change in fair value of interest rate swap		(2,710)		(936)
Change in foreign currency translation reserve		1,856		7,451
Comprehensive loss	**$**	**(6,461)**	**$**	**(18,362)**

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTBRIDGE COMMUNICATIONS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

(all amounts in thousands)

		Year ended March 31, 2020		Year ended March 31, 2019
Operating activities				
Net loss	$	(5,607)	$	(24,877)
Adjustments to reconcile net loss to net cash generated from operating activities:				
Depreciation and amortization		8,327		10,013
Deferred income taxes		1,413		(4,228)
Guarantee fees		443		422
Restructuring charge		1,378		1,277
Loss on disposal of fixed assets		114		278
Changes in operating assets and liabilities:				
Restricted cash		42		319
Trade, unbilled and other receivables		3,931		11,458
Accounts payable and accrued expenses		2,833		(641)
Operating lease right-of-use assets and operating lease liabilities		712		—
Other current assets and liabilities		9,701		5,381
Other non-current assets and liabilities		986		2,409
Net cash generated from operating activities	**$**	**24,273**	**$**	**1,811**
Investing activities				
Purchase of property and equipment	$	(1,557)	$	(7,129)
Proceeds from sale of property and equipment		24		5,463
Net investment in short term bank deposits		17		(44)
Net cash used in investing activities	**$**	**(1,516)**	**$**	**(1,710)**
Financing activities				
Repayment of Tech Mahindra (Americas) notes	$	(63)	$	(10,955)
Settlement of finance lease obligation		(1,099)		—
Net borrowings on lines of credit		(5,878)		4,329
Issuance of notes payable		—		25
Repayment on notes payable		—		(151)
Net cash used in financing activities	**$**	**(7,040)**	**$**	**(6,752)**
Effect of exchange rate changes on cash and cash equivalents	$	(2,535)	$	3,525
Net increase/(decrease) in cash and cash equivalents		13,182		(3,126)
Cash and cash equivalents at the beginning of the period		14,491		17,617
Cash and cash equivalents at the end of the period	**$**	**27,673**	**$**	**14,491**
Supplemental Disclosures:				
Cash paid during the period for:				
Interest	$	3,611	$	3,878
Income taxes		2,087		5,437
Cash received during the period for:				
Interest	$	147	$	138
Supplemental Disclosures of Non-Cash Investing and Financing Activities:				
Fixed asset additions under capital lease (disclosed on payment basis)	$	265	$	2,220
Initial recognition of the lease at commencement		12,439		—

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(all amounts in thousands)

Year ended March 31, 2020 and 2019

	Common stock				Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity
	Authorized		Issued and outstanding					
	Shares	Amount	Shares	Amount	Amount	Amount	Amount	Amount
Balance as at April 1, 2018	**6,000**	**$ 3**	**5,063**	**$ 3**	**$ 265,077**	**$ (257,101)**	**$ 4,426**	**$ 12,405**
Net income/(loss)	-	-	-	-	-	(24,877)	6,515	**(18,362)**
Less: Non-controlling interest	-	-	-	-	-	0.06	-	**0.06**
Balance as at March 31, 2019	**6,000**	**$ 3**	**5,063**	**$ 3**	**$ 265,077**	**$ (281,978)**	**$ 10,941**	**$ (5,957)**
Net income/(loss)	-	-	-	-	-	(5,607)	(854)	**(6,461)**
Less: Non-controlling interest	-	-	-	-	-	0.06	-	**0.06**
Balance as at March 31, 2020	**6,000**	**$ 3**	**5,063**	**$ 3**	**265,077**	**$ (287,585)**	**$ 10,087**	**$ (12,418)**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

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, 2020, the Company had an accumulated deficit of $287.6 million and the Company incurred a net loss of $ 5.6 million for the year ended March 31, 2020. The Company had cash inflow from operations of $ 24.3 million for the year ended March 31, 2020. As of March 31, 2020, the Company has approximately $ 113.6 million of short-term borrowings, the most significant of which are $ 76.0 million from Citibank N.A scheduled to mature in April 2021 with renewals at agreed intervals and $ 31.3 million on a line-of-credit facility with JP Morgan Chase Bank scheduled to mature in December 2020 with renewals at agreed intervals. The borrowings under these facilities are guaranteed by Tech Mahindra Limited, the ultimate holding company. See Note 6, Borrowings. Management has prepared projections and believes that cash flows from operations, existing cash on hand, available cash under existing 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. Accordingly, the financial statements for the year ended March 31, 2020 has been prepared on a going concern basis.

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 the 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, discounting of lease liability and the accrual of restructuring charges. Although these estimates are based upon management's best knowledge of current events and actions, actual amounts may differ from 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, 2020 and March 31, 2019, the Company had $ 27.4 million and $ 14.1 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 including within United States of America at March 31, 2020 and March 31, 2019:

	March 31,	
	2020	2019
	(In thousands)	
Middle East/Africa	$ 18,875	$ 12,282
Americas	13,532	14,133
Europe	4,357	4,550
Rest of the world	468	12,307

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 67% and 63% of its revenues from ten customers for the year ended March 31, 2020 and 2019, respectively. The Company has approximately 67% and 57% of its accounts receivable (including unbilled revenue) from ten customers as of March 31, 2020 and 2019, respectively. Individually, one of these top ten customers comprised 17% and 16% of total revenue for the year ended March 31, 2020 and 2019 respectively. Individually, one of these top ten customers of the Company had net receivable balance (including unbilled revenue) at 14% and 12% of total receivables as of March 31, 2020 and 2019, 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, 2020, the Company has $ Nil [2019: $52,036] 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, Equipment and Software

Property and equipment are stated at cost, less an allowance for depreciation and amortization.

Assets under capital lease obligations are recorded at lower of the present value of the minimum lease payments or the fair market value of the leased asset, at the inception of the lease.

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

Expenditure for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation and amortization are eliminated from the financial records. Any gain or loss on disposal is credited or charged to the statement of operations.

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, 2020 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 statement of operations during the year ended March 31, 2020 and March 31, 2019.

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.

Effective April 1, 2019, the Company has adopted new standard "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition" ("ASC 605") and nearly all other existing revenue recognition guidance under US GAAP. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The Company has adopted ASC 606 using the modified retrospective method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application, i.e., 01 April 2019 and the comparative information in the statement of operations is not restated. Refer Note 2—Summary of Significant Accounting Policies, 'Revenue Recognition' in the audited financial statements of the Company for Financial Year 2018-19 for accounting policies on revenue recognized prior to April 1, 2019. There is no impact of the adoption of the new standard on the financial statements of the Company.

Revenue is recognised upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

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 i.e. based on time / efforts spent.

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.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (under current assets) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue is recognised when there is billing in excess of revenues, under current liabilities. The billing schedules agreed with customers include periodic performance -based payments and / or milestone- based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant estimates and judgements

The Company uses the expected cost- plus margin approach to allocate the transaction price to each distinct performance obligation.

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 are used to measure progress towards completion as there is a direct relationship between input and productivity.

The Company uses significant judgements while determining the transaction price allocated to performance obligations using the expected cost-plus margin approach.

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.

Disaggregation of revenue:

The Company disaggregates revenue from contracts with customers by geography and contract-type, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by industry, market and other economic factors. Revenues are attributed to geographic regions based upon client location.

The following tables set forth reported revenue by geography and contract type:

(In thousands)

Geographic Location	Year ended 31 March 2020	Year ended 31 March 2019
Middle East / Africa	109,616	98,461
Americas	76,280	91,531
Europe	29,460	35,628
Rest of the world	3,195	4,167
Total	**218,551**	**229,787**

Type of Contract	Year ended 31 March 2020	Year ended 31 March 2019
Fixed Price	154,044	160,585
Time and Materials	64,507	69,202
Total	**218,551**	**229,787**

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, 2020 and March 31, 2019, 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 $ 32.8 million and $32.4 million at March 31, 2020 and March 31, 2019, respectively.

Certain of the Company’s international operations are subject to local income taxation. Currently, the Company is subject to taxation on income from certain operations in Europe, Latin America, Africa, the Middle East and the non-U.S. portions of North America where the Company has subsidiaries, has established branch offices or has performed significant services that constitute a “permanent establishment” for tax reporting purposes. The foreign taxes paid or accrued by the Company may represent a potential credit for the Company against U.K. or U.S. federal income taxes.

Foreign Currency Translation

The Company’s foreign operations are subject to exchange rate fluctuations and foreign currency transaction costs. The majority of the Company’s foreign transactions are denominated in Euro and Saudi Riyals.

The financial statements of the Company's foreign subsidiaries have been translated into U.S. dollars in accordance with ASC 830-30, Translation of Financial Statements. For foreign operations with the local currency as the functional currency, assets and liabilities denominated in non-U.S. dollar functional currencies are translated using the period-end spot exchange rates. Revenues and expenses are translated at monthly-average exchange rates. Capital accounts are translated at historical exchange rates. The current period effects of translating operations with a functional currency other than the reporting currency are reported within the statement of comprehensive

income (loss) with accumulated effects presented as a component of accumulated other comprehensive income (loss) within the consolidated statement 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, 2020 and March 31, 2019, these balances generated a foreign exchange loss of $ 2.5 million and loss of $ 9.5 million, respectively. These amounts are included in other income/(expense) in the consolidated statement 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).

Leases:

Effective April 1, 2019, the Company has early adopted, with modified retrospective application, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASC 842), which replaces existing lease accounting rules (ASC 840) with a comprehensive lease measurement and recognition standard and expanded disclosure.

This update requires the recognition of lease assets and lease liabilities on the balance sheet for all lease obligations and disclosing key information about leasing arrangements. This update requires the recognition of lease assets and lease liabilities by lessees for arrangements that are classified as operating leases. The Company's operating leases resulted in the recognition of additional assets and the corresponding liabilities on its Consolidated Balance Sheet.

The Company determines whether an arrangement is a lease at contract inception by establishing if the contract conveys the right to control the use of identified property, plant and equipment for a period of time in exchange for consideration.

Right of Use (ROU) Assets and Lease Liabilities for operating leases are separately disclosed under non-current assets, current liabilities and non-current liabilities in the consolidated balance sheet as at March 31, 2020. The ROU Assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Commitments under finance leases are not significant, and are included in Property, plant and equipment, current liabilities, and non-current liabilities in the consolidated balance sheet as at March 31, 2020.

The key change upon adoption of the standard was balance sheet recognition, given that operating lease was recognised as lease expense in the statement of operations under historical accounting. Using the modified retrospective transition method of adoption, the Company did not adjust the balance sheet for comparative periods.

Leases:

The management of the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which, among other things, allowed the Company to carry forward historical lease classification. It excluded leases with original terms of one year or less. The accounting for finance leases did not change from prior accounting for capital leases. The early adoption of ASC 842 resulted in the recognition of an operating lease liability of $ 12.4 million and an operating right-of-use asset of the same amount. Existing prepaid and deferred rent accruals were recorded as an adjustment to the right-of-use asset, resulting in a net asset of $ 11.8 million. The standard did not materially impact the statement of operations or statement of cash flows, and had no impact on the debt-covenant compliance under the current agreements.

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 0.45%. Transfers of accounts receivable were approximately 0.8 million and 1.0 million Euros (approximately $ 0.9 million and $ 1.1 million) as of March 31, 2020 and March 31, 2019, respectively, which is included within lines of credit in the consolidated balance sheet. As of March 31, 2020 and March 31, 2019, the Company had unutilized limit of 1.2 million and 1.0 million Euros (approximately $1.3 million and $1.1 million), respectively, available under the HSBC 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. Under the terms of the Belfius Agreement, accounts receivable are sold to Belfius with recourse at 90% of their face value less interest of EURIBOR + 1.6% and a commission of 1.2%. There is a onetime fixed charge of 750 Euros per year. Transfers of accounts receivable were approximately 0.3 million Euros and 0.4 million Euros (approximately $ 0.4 million and $ 0.5 million) as of March 31, 2020 and March 31, 2019 respectively, which is included within lines of credit in the consolidated balance sheet. As of March 31, 2020 and March 31, 2019, the Company had unutilized limits of 1.2 million and 1.1 million Euros (approximately $1.3 million and $1.2 million), respectively, available under the Belfius 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 0.5 million Euros. 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 plus 3% and a commission of 0.50%. Transfers of accounts receivable were Nil Euros and 10,000 Euros (US$ NIL and US$ 11,219), as of March 31, 2020 and March 31, 2019, respectively. As of March 31, 2020 and March 31, 2019, the Company had unutilized limits of 0.5 million and 0.5 million Euros (approximately $ 0.5 million and $ 0.5 million), respectively, available under the Bankinter Agreement.

NOTE 4—PROPERTY AND EQUIPMENT

At March 31, 2020 and 2019, property and equipment consisted of the following:

	March 31,	
	2020	**2019**
	(In thousands)	
Computer and electronics	$ 2,555	$ 2,880
Machinery and equipment	13,271	17,871
Furniture and office equipment	3,138	3,314
Office building	2,340	2,374
Leasehold improvements	3,806	3,795
Vehicles	5,777	5,623
Property and equipment	30,887	35,857
Less: accumulated depreciation and amortization	(24,668)	(26,712)
Property and equipment, net	$ 6,219	$ 9,145

Property and equipment includes vehicles and machinery and equipment under capital lease amounting to $ 5.6 million and $ 5.3 million as of March 31, 2020 and March 31, 2019 respectively. Accumulated depreciation for vehicles and machinery and equipment under capital lease amounted to $ 3.8 million and $ 2.7 million as of March 31, 2020 and March 31, 2019 respectively.

Depreciation and amortization expense related to property and equipment for the year ended March 31, 2020 and 2019 was $ 3.9 million and $ 4.7 million, respectively.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

As of March 31, 2020 and 2019 intangible assets consisted of the following:

	March 31,	
	2020	**2019**
	(In thousands)	
Goodwill	$ 3,443	$ 3,443
Other intangible assets:		
Customer relationships	33,728	33,769
Backlog	308	9,626
Trade names	6,689	6,689
Patents	48	48
Software	4,047	5,013
	44,820	**55,145**
Total other intangible assets		
Less: Accumulated amortization		
Customer relationships	(24,919)	(22, 194)
Backlog	(308)	(9,345)
Trade names	(4,040)	(3,416)
Patents	(48)	(48)
Software	(3,513)	(4,010)
Accumulated amortization	(32,828)	(39,013)
Other intangible assets, net	**$ 11,992**	**$ 16,132**

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, 2020 and 2019.

Amortization expense related to intangibles was $ 4.4 million and $ 5.3 million for the year ended March 31, 2020 and 2019, respectively. The weighted average amortization period is 12 years for customer relationships; 10 years for patents; 10 years for trade names; 1.5 years for backlog and 4 years for software.

The following summarizes expected amortization expense for each of the five succeeding years (In thousands):

March 31, 2021		3,486
March 31, 2022		3,248
March 31, 2023		2,359
March 31, 2024		2,157
March 31, 2025		579
Thereafter		163
	$	**11,992**

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 February 2021. The facility accrues interest at a rate of LIBOR plus 0.65% from December 2017, and further reduced to LIBOR plus 0.60% from December 2019. Amendment 4 to the agreement was signed on December 5, 2019 to facilitate a Euro line of credit not exceeding EURO 31 Million against aforementioned $ 50 million line of credit. The USD line of credit was decreased by $ 16.9M (equivalent of EURO 15 million) and a separate EURO 15 million line of credit was obtained. The facility is an unsecured facility.

In April 2016, the Company entered into an agreement with Citibank for additional credit facility, which allowed borrowing up to $ 30.0 million until April 15, 2018. An amendment was signed on March 21, 2018 to facilitate 8.6 million Euro line of credit within aforementioned $ 30 million line of credit ($29 million funded line and $1 million non-funded line). Amendment 4 to the agreement was signed on September 11, 2019 increasing the EURO line of credit to 11.6 million Euros. The agreement was further extended till April 2021. 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, 2020, $ 49.7 million and $ 26.3 million were drawn against the two Citibank facilities mentioned above. Total interest expense on the said facility was $ 1.86 million and $1.99 million for the year ended March 31, 2020 and 2019, 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 2020. 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, 2020, $ 31.3 million was drawn against the JPMorgan facility. Total interest expense on the facility was $ 0.89 million and $0.94 million for the year ended March 31, 2020 and 2019, respectively.

The aggregate maturities (inclusive of interest accrued and due) of all borrowings as of March 31, 2020 are as follows (In thousands):

2021	$ 113,602
2022	16
	$ 113,618

As of March 31, 2020 and 2019, the total outstanding borrowings, as discussed above, are as follows:

		2020		**2019**
		(In thousands)		
Citibank line of credit, including accrued interest	$	76,017	$	77,075
JP Morgan line of credit, including accrued interest		31,313		31,318
Accounts receivable (factoring arrangements) (See Note 3)		307		1,654
Other credit facilities		5,981		9,512
	$	**113,618**	**$**	**119,559**

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 sheet. Changes in the fair value of derivative instruments designated as cash flow hedges approximated loss of $ 2.7 million and $ 0.9 million for the year ended March 31, 2020 and 2019, 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 with renewals at quarterly intervals as of March 31, 2020 are as follows:

Banking Institution		**Notional Amount**	**Variable Rate Received**	**Fixed Rate Paid**	**Contract Commencement Date**	**Contract Maturity Date**
JP Morgan	$	60,000,000	3 - months LIBOR	0.944%	04-Mar-20	04-Mar-25
JP Morgan	$	36,000,000	3 - months LIBOR	0.670%	04-Jan-21	02-Jan-25
Citi Bank	$	40,000,000	3 - months LIBOR	1.224%	31-Mar-20	31-Dec-20
Citi Bank	$	15,000,000	3 - months LIBOR	2.339%	10-Feb-20	10-May-22
Citi Bank	$	15,000,000	3 - months LIBOR	1.856%	13-Jan-20	11-Jul-22

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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, 2020 and 2019 the Company implemented an integration and restructuring plan encompassing various entities within the Americas, Europe, and Middle East regions. It recorded restructuring charges totaling $1.7 million and $1.3 million as a result of staff and office space optimization and one-time cost incurred in this respect during the year ended March 31, 2020 and March 31, 2019 respectively.

A reconciliation of the amount towards restructuring activities for the years ended March 31, 2020 and March 31, 2019 is as follows:

(In thousands)

	Severance	One time settlement	Others	Total
Accrued restructuring as of March 31, 2018	$ 1,267	$ 4,313	$ —	$ 5,580
Restructuring charge	1,277	__	—	1,277
Payments/adjustments against the provision:				
Payments for severance	(1,191)	—	—	(1,191)
One time Settlement	—	(3,927)	—	(3,927)
Others	$ —	$ (386)	$ —	$ (386)
Accrued Restructuring as of March 31, 2019	1,353	—	—	1,353
Restructuring charge	1,704	—	—	1,704
Payments/adjustments against the provision:				
Payments for severance	(1,229)	—	—	(1,229)
Accrued Restructuring as of March 31, 2020	1,828	—	—	1,828

At March 31, 2020 and 2019, the accrued restructuring charge was classified as follows:

	March 31, 2020	March 31, 2019
	(In thousands)	
Accrued restructuring, current	$ ---	$ ---
Accrued restructuring, noncurrent	1,828	1,353
	$ 1,828	**$ 1,353**

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 March 31, 2016 to March 31, 2019. In addition, the Company is currently open to audit under the statute of limitations in various foreign jurisdictions for the tax years between 2010 and 2019.

The provision for income taxes for the year ended March 31, 2020 and March 31, 2019 consisted of the following (Figures in ‘000):

	March 31,2020	March 31, 2019
Current:		
Federal	(173)	(308)
State	22	31
Foreign	2,097	3,752
Total Current	**1,946**	**3,475**
Deferred:		
Federal	(340)	84
State	(169)	-
Foreign	1,639	(4,145)
Total Deferred	**1,130**	**(4,061)**
Total	**3,076**	**(586)**

Deferred income taxes, net includes the following components as of March 31, 2020 and March 31, 2019:

	March 31, 2020	March 31, 2019
	(In Thousands)	
Deferred Taxes:		
Gross deferred tax assets*	38,224	53,437
Less: valuation allowance	(19,673)	(30,894)
Deferred tax assets, net of valuation allowance	18,551	22,543
Gross deferred tax liabilities	(2,740)	(5,487)
Net deferred tax assets	**15,811**	**17,056**

* includes receivable of $ 16.21 million ($ 16.04 million as at March 31, 2019) from Tech Mahindra (Americas), Inc. using a “benefit-for-loss” method based on consolidated tax return filed by Tech Mahindra (Americas), Inc.

The Company believes that the net deferred tax assets are realisable based on the Company’s financial results for the year ended March 31, 2020 and March 31, 2019, projected future taxable income and tax planning strategies The Company’s deferred tax assets are primarily comprised of deferred tax assets of $ 34.2 million and $ 29.9 million on cumulative net operating losses at March 31, 2020 and March 31, 2019, 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 $ 50.99 million as of March 31, 2019 which expire beginning in 2029. Entire amount of $ 50.99 million will be utilised under Sec 382 limitation. The Company also has $ 100.9 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 from business conducted in countries where the Company has subsidiaries or has established branch offices or has performed significant services that constitute a “permanent establishment” for tax reporting purposes. Foreign income tax also includes withholding tax on projects in countries where the Company does not have a registered presence.

The Company has made no provision for deferred U.S. income taxes or additional foreign taxes on any unremitted earnings of its controlled foreign subsidiaries because the Company considers these earnings to be permanently reinvested.

In determining the income tax valuation allowances, management considers whether it is unlikely that any portion of the deferred tax assets will be realized. Based on the Company’s financial results for the year ended March 31, 2020 and March 31, 2019, projected future taxable income and tax planning strategies, the Company decreased its valuation allowance on deferred tax assets on foreign and domestic net operating loss carry-forwards and other deferred tax assets by $ 11.22 million during the year ended March 31, 2020.

As a subsidiary of Tech Mahindra (Americas), Inc., with whom the Company files consolidated federal and state tax 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 $32.8 million (including $16.21 million towards deferred tax) and $32.4 million (including $16.04 million towards deferred tax) at March 31, 2020 and March 31,2019, respectively.

NOTE 9 - LEASES

The Company is a party to operating and finance lease agreements primarily for office facilities, warehouses, residential premises and vehicles expiring on various dates between 2020 and 2029. Some of the operating leases include one or more options to renew. The exercise of these renewal options is at Company's sole discretion. Renewal options were included in the calculations of the operating lease ROU assets and operating lease liabilities when it is reasonably certain that such options will be exercised.

A. Components of lease costs for the year ended March 31, 2020 included in the Statement of operations are as follows:

(In thousands)

Particulars	**March 31, 2020**
Operating lease cost	2,948
Finance lease cost:	
Depreciation of right-of-use assets	1,085
Interest on lease liabilities	226
Short term lease cost	3,982
Sub-lease income	(674)
Total lease cost	**7,567**

B. Cash paid for amounts included in measurement of lease liability:

(In thousands)

Particulars	**March 31, 2020**
Operating cash flow towards finance leases	223
Operating cash flow towards operating leases	2,897
Financing cash flow towards finance leases	1,099
Right of use assets recognised in exchange for new finance lease liabilities	262
Right of use assets recognised in exchange for new operating lease liabilities	730

C. Components of lease assets and liabilities as at March 31, 2020 included in the Balance Sheet are as follows:

(In thousands)

Particulars – assets	**March 31, 2020**
Operating lease right-of-use assets	9,067
Finance leases:	
Property and equipment, at cost	5,547
Accumulated depreciation	(3,801)
Property and equipment, net	1,746

(In thousands)

Particulars – liabilities	**March 31, 2020**
Operating lease:	
Current	2,284
Non-current	7,495
Finance lease:	
Current	886
Non-current	499

D. Weighted Average Remaining Lease term and Discount Rate:

Particulars	LCC (excluding Leadcom)	Leadcom	Average*
Weighted-Average Remaining Lease Term:			
Operating leases	6.75 years	2.80 years	4.77 years
Finance leases	2.80 years	1.90 years	2.35 years
Weighted-Average Discount Rate:			
Operating leases	2.21%	7.50%	4.86%
Finance leases	0.90%	7.30%	4.10%

* Average has been calculated by taking average of LCC and Leadcom data.

E. The following table provides the schedule of maturities of operating and finance lease liabilities, under the New Lease Standard, as of March 31, 2020:

(In thousands)

Particulars – Operating leases	March 31, 2020
2020-2021	2,328
2021-2022	1,800
2022-2023	1,378
2023-2024	1,267
2024-2025	1,122
Thereafter	2,841
Total lease payments	**10,736**
Less: Imputed Interest	957
Net	**9,779**

(In thousands)

Particulars – Finance leases	March 31, 2020
2020-2021	939
2021-2022	455
2022-2023	56
Total lease payments	**1,450**
Less: Imputed Interest	65
Net	**1,385**

NOTE 10—HEALTH AND RETIREMENT PLANS

April 2019 to March 2020

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 $ 2.7 million and $ 2.6 million for the year ended March 31, 2020 and 2019, respectively

Defined benefit plan

The amount recognized in the consolidated statement of operations related to gratuity plans were approximately $ 2.6 million and $2.4 million for the year ended March 31, 2020 and March 31, 2019, respectively.

The following table sets out the unfunded status of the Gratuity Scheme.

(In thousands)

	Year ended March 31, 2020	Year ended March 31, 2019
Change in the benefit obligation		
Projected Benefit Obligation ("PBO") at the beginning of the year	6,632	5,395
Service cost	2,005	1,767
Interest cost	297	211
Actuarial loss/(gain)	281	425
Benefits paid	(1,505)	(1,126)
Exchange loss/(gain)	(109)	(40)
PBO at the end of the year	**7,601**	**6,632**

The expected benefit payments during the next 10 years are given below:

(In thousands)

Financial Year Expected benefit payments	As at March 31, 2020
2020-21	641
2021-22	755
2022-23	873
2023-24	967
2024-25	1,075
2025-30	6,333

The assumptions used to determine net benefit cost were as follows:

	Year ended March 31,2020	Year ended March 31, 2019
Discount rate (p.a.)	4%-4.7%	5.6%
Rate of increase in compensation levels	2%-5%	2.0%

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 $ 0.4 million, per participant per plan year (individual stop loss) under the Tech Mahindra stop loss policy. It carries aggregate reinsurance capped at approximately $ 50.2 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—SHAREHOLDERS' EQUITY

As of March 31, 2020, all of the outstanding common stock issued by the Company are wholly owned by Tech Mahindra Americas, Inc.

NOTE 12—RELATED PARTY TRANSACTIONS

During the year ended March 31, 2020 and 2019, 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 (Nigeria) Limited

   Tech Mahindra DE Mexico S DE RL DE CV

   Tech Mahindra GmbH (Ratingen Branch)

2. **Related party transactions**

(In thousands)

Nature of Transaction	Name of Related Party	March, 31	
		2020	2019
Interest Expenses	Tech Mahindra Americas, Inc.	-	315
Reimbursement for Services	Tech Mahindra Americas, Inc.	608	1,061
	Tech Mahindra GmbH	-	19
	Tech Mahindra Limited	789	3,358
	Tech Mahindra DE Mexico S DE RL DE CV	85	14
Rent Expense	Tech Mahindra Limited	116	128
	Tech Mahindra DE Mexico S DE RL DE CV	149	232
Rent Income	Tech Mahindra Limited	13	13
Revenue from services	Tech Mahindra Americas, Inc.	4,618	9,223
	Tech Mahindra Limited	12,774	6,470
	Tech Mahindra DE Mexico S DE RL DE CV	1,585	1,054
Subcontractor Expenses	Tech Mahindra Limited	1,402	2,903
Tax	Tech Mahindra Americas, Inc.	391	308
	Tech Mahindra GmbH	-	3
	Tech Mahindra Limited	376	158
	Tech Mahindra DE Mexico S DE RL DE CV	185	15

3. Balances with related parties (as at year-end)

(In thousands)

Nature of Transaction	Name of Related Party	March, 31 2020	March, 31 2019
Accounts Payable	Tech Mahindra Americas, Inc.	3,369	4,620
	Tech Mahindra Limited	4,117	10,316
	Tech Mahindra DE Mexico S DE RL DE CV	68	98
Accounts Receivable	Tech Mahindra (Nigeria) Limited	-	14
	Tech Mahindra Americas, Inc.	33,130	34,108
	Tech Mahindra Limited	3,583	3,245
	Tech Mahindra DE Mexico S DE RL DE CV	1,074	251
Loan Payable	Tech Mahindra Limited	50	-

NOTE 13—INVESTMENTS IN OTHER ENTITIES

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 14—COMMITMENTS AND CONTINGENCIES

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, 2020 and 2019 is $ 3.4 million and $ 2.8 million respectively. Guarantees outstanding as at March 31, 2020 and 2019 are $ 0.2 million and $ 0.2 million respectively.

NOTE 15 - Estimation uncertainty relating to the global health pandemic - COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The impact of COVID-19 on the business operations of the Company, including the duration, cannot be reasonably ascertained at this point in time, however, considering the fact that the Company's services have been classified as essential services, the management does not anticipate any material adverse impact on the business, results of operations, financial position and cash flows in the financial year ending 31 March 2021.

NOTE 16—SUBSEQUENT EVENTS

The Company evaluated its financial statements for subsequent events through June 10, 2020 the date the financial statements were available to be issued. The Company is not aware of any additional subsequent events which would require recognition or disclosure in the financial statements.

THE CJS SOLUTIONS GROUP, LLC

Board of Managers
Mr. Milind Vasant Kulkarni
Mr. Richard Caplin
Mr. Vivek Satish Agarwal (Appointed on 12th September, 2019)

Registered Office
6440 Southpoint Parkway
Suite 300
Jacksonville Florida
32216

Bankers
BB&T
Westpack Banking Corporation

Auditors
CKH CPAs and Advisors, LLC
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

Board of Directors

The CJS Solutions Group, LLC and Subsidiaries a Florida Limited Liability Company Jacksonville, Florida

We have audited the accompanying consolidated financial statements of The CJS Solutions Group, LLC. and its subsidiaries (collectively referred to as the "Company"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018 and the related consolidated statements of operations and comprehensive loss, members' capital and cash flows for the year ended December 31, 2019 and 2018 and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 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, 2019 and 2018, the results of operations and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

As discussed in Note 8 to the financial statements, the Company has had numerous transactions with the 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 Expenses on page 1016 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of 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.

CKH CPAs and Advisors, LLC
Atlanta, Georgia March 04, 2020

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2019 AND 2018

	Note	2019	2018
Current assets			
Cash and cash equivalents		**$ 2,722,836**	$ 5,423,497
Accounts receivable, net	3	**44,218,050**	55,347,463
Due from related parties	8	**316,074**	872,953
Prepaid income tax		**2,969,841**	2,021,359
Prepaid expenses and other current assets		**1,294,256**	1,791,102
		51,521,057	65,456,374
Non-current assets			
Property and equipment, net	5	**583,748**	842,432
Right of use asset		**82,840**	-
Capital work in progress		**484,631**	-
Deferred income tax asset	4	**4,946,361**	2,622,646
Intangible assets, net	6	**18,169,534**	23,602,867
Goodwill, net	7	**44,078,820**	49,752,100
		67,762,186	75,977,613
Total Assets		**$ 119,866,991**	$ 142,276,419
Current liabilities			
Accounts payable		**2,612,967**	2,583,349
Accrued expenses and other current liabilities		**8,484,456**	7,666,168
Income taxes payable		**3,983,192**	597,722
Lease liability		**91,615**	-
Due to related parties	8	**1,497,090**	2,659,166
Short-term debt and line of credit	9	**16,614,161**	40,000,000
Total liabilities		**33,283,481**	53,506,405
Commitments and contingencies (Note 12 and 13)			
Members' Equity			
Members' equity	10	**86,583,510**	88,770,014
Total Liabilities and Members' Capital		**$ 119,866,991**	$ 142,276,419
See Notes to the Consolidated Financial Statements	3		

THE CJS SOLUTIONS GROUP, LLC

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

FOR YEARS ENDED DECEMBER 31, 2019 and 2018

	Schedules	2019	2018
REVENUES		**$166,984,166**	$229,582,720
COST OF REVENUES	I	**133,657,255**	195,419,077
GROSS PROFIT		**33,326,911**	34,163,643
OPERATING EXPENSES:			
Personnel		**14,910,714**	14,535,792
General and administrative	II	**8,471,342**	10,306,519
Amortization		**11,106,613**	11,571,761
Write-off from impairment of goodwill		**-**	2,065,373
Depreciation	Note 5	**432,046**	323,053
		34,920,715	38,802,498
OPERATING LOSS		**(1,593,804)**	(4,638,855)
OTHER INCOME / (EXPENSES)			
Other income		**434,488**	230,884
Interest expense, net		**(1,004,971)**	(1,772,170)
Foreign currency (loss) / gain		**(1,186,671)**	13,648
		(1,757,154)	(1,527,638)
Loss before income tax expense		**(3,350,958)**	(6,166,493)
INCOME TAX (EXPENSE) / BENEFIT	Note 4	**(10,358)**	670,091
NET LOSS		**(3,361,316)**	(5,496,402)
Other comprehensive gain			
Gain/(Loss) on foreign currency translation		**1,174,812**	(194,240)
Comprehensive Loss		**(2,186,504)**	(5,690,642)

All revenue and profit for the year is generated from continuing operations.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FOR YEARS ENDED DECEMBER 31, 2019 and 2018

	Members' Capital	Accumulated Other Comprehensive (Loss)	Accumulated (Deficit)	Total Members' Capital
Balance at December 31, 2017	**$ 99,927,450**	**$ (1,567,788)**	**$ (3,899,006)**	**$ 94,460,656**
Net loss for the period	-	-	(5,496,402)	(5,496,402)
Other comprehensive loss	-	(194,240)	-	(194,240)
Balance at December 31, 2018	**99,927,450**	**(1,762,028)**	**(9,395,408)**	**88,770,014**
Net loss for the period	-	-	(3,361,316)	(3,361,316)
Other comprehensive gain	-	1,174,812	-	1,174,812
Balance at December 31, 2019	**$ 99,927,450**	**$ (587,216)**	**$ (12,756,724)**	**$ 86,583,510**

See Notes to the Consolidated Financial Statements

THE CJS SOLUTIONS GROUP, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR YEARS ENDED DECEMBER 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net Loss	**$ (3,361,316)**	$ (5,496,402)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	**11,106,613**	11,571,761
Depreciation	**432,046**	323,053
Write-off for impairment of goodwill	**-**	2,065,373
Deferred income tax benefit	**(2,323,714)**	(1,304,753)
Changes in operating assets and liabilities:		
Accounts receivable, net	**11,129,413**	(7,738,172)
Due from related parties	**(605,197)**	1,349,654
Prepaid income taxes	**(948,482)**	(1,616,359)
Prepaid expenses and other current assets	**496,846**	6,044,826
Other receivables	**-**	(1,133,692)
Right of Use Asset	**(82,840)**	-
Accrued expenses and other current liabilities	**818,288**	1,269,423
Accounts payable	**29,617**	(2,508,194)
Income taxes payable	**3,385,470**	538,055
Net cash provided by operating activities	**20,076,744**	3,364,573
Cash flows from investing activities		
Capital expenditures	**(657,993)**	(468,163)
Net cash used in investing activities	**(657,993)**	(468,163)
Cash flows from financing activities		
Uncommitted loan	**2,614,161**	(991,479)
Lease Liability	**91,615**	-
Proceeds from committed loans	**56,425,686**	140,000,000
Repayment of committed loans	**(82,425,686)**	(150,000,000)
Net cash provided by financing activities	**(23,294,224)**	(10,991,479)
Effect of exchange rate changes on cash	**1,174,812**	(90,664)
Net decrease in cash	**(2,700,661)**	(8,185,733)
Cash and cash equivalents at beginning of year	**5,423,497**	13,609,230
Cash and cash equivalents at December 31	**$ 2,722,836**	$ 5,423,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 and 2018

1. NATURE OF OPERATIONS

The CJS Solutions Group, LLC (the "Parent") and Subsidiaries (the "Company") 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 consolidated financial statements of the Company includes The CJS Solutions Group, LLC d/b/a The HCI Group 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 and HCI Group Australia Pty Ltd. Refer to Note 13 below for details on closure of subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

The accompanying consolidated financial statements reflect the consolidated results of the Parent and its subsidiaries for the year ended December 31, 2019. 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 operations and comprehensive loss, 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 and contract payments (mainly from hours), payroll taxes, insurance costs as well as reimbursable costs such as travel, lodging or entertainment.

F. ADVERTISING AND MARKETING

The Company expenses all advertising costs as incurred. Sales and Marketing costs for year ended December 31, 2019, was $568,667, and for the year ended December 31, 2018, was $378,944.

G. INCOME TAXES

CJS, was formed as a Limited Liability Company. On May 5, 2017 management 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.

For the foreign subsidiaries deferred tax assets are only recognized if it is probable that they will be used.

H. CASH

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts held by a financial institution in the United States of America. As of Decmeber 31, 2019 and 2018, the Company had

$1,302,476 and $3,589,329 respectively with financial institutions in excess of 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. As of December 31, 2019 and 2018 such balances held in the United Kingdom exceeded the insured limits by £570,360 ($756,722) and £1,059,586 ($1,352,054) respectively.

I. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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 specific review of outstanding account balances. Company policy is that accounts overdue in excess of 365 days and not subject to offsetting is a strong indicator that the receivable has potentially impaired. 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 less accumulated depreciation. 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. When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the appropriate accounts and any resulting gain or loss is reflected in operations.

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, 2019 and 2018.

L. FOREIGN EXCHANGE RATES

The Company translates the operations and balances of its foreign subsidiaries into U.S. Dollars. Assets and liabilities are translated into U.S. Dollars at year-end exchange rates. Income and expense items are translated at the average rates of exchange prevailing during the year. Translation adjustments are included in "Other Comprehensive Loss" and "Accumulated Other Comprehensive Loss". Transactions in currencies other than the functional currency of the related subsidiary are converted at the foreign exchange rate on the date of the transaction. Gains and losses, which result from foreign currency transactions, are included in Other Expenses.

M. GOODWILL

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). 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 whenever events occur, or circumstances changes, which indicates that the fair value of the Company may be below its carrying amount.

N. IDENTIFIABLE INTANGIBLES

Identifiable definite lived intangibles are stated at fair value as of date of acquisition and are amortized over their estimated useful lives. The Company amortizes customer relationships on a straight-line basis over a six-year period. Under the provisions of (Topic 350) Intangibles - Goodwill and Other, identifiable intangible assets with definite lives are tested for impairment if conditions exist that indicate the asset might be impaired. The impairment assessments made at December 31, 2019 did not result in any impairment charges.

O. RELATED PARTIES

All companies within the Group are considered to be 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). The Company did business, including a lease agreement with a provider in which a certain employee of the Company owns an interest. Transactions involving related parties are carried out on an arm's length basis.

P. LEASES

The company determines if an arrangement is a lease at inception of the arrangement. These leases are classified as either an operating lease or a finance lease. Based on the evaluation of leases for the year ended December, 31, 2019, no leases meet the criteria for classification as a finance lease. Operating leases are capitalized on the consolidated balance sheet through a right-of-use (“ROU”) asset and a corresponding lease liability. ROU assets represent the company’s right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long-term operating lease liabilities in our consolidated balance sheets. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The company enters into long-term contracts to lease office space in support of company operations and these have all been determined to represent operating leases.

Q. CAPITAL WORK IN PROGRESS

Capital work-in-progress are costs incurred in the construction of the new corporate office lease space. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use and have been transferred to and disclosed under the fixed assets.

3. ACCOUNTS RECEIVABLE, NET

At December 31, 2019 and 2018, accounts receivable balances were as follows:

	2019	2018
Amounts due for services rendered and billed	$ 33,840,212	$ 43,961,302
Less: allowance for doubtful accounts	(89,731)	(191,913)
Amounts due for services rendered and billed, net	33,750,481	43,769,389
Amounts due for services rendered, not billed	10,467,569	11,578,074
Total accounts receivable, net	$ 44,218,050	$ 55,347,463

4. INCOME TAXES

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

Current income tax (benefit) expense consists of the following:	**2019**	2018
Federal	**$ 1,191,404**	$ 442,703
State	**1,142,668**	191,959
	2,334,072	634,662
Deferred income tax (benefit) expense consists of the following:		
Federal	**(1,264,167)**	(1,125,559)
State	**(1,059,547)**	(179,194)
	(2,323,714)	(1,304,753)
Total current and deferred income tax (benefit) expense	**$ 10,358**	$ (670,091)

	Period ended December 31, 2019	Year ended December 31, 2018
Deferred tax asset consists of the following:		
Federal	**3,707,619**	2,443,452
State	**1,238,742**	179,194
	$ 4,946,361	$ 2,622,646

4. INCOME TAXES (CONTINUED)

As of December 31, 2019, CJS had utilized all available federal net operating losses (NOLs) available to be carried forward from prior years. CJS had utilized all available state net operating losses (NOLs) available to be carried forward from prior years. CJS 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 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.

The Company does not anticipate any amount to be recognized related to the Company's uncertain tax position.

5. PROPERTY AND EQUIPMENT

	2019	2018
At December 31, 2019 and 2018, property and equipment balances were as follows:		
Computer and software	**$1,467,052**	$1,432,994
Furniture and equipment	**248,560**	248,560
Vehicles	**-**	206,161
Leasehold improvements	**24,558**	24,558
Office equipment	**33,276**	38,722
Less: accumulated depreciation	**(1,189,698)**	(1,108,563)
	$ 583,748	$ 842,432

Total depreciation expense for the year ended December 31, 2019 and 2018 was $432,046 and $323,053 respectively. The depreciation policies followed by the Company are disclosed in Note K.

6. INTANGIBLE ASSETS, NET

	2019	2018
At December 31, 2019 and 2018, intangible asset balances were as follows:		
Customer contract and related relationships	**$ 32,600,000**	$32,600,000
Less: accumulated amortization	**(14,430,466)**	(8,997,133)
	$ 18,169,534	$ 23,602,867

Amortization expense for each year ending December 30, 2019 and 2018 was $5,433,333. The amortization policies followed by the Company are described in Note N.

Amortization expense of intangible assets subject to amortization for the four years succeeding December 31, 2019 and thereafter is as follows:

Years ending December 31,	$
2020	5,433,333
2021	5,433,333
2022	5,433,333
2023	1,869,535
	18,169,534

7. GOODWILL, NET

The changes in the carrying amount of goodwill at December 31, 2019 and 2018 are as follows:

	2019	2018
Goodwill	**$ 59,510,430**	$ 61,575,804
Less: accumulated amortization	**(15,431,610)**	(9,758,331)
Less: impairment	**-**	(2,065,373)
	$ 44,078,820	$ 49,752,100

Amortization expense for the year ended December 31, 2019 and 2018 was $5,673,279 and $5,754,910 respectively. The Company reviewed its goodwill as of December 31, 2019 and determined that no impairment of goodwill has occurred. The amortization policies followed by the Company are described in Note M.

Amortization expense of goodwill subject to amortization for the five years succeeding December 31, 2019 and thereafter is as follows:

Years ending December 31,	$
2020	5,673,279
2021	5,673,279
2022	5,673,279
2023	5,673,279
2024	5,673,279
Thereafter	15,712,425
	44,078,820

8. TRANSACTIONS WITH RELATED PARTIES

During the years ended December 31, 2019 and 2018, the Company had transactions with Tech Mahindra (Americas), Inc.("TMA"). At December 31, 2019 and 2018 the Company had payables due (to) from TMA as follows:

	2019	2018
Beginning balance, due (to)	**(2,033,792)**	(10,425,108)
Cost of services	**(14,195)**	(392,771)
Loan received	**-**	10,000,000
Receipt from TMA	**(25,007)**	(663,055)
Expense reimbursement - debit/credit notes	**700,265**	(552,858)
Ending balance, due from (to)	**(1,372,729)**	(2,033,792)
Due (to) from consists of:		
Amounts due to TMA	**(2,401,125)**	(2,033,792)
Amounts due from TMA	**1,028,396**	-
	$ (1,372,729)	$ (2,033,792)

During the years ended December 31, 2019 and 2018, the Company had transactions with Tech Mahindra Limited ("TechM"). At December 31, 2019 and 2018 the Company had payables due (to) from TechM as follows:

	2019	2018
Beginning balance, due (to)	**(625,374)**	(372,448)
Income from TechM	**693,310**	889,263
Expense reimbursement	**223,471**	197,253
Receipts from	**(413,452)**	(1,339,442)
Ending balance, due (to) from	**(122,045)**	(625,374)
Due (to) consists of:		
Amounts due to	**(1,106,137)**	(1,106,137)
Amounts due from	**984,092**	480,763
	$ (122,045)	$ (625,374)

During the years ended December 31, 2019 and 2018, the Company had transactions with Tech Mahindra Arabia Limited ("TechMA"). At December 31, 2019 and 2018 the Company had a receivable due from TechMA as follows:

	2019	2018
Beginning balance, due from	**220,741**	-
Income from TechMA	**-**	223,455

During the years ended December 31, 2019, the Company had transactions with Comviva Technologies Ltd ("Comviva"). At December 31, 2019 the Company had payables due (to) from Comviva as follows:

	2019	2018
Beginning balance, due from	**-**	-
Income from	**70,075**	-
Cost of services	**(6,267)**	-
Ending balance, due from	**63,808**	-
Due from consists of:		
Amounts due to Comviva company	**(6,267)**	-
Amounts due from Comviva company	**70,075**	-
	$ 63,808	$ -

During the years ended December 31, 2019, the Company had transactions with Tech Mahindra America, LLC ("TMLLC"). At December 31, 2019 the Company had a payable due to TMLLC as follows:

	2019	2018
Beginning balance, due from		-
Expense reimbursement - debit/credit notes	(2,316)	-
Ending balance, due from	(2,316)	-
Due from consists of:		
Amounts due to TMLLC company	(2,316)	-
	$ (2,316)	$ -

	2019	2018
Total amounts due to related parties	(1,497,090)	(2,659,166)
Total amounts due from related parties	316,074	$ 872,953
	$ (1,181,016)	$ (1,786,213)

9. SHORT-TERM DEBT AND LINE OF CREDIT FACILITY

Prior to December 12, 2018 the Company maintained three tranche facilities with Westpac Bank. The outstanding debt balance on all facilities with Westpac Bank was paid in full on December 4, 2018. Tranche A had a maximum borrowing capacity of $30,000,000. This facility was guaranteed by Tech Mahindra (Americas) Inc. and a revolving line of credit. The fully indexed interest rate was payable at the interest rate applicable for each period at a three month LIBOR rate of 2.31175 plus a margin of 0.65%. At December 31, 2019 and 2018 there were no outstanding balances as the facility was fully paid off on November 30, 2018.

Tranche B had a maximum borrowing capacity of $10,000,000. This facility was guaranteed by Tech Mahindra (Americas) Inc. and was set to mature on February 2019. The fully indexed interest rate is payable at the interest rate applicable for each interest period at a three month LIBOR rate of 2.31175 plus a margin of 0.65%. At December 31, 2019 and 2018 there were no outstanding balances as this was fully paid off February 1, 2018.

Tranche C had a maximum borrowing capacity of $30,000,000. This facility was guaranteed by Tech Mahindra (Americas) Inc. and a revolving line of credit. The fully indexed interest rate is payable at the interest rate applicable for each period at a three month LIBOR rate of 2.31175 plus a margin of 0.50%. At December 31, 2019 and 2018 there were no outstanding balances as this was paid off December 6, 2018.

On December 12, 2018 the Company entered into an uncommitted line of credit with JP Morgan Chase (the "Bank"). The maximum borrowing available under this uncommitted line is $15,000,000. The line is collateralized by the assets of the Company and is not committed and is recallable. The balance outstanding on this line of credit at December 31, 2019 and 2018 was $12,614,161 and $10,000,000 respectively. Interest accrues at 1) a variable rate equal to the Base Rate plus a margin offered by the Bank and accepted by the undersigned; b) a floating rate equal to the Eurodollar rate applicable to such loan plus a margin offered by the bank and accepted by the undersigned or a fixed rate as offered per the Bank's discretion to the undersigned and the Company may accept the offered rate. Additionally, on December 12, 2018 the Company entered into a committed loan (the "loan agreement") of $30,000,000 from the Bank. The loan was extended with a new maturity date of December 31, 2020. The interest rate is payable on the relevant interest payment day at the NY FRB rate + 0.65% and a commitment fee accrues on the daily average unused portion at a rate per annum equal to 0.25% on the basis of 365/366 days per year. The balances outstanding on this loan at December 31, 2019 and 2018 was $4,000,000 and $30,000,000 respectively.

The loan agreement contains certain restricting covenants. At December 31, 2019 the Company did comply with all covenants as per the loan agreement. Interest expenses for the year ended December 31, 2019 and 2018 were $711,862 and $645,090 respectively.

	2019	2018
Opening balance of outstanding tranche facilities	-	41,139,070
Repayment of tranche facilities	-	(41,139,070)
Closing balance of outstanding tranche facilities	-	-
Opening balance of outstanding uncommitted loan	10,000,000	-
Movement of uncommitted loan	2,614,161	10,000,000
Closing balance of outstanding uncommitted loan	12,614,161	10,000,000

	2019	2018
Opening balance of outstanding committed loans	**30,000,000**	-
Proceeds from committed loans	**56,425,686**	180,000,000
Repayment of committed loans	**(82,425,686)**	(150,000,000)
Closing balance of outstanding committed loans	**4,000,000**	30,000,000
	16,614,161	40,000,000

10. MEMBERS' EQUITY

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. ("TMA"), acquired 84.7% holding in Tech Mahindra Holdco, a Delaware Limited Liability Company. On June 30, 2019 TMA acquired a further 4.07% from the minority holder. At June 30, 2019 TMA has 88.77% interest in the Company. An individual, resident of the State of Florida ("minority shareholder") continues to hold the remaining minority interest in Holdco.

11. 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. 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 employee’s contribution at this time.

12. COMMITMENTS AND CONTINGENCIES

Real Estate Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (Topic 842) "Leases." Topic 842 supersedes the lease requirements in Accounting Standards Codification Topic 840, "Leases." Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating.

The company adopted Topic 842 effective January 1, 2019. The most significant effects of Topic 842 were the recognition of right of use assets and of operating lease liabilities. We applied Topic 842 to all leases as of January 1, 2019 with comparative periods continuing to be reported under Topic 840. In the adoption of Topic 842, we carried forward the assessment from Topic 840 of whether our contracts contain or are leases, the classification of our leases, and remaining lease terms. The standard does not have a significant effect on our consolidated results of operations or cash flows.

The Company rents office space in Jacksonville, Florida, under a sublease arrangement with Ocenture, LLC, a related party, which ends in March 2020. On November 17, 2019 the company's holding company, Tech Mahindra (Americas), Inc. "TMA", has entered into a 65 month building sublease with NortgateArinso, Inc. for business use and occupancy of office space by CJS Solutions Group ("CJS"). TMA will enter into a formal assignment of lease agreement with CJS as soon as the lease commences on February 1st, 2020. The lease is subject to an annual increase of 3% applied from August 1st, 2020. In addition to the rental payable the company will also be responsible to pay Florida State Sales Tax to the landlord. The company has not accounted for this new lease as at December 31, 2019, as this lease had not commenced neither had it been formally assigned to the company.

A subsidiary of the company also rents office space in Swansea, Wales (United Kingdom) on a month-to-month lease with a 3-month termination notice. Rent expense was $358,480 for year ended December 31, 2019. The future minimum lease commitments as of December 31, 2019, are as follows:

Years ending December 31,	$
2020	**98,039**
	98,039

13. LITIGATION AND CONTINGENCIES

The Company is involved in various legal proceedings in the ordinary course of its business. Although management of the Company cannot predict the ultimate outcome of these proceedings excluding the settlement of the 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 or covered by insurance, will not have a material effect on the

Company's financial statements. The Company was named as a defendant in certain class action lawsuits and some pending lawsuits due to prior practices mainly related to overtime payments. The only known, likely and estimable potential liability payable is a settlement payment in the amount of $400,000.

In November 2019 the Company approved to close two insignificant subsidiaries, named HCI Group DMCC & HCI Group UK Limited. Subsequent to the approval there have been minimal activity on remaining assets and liabilities on the records of these abandoned subsidiaries other than the write-off of the intercompany loans due from these subsidiaries. The losses related to the write-offs are eliminated in the consolidation. These entitles were dissolved in January 2020.

On dissolution of HCI Group UK limited, two 100% subsidiaries of that company namely, HCI Group Australia Pty Ltd (Australian entity) & Healthcare Clinical Informatics (UK entity) are now 100% subsidiaries of CJS Solutions Group LLC (US entity).

14. CONCENTRATION OF CREDIT RISK

REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company's sales are credit sales. The following are customer concentration for sales for the years ended December 31, 2019 and 2018 and billed accounts receivable as at December 31, 2019 and 2018.

Revenue concentration for the year ended December 31, 2019:	**Amount, $**	**Concentration**
Customer 1	74,959,725	45%
Customer 2	17,859,232	11%
Customer 3	11,033,957	7%
Customer 4	9,141,889	5%
Customer 5	3,925,371	2%

Billed accounts receivable concentrations as at December 31, 2019:	**Amount, $**	**Concentration**
Customer 1	12,982,085	38%
Customer 2	3,791,981	11%
Customer 3	2,714,425	8%
Customer 4	2,531,479	8%
Customer 5	1,499,680	4%

Revenue concentration for the year ended December 31, 2018:	**Amount, $**	**Concentration**
Customer 1	50,974,336	22%
Customer 2	31,851,724	14%
Customer 3	29,755,083	13%
Customer 4	20,455,847	9%
Customer 5	15,178,760	7%

Billed accounts receivable concentrations as at December 31, 2018:	**Amount, $**	**Concentration**
Customer 1	16,068,911	36%
Customer 2	6,250,000	14%
Customer 3	5,219,264	12%
Customer 4	4,141,375	9%

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments. The carrying amounts of the Company's floatable interest rate debt are considered reasonable estimates of fair value.

16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 4, 2020. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

SUPPLEMENTAL SCHEDULE

CONSOLIDATED SUPPLEMENTAL SCHEDULES OF REVENUES AND EXPENSES

FOR YEARS ENDED DECEMBER 31, 2019 and 2018

	2019	2018
	$	$
Schedule I		
COST OF REVENUES		
Consultants compensation	**105,238,119**	139,180,673
Travel and other related expenses	**28,419,136**	56,238,404
	133,657,255	195,419,077
Schedule II		
GENERAL AND ADMINISTRATIVE		
Professional fees	**3,887,235**	1,173,089
Office expenses	**1,114,886**	785,580
Travel	**1,083,808**	3,018,210
Sales and marketing	**568,667**	378,944
Miscellaneous	**528,815**	275,155
Entertainment	**420,005**	887,271
Lease expense and other rent	**358,480**	816,806
Communications	**252,676**	324,778
Postage and delivery	**171,487**	58,672
Insurance	**168,575**	355,452
Dues and subscriptions	**145,358**	491,436
Vehicle cost	**96,415**	17,896
Bank charges	**66,442**	66,121
Repairs and maintenance	**33,621**	42,488
Bad debt expenses	**(55,718)**	931,046
Sales and other indirect taxes	**(369,410)**	683,575
	8,471,342	**10,306,519**

OBJECTWISE CONSULTING GROUP INC.

Board of Directors
Mr. Lakshmanan Chidambaram
Mr. Guru Prasad Iyengar
Mr. Amit Sood

Registered Office
36 Toronto Street, Suite 530
Toronto, ON M5C 2C5 Canada

Bankers
TD bank Canada

BALANCE SHEET 31-MAR-20

Particulars	Amount in CAD As at March 31, 2020
CURRENT ASSETS	
Cash	1,351,908
Accounts receivable	801,787
Prepaid expense	17,189.00
Other Current Assets	(667)
Total Current Asset	**2,170,217**
PROPERTY AND EQUIPMENT	
Office furniture and equipment	22,916
Computer equipment	24,654
	47,570
Less: accumulated amortization	(27,433)
Total Property and Plant Equipment	**20,137**
Intangible assets, net of accumulated amortization	
Goodwill	352,673
Customer Relationships	1,677,856
Less: accumulated amortization	(139,821)
Total Intangible Asset	**1,890,707**
Total Assets	**4,081,060**
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	1,888,133
Other Financial Liabilities	7,062
Other Current Liabilities	(3,558)
Income taxes	58,495
Total current liabilities	**1,950,132**
Stockholders' equity	
Share capital	2,255,373
Retained earnings	(124,445)
Total stockholders' equity	**2,130,928**
Total liabilities, redeemable preferred stock, and equity	**4,081,060**

OBJECTWISE CONSULTING GROUP INC.

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE PERIOD 1ST OCTOBER 2019* TO 31ST MARCH 2020

Amount in CAD

Particulars	As at March 31, 2020
INCOME	4,508,775
EXPENSES	
Salaries and Wages, including bonus	558,578
Subcontracting Expenses	3,810,238
Contribution to Provident and other Funds	4,540
Staff Welfare Expenses	573
Rent	57,375
Communication Expenses	1,128
Travelling Expenses	325
Recruitment Expenses	3,889
Legal and other professional costs	10,000
Insurance charges	25,143
Software, Hardware and Project Specific Expenses	15,645
Miscellaneous Expenses	3,149
Depreciation and Amortisation Expense	142,637
	4,633,220
NET INCOME FROM OPERATIONS	(124,445)
Provision for income taxes	-
NET INCOME for the year	(124,445)

Guru Prasad Iyengar
CFO

* Since Tech Mahindra has acquired.

BORN GROUP PTE. LTD.

Board of Directors
Mr. Melant Navin Sadashiv
Mr. Ritesh Mohan Idnani
Mr. Vivek Satish Agarwal

Registered Office
77 Robinson Road #
16-00 Robinson 77
Singapore (068896)

Bankers
DBS Bank Singapore

Auditors
KPMG LLP

Born Group Pte. Ltd.

STATEMENT OF FINANCIAL POSITION

As at 31-Dec-2019

Particulars	**Note**	**2019**
Assets		US$
Non-current assets		
Property, plant and equipment	4	2,124,547
Goodwill	5	11,337,748
Intangible assets	4	9,304
Other receivables	6	1,348,985
		14,820,584
Current assets		
Trade and other receivables	6	14,801,682
Prepayments	7	765,264
Cash and bank balances	8	5,457,069
		21,024,015
Total Assets		**35,844,599**
Equity and Liabilities		
Equity attributable to owners of the Company		
Share capital	9(a)	47,979,909
(Accumulated losses)/Retained earnings	9(b)	(38,166,174)
Foreign currency translation reserve	9(c)	(1,448,976)
Total Equity		**8,364,759**
Current liabilities		
Provision for taxation		86,811
Borrowings	10	1,487,674
Trade and other payables	11	22,882,005
		24,456,490
Non Current liability		
Other financial liability	12	1,923,350
Other payables	11	1,100,000
		3,023,350
Total equity and liability		**35,844,599**

For and on behalf of BORN Group PTE Limited

Sebastian Murphy

Group CFO

STATEMENTS OF COMPREHENSIVE INCOME

For the period 26th Nov 2019 to 31st December 2019

Particulars	Note	Group 2019
		US$
Revenue from rendering of services	13	6,065,637
Cost of sales	15	(5,230,151)
Gross profit		**835,486**
Other income	14	200,557
Selling and distribution cost	15	(378,461)
Administrative expenses	15	(786,911)
Operating profit		**(129,329)**
Finance costs	16	(30,387)
Profit before tax		**(159,716)**
Income tax expense		177,115
Profit for the year, representing total comprehensive income for the year		**17,399**
Other comprehensive income / (loss) for the year, net of tax		
Net other comprehensive (loss) / gain to be reclassified to statement of comprehensive income in subsequent years		
Exchange differences on translation of foreign operations		90,313
Total comprehensive income for the year attributable to owners of the Company		**107,712**

Born Group Pte. Ltd.

STATEMENTS OF CHANGES IN EQUITY

For the period 26th Nov 2019 to 31st December 2019

Particulars	**Attributable to the owners of the Company**			
	Share capital (Note 9(a))	**Accumulated losses (Note 9(b))**	**Foreign currency translation reserve (Note 9(d))**	**Total Equity**
	US$	US$	US$	US$
Group				
At 26th Nov 2019	47,979,909	(38,183,573)	(1,539,289)	8,257,047
Profit for the year, net of tax	-	17,399	-	17,399
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	-	-	90,313	90,313
Total comprehensive income/(loss) for the year	-	17,399	90,313	107,712
Others	-		-	-
At 31 Dec 2019	**47,979,909**	**(38,166,174)**	**(1,448,976)**	**8,364,759**

CASH FLOW STATEMENTS

For the period 26th Nov 2019 to 31st December 2019

Particulars	Note	2019
Operating activities		
Profit before tax		(159,715)
Adjustments for:		
Depreciation of property, plant and equipment	4	150,959
Amortization of intangible assets	4	2,069
Bad debts written off	15	4,203
Finance cost	16	30,387
Unrealised exchange loss recognised in profit and loss		619,724
Total adjustments		**762,708**
Operating cash flows before changes in working capital		**602,992**
Changes in working capital:		
Increase in trade, other receivables and prepayments		141,353
Increase in trade and other payables		(10,455,385)
Net working capital adjustment		(10,314,032)
		(9,711,039)
Finance cost - others		(2,802)
Income tax paid		(22,275)
Net cash flows from / (used in) operating activities		(9,736,116)
Investing activities		
Purchase of property, plant and equipment	4	(615,526)
Purchase of intangible assets	8	540,614
Net cash flows used in investing activities		**(74,912)**
Financing activities		
Proceeds from borrowings		(982,669)
Repayment of borrowings		(15,934)
Finance cost	16	(14,449)
Net cash flows used in financing activities		**(1,013,052)**
Net (decrease) / increase in cash and cash equivalents		(10,824,081)
Effect of exchange rate changes on cash and cash equivalents		37,623
Cash and cash equivalents at 1 January		**16,243,527**
Cash and cash equivalents at 31 December		**5,457,069**

4 Property, plant and equipment

Group	Computer and accessories	Furniture and fittings	Office equipments	Leasehold Improvements	Building	2019 US$ Grand Total
Cost						
As at 26th Nov 2019	1,174,269	146,860	130,060	681,780	2,812,466	4,945,435
Additions	22,372	-	578	-	592,556	615506
Exchange differences	16,568	829	2,692	16,597	41,224	77,910
At 31 December 2019	**1,213,209**	**147,689**	**133,330**	**698,377**	**3,446,246**	**5,638,851**
Accumulated depreciation						
As at 26th Nov 2019	871,239	133,594	125,750	679,230	1,497,418	3,307,231
Depreciation charge for the year	16,610	1,987	247	207	131,909	150,960
Exchange differences	13,112	665	2,645	16,539	23,152	56,113
At 31 December 2019	**900,961**	**136,246**	**128,642**	**695,976**	**1,652,479**	**3,514,304**
Net carrying amount						
At 31 December 2019	312,248	11,443	4,688	2,401	1,793,767	2,124,547
As at 26th Nov 2019	**303,030**	**13,266**	**4,310**	**2,550**	**1,315,048**	**1,638,204**

4 Intangible assets - Software

	2019
Cost	US$
As at 26th Nov 2019	758,845
Addition during the year	-
Exchange difference	17,848
At 31 December 2019	**776,693**
Accumulated amortisation	
As at 26th Nov 2019	747,094
Amortisation during the year	2,068
Exchange difference	18,227
At 31 December 2019	**767,389**
Net book value at 31 December	**9,304**
Net book value at 26 november	**11,751**

5 Goodwill and its impairment (Group)

Born Group Pte. Ltd. recognized US$ 4,477,639 as goodwill consequent to the acquisition of Pod1 Inc., USA on 31 May 2012 and the global synergies expected pursuant to this acquisition, in addition to the goodwill of US$ 8,392,642 (transalated value, 31 December 2019 - US$ 6,860,115) recognized for acquisition of Born London limited in 2011.

	2019
	US$
Acquisition of Pod 1 Inc., USA	4,477,639
Acquisition of BORN London Limited, UK	6,860,115
	11,337,754

6 Trade and other receivables

		Group
		2019
		US$
Current		
Trade receivables*	(a)	11,082,589
Contract asset		3,302,892
Refundable deposits		284,398
Other receivables	(b)	131,803
Receivable from other related parties		-
		14,801,682
Non-current		
Refundable deposits		248,985
Other receivable	(‘c)	1,100,000
		1,348,985
Total trade and other receivables		16,150,667
Add : Cash and cash balances		5,457,069
Total loans and receivables		**21,607,736**

(a) Trade receivables are non-interest bearing and are generally on 30-90 day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Other receivables represents corporation tax receivables, advances recoverable from employees, client reimbursements and tax deducted at source recoverable.

(c) The non-current other receivables represent amount deposited in escrow account in accordance with the terms of Share Purchase Agreement (the “SPA”) dated 25 November 2019 entered between the Company’s holding company, i.e. Tech Mahindra (Singapore) Pte Limited (‘the Buyers’) and erstwhile shareholders (‘the Sellers’).). As per SPA, the Company, holds an escrow account for (a) the Indemnity Escrow Amount US$ 1,000,000 plus (b) the Seller Representative Expense Escrow Amount US$ 100,000. The escrow account is maintained to indemnify the Buyers for losses arising except on account of fraud or a breach of the fundamental representations up to fifteen months from the date of closing, subject to the limitations set forth in SPA. At the end of the fifteen months, the outstanding balance in escrow account will be released to the Sellers in accordance with the terms of the escrow agreement. Accordingly, a corresponding liability of US$ 1,100,000 has been recognised under ‘Trade and other payables’ as at 31 December 2019 (note 12).

*Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group
	2019
	US$
Great Britain Pounds	1,160,126
Euro	340,385
Singapore Dollars	539,718
Australian Dollars	107,324
Swiss Franc	190,827
Malaysia Ringgits	1,581,781
Total amount denominated in foreign currencies	**3,920,162**

Trade receivables are non-interest bearing and are generally on 30-90 day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the end of the year, the ageing analysis of trade receivables is as follows:	US$
Neither past due nor impaired	6,578,092
Past due but not impaired	
Lesser than 30 days	3,560,717
30 - 60 days	494,127
61 - 90 days	236,548
91 - 120 days	62,211
More than 121 days	150,894
Total Trade receivables	**11,082,589**

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	2019
	US$
Trade receivables - nominal amounts	11,321,903
Less: Allowance for impairment	(239,314)
	11,082,589

7 Prepayments

The prepaid expenses comprise of remaining prepaid balances of insurance premium of employees and annual maintenance contracts whose benefits are consumed beyond this financial year.

8 Cash and bank balances

	2019
	US$
Cash at bank and on hand*	5,457,069
	5,457,069

* The cash at bank and on hand are primarily current account balances and does not earn any interest.

Cash at bank and on hand denominated in foreign currencies at 31 December are as follows:	**2019**
	US$
Great Britain Pounds	299,687
Singapore Dollars	25,592
Australian Dollar	120,471
Malaysian Ringgit	384,854
Japanese yen	888,417
Canadian Dollars	2,266
Total amount denominated in foreign currencies	**1,721,286**

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at the end of the reporting year:

	2019
	US$
Cash at bank and on hand	5,457,069
Working capital loans	(1,487,674)
Cash and cash equivalents	**3,969,395**

Notes to Financial Statements For the period 26th Nov 2019 to 31st December 2019

9(a) Share capital

	Number of shares	US$
Fully paid ordinary shares with no par value		
As at 26th Nov 2019	266,205	47,979,909
At 31 December 2019	266,205	47,979,909

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to monitor and adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder or issue new shares. In the event that the Company requires additional capital, monies would be infused by the shareholders to provide appropriate financial support to the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings, convertible redeemable preference shares, trade and other payables, less cash and short-term deposits. Capital represents equity attributable to the owners of the Company less the fair value adjustment reserve.

	Note	**2019**
		US$
Trade and other payables	12	22,882,005
Less: Cash and bank balances	8	-5,457,069
Net debt (A)		**17,424,936**
Equity attributable to owners of the Company (B)		8,364,759
Capital and net debt (C) = (A) + (B)		25,789,696
Gearing ratio (A)/(C)		**68%**

No changes were made in the objective, policies or processes during the year ended 31 December 2019.

9(b) Retained earnings

	2019
	US$
As at 26th Nov 2019	(38,183,573)
Profit for the year, representing total comprehensive income for the year	17,399
At 31 December	**(38,166,174)**

9(c) Foreign currency translation reserve

	2019
	US$
As at 26th Nov 2019	(1,539,289)
Exchange differences on translation of foreign operations	(90,313)
At 31 December 2019	**(1,448,976)**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

10 Borrowings (current)

			Group	
		Interest rate	**Maturity**	**US$**
2019				
Working capital loan*	(a)	Prime rate + 1.5%	On demand	1,487,674
				1,487,674

* The Working capital loans forms part of the cash and cash equivalents as disclosed in Note 12.

Note:

(a) Working capital bank loan from Western alliance bank, an Arizona corporation with the credit limit of USD 3 million. This is secured against the book debts.

11 Trade and other payables

	Note	**2019**
		US$
Trade payables	(a)	3,540,812
Contract liabilities	13(b)	2,047,326
Advance from customers		368,535
Statutory dues payable		1,847,382
Payable to employees		3,974,212
Other payables	(b)	
Due to other related parties	(‘c) & 18 (b)	11,103,738
Total trade and other payables		22,882,005
Convertible redeemable preference shares		-
Borrowings	10	1,487,674
Other payable		1,100,000
Total financial liabilities carried at amortised cost		**25,469,679**

Terms and conditions of the above financial liabilities:

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms on average.

(b) Other payables are non-interest bearing and have an average term of 45 days. For explanations on the credit risk management processes (Note 23).

(c) Amounts due to related parties are trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	2019
	US$
Great Britain Pounds	599,373
Singapore Dollar	66,640
Euro	2,952
Japanese Yen	5,049
Hungarian Forint	16,648
Total amount denominated in foreign currencies	**690,661**

13 Revenue

a) Disaggregation of revenue

	2019
Rendering of services	US$
Time and material	3,718,371
Fixed price	2,347,267
	6,065,638

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Time and material

Nature of goods or services	Time and material
When revenue is recognised	Revenue is recognised over the implementation services period.
Significant payment terms	Invoices are issued to the customers according to their respective billing plans and are normally payable within 30-60 days.

Fixed price

Nature of goods or services	**Fixed price**
When revenue is recognised	Revenue from fixed price development contracts is recognised as performance obligations are satisfied. Where performance obligations are satisfied over time as work progresses, revenue is recognised progressively based on the percentage of completion method. The stage of completion is determined as the proportion of the total time cost expected to install the software services that has elapsed at the end of the reporting period (input method). Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered.
Significant payment terms	Invoices are issued to the customers after the services are performed and are normally payable within 30-60 days.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by geographical markets and timing of revenue recognition:

	2019
Revenue by Geography	US$
United States of America	3,316,747
United Kingdom	718,582
Indonesia	176,702
Japan	132,648
Switzerland	661,352
Singapore	334,411
Malaysia	457,516
Other countries	267,679
Total	**6,065,637**

b) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Note	Group
		2019
		US $
Receivables from contract with customers	6	11,082,589
Contract assets	6	3,302,892
Contract liabilities	11	2,047,326

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers or for which the Group has billed in advance before performance as required under the contract.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

	Contract assets	Contract liabilities
	2019	2019
	US$	US$
Cash received in advance and not recognised as revenue	–	2,047,326
Changes in measurement of progress	3,302,892	–

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of project teams to determine the progress of the fixed price contracts and on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

Category	2020	2021	2022	Total
	US$	US$	US$	US$
Time and material	17,038,145	5,934,816	5,934,816	28,907,777
Fixed price	4,956,993	3,074,240	3,074,240	11,105,473

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

	2019
14 Other income	US$
Rental income	86,714
Net foreign exchange gain	76,965
Other miscellaneous income	36,878
Total	**200,557**

Notes to Financial Statements For the period 26th Nov 2019 to 31st December 2019

		2019
15	**Operating expenses**	US$
	By function:	
	Cost of sales	5,230,151
	Operating expenses	
	Selling and distribution costs	378,461
	Administrative expenses	786,911
	Total operating expenses	**1,165,372**
	Total	**6,395,523**
	By nature:	
	Outsourced work	2,688,085
	Depreciation	150,960
	Amortization of intangible assets	2,068
	Equipment rentals	3,246
	Employee benefits expense (Note 4.4)	3,048,718
	Recruitment charges	88,314
	Insurance	9,525
	Rent	55,717
	Repairs and maintenance	10,417
	Software maintenance	98,539
	Power and fuel	2,294
	Printing and stationery	3,243
	Postage and courier	3,082
	Travelling expenses	96,344
	Telephone expenses and communication expenses	25,199
	Advertisement and sales promotion	46,147
	Entertainment	56,397
	Bad debts written off	4,203
	Others	3,026
	Total	**6,395,524**

15.1	**Employee benefits expense**	**2019**
		US$
	Wages and salaries	2,822,600
	Social security costs	226,117
	Total	**3,048,717**

16	**Finance Cost**	**2019**
	Interest expense on:	US$
	- Bank borrowings	15,934
	- Others	14,453
	Total	**30,387**

18 Related party disclosures

A) Related party relationships

Subsidiaries				**% of equity interest**
Particulars		**Country of incorporation**	**Subsidiary**	**Step down subsidiary**
Group FMG Holdings B.V.		Netherlands	100%	-
Born London Limited	(a)	United Kingdom	8%	92%
Born Group Inc.	(a)	United States of America	25%	75%
Born Group HK Company Limited	(a)	Hong Kong	-	100%
Whitefield Holdings Asia Limited		Mauritius	100%	-
Born Japan Kabhushiki Kaisha		Japan	100%	-
Born Digital SDN BHD		Malaysia	100%	-
Born Creative Commerce Group Inc.		Canada	100%	

(a) 100% of equity capital of Born Group HK Company Limited, 75% of equity capital of Born Group Inc. and 92% equity capital of Born London Limited are held by Group FMG Holdings B.V

The Immediate holding Company

Name of the entity	**% of equity interest**
Tech Mahindra (Singapore) Pte Limited*	100.00%

The Ultimate holding Company

Name of the entity	**% of equity interest**
Tech Mahindra Limited*	100.00%

Tech Mahindra Limited through its wholly owned subsidiary, i.e. Tech Mahindra (Singapore) Pte Limited acquired 100% stake in the Company on 26 November 2019.

Key Management Personnel	**Relationship**
Ritesh Mohan Idnani	Director, Born Group Pte. Ltd.
Navin Melant	Director, Born Group Pte. Ltd.
Vivek Satish Agarwal	Director, Born Group Pte. Ltd.

No other directors or persons of the Company, its subsidiaries and the holding Company have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

B) Related party transactions

Transactions with related parties	**Year**	**(All stated in US$, unless stated otherwise)**		
		Holding Company and Ultimate Holding Company	**Key Management Personnel**	**Subsidiaries & Fellow Subsidiaries**
Investments during the year	2019	–	–	0
Outwork Charges	2019	–	–	608,412
Remuneration – short-term employee benefits	2019	–	3,356	–
Reimbursement of Expenses	2019	76,700	–	–
Amounts payable	2019	–	–	0
Amounts receivable	2019	76,700	–	0

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free, repayable on demand, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to Financial Statements For the period 26th Nov 2019 to 31st December 2019

19 Fair value of assets and liabilities

The carrying amounts of total loans and receivables, and total financial liabilities carried at amortised cost are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Particulars	**Total**	**Group**		
		Fair value measurement using		
		Quoted prices in active markets US$	**Significant observable inputs US$**	**Significant unobservable inputs US$**
2019	US$	(Level 1)	(Level 2)	(Level 3)
Other financial assets				
Refundable deposits	533,383	-	533,383	-
Financial instruments - Unquoted equity shares*	NIL*	-	-	NIL*

20 Financial risk management objectives and policies

The Group's principal financial liabilities are comprised of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group has trade receivables, other receivables and cash balances that arise directly from its operations.

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 currently does not hedge or use derivative financial instruments to mitigate foreign exchange related risk exposures. The Group'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. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

Market risk

Market risk is the risk that the fair value of future cash flows if a financial instrument will fluctuate because of changes in market prices. The principal market risk impacting the Group is currency risk. Financial instruments affected by market risk include deposits, accounts receivable, and accounts payable.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables). Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors ability to meet its obligations
- Significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors in the group and changes in the operating results of the debtors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtors
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtors will enter bankruptcy or other financial reorganisation”

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets:

(i) Non-trade Financial assets at amortised cost

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information specific to the counterparty and other external information that could affect the counterparty’s behaviour.

The Group compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjust for forward looking information such as forecast of economic condition, which has a bearing on default rates.

A summary of the Group’s internal grading category in the computation of the Group’s expected credit loss model for the debt instruments and loans is as follows:

Category	Definition of Category	Basis for recognition of expected credit loss provision
Grade I	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected credit losses
Grade II	Financial assets for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected credit losses
Grade III	Interest and/or principal repayments are 60 days past due.	Lifetime expected credit losses

There are no significant changes to estimation techniques or assumptions made during the year. No loss allowance provision for other non trade financial assets has been provided as management has assessed the impact to be not significant

The gross carrying amount of other non trade financial asset at amortised cost without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is as follows:

Particulars		Group 2018
		US$
12 month ECL	Non-trade financial asset at amortised cost	665,186

The gross carrying amount of trade receivables and contract assets of the Group are disclosed in Note 6.

(ii) Trade receivables and contract assets:

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 December 2019 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by geographical region:

Group

31 December 2019	Contract assets	Not due	0-90 days past due	91-180 days past due	Total
Gross carrying amount	3,302,892	6,578,092	4,291,392	452,419	14,624,795
Loss allowance provision	(183,139.00)	-	-	(239,285)	(422,424)

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 6.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have 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 Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Particulars	**Neither past due nor impaired**	**Past due but not impaired**	**Total**
2019:	US$	US$	US$
Trade receivables	6,578,091	4,504,498	11,082,589
Contract assets	3,302,892	-	3,302,892
Other receivables	6,269,684	-	6,269,684
Cash and bank balances	5,457,069	-	5,457,069
Total	**21,607,736**	**4,504,498**	**26,112,234**

Liquidity Risk

The Group monitors its risk to a shortage of funds using its forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank finance, finance leases and hire purchase contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	**Group**				
	On Demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
	US$	US$	US$	US$	US$
2019:					
Trade and other payables	1,847,382	9,930,885	11,103,738	-	22,882,005
Borrowings	1,487,674	-	-	-	1,487,674
Total	**3,335,056**	**9,930,885**	**11,103,738**	**-**	**24,369,679**

21 Events occurring after the end of the reporting year:

There are no significant events occurring after the end of the reporting year, which can materially change the financial results and financial position for the year.

BORN COMMERCE PRIVATE LIMITED

Board of Directors
Mr. Ritesh Mohan Idnani
Mr. Vivek Satish Agarwal

Registered Office
2nd Floor, Hardy Tower
Ramanujan IT SEZ
TRIL Infopark Limited
Chennai, Tamil Nadu 600113

Bankers
HDFC Bank Limited

Auditors
BSR & CO. LLP

IND AS BALANCE SHEET AS AT MARCH 31, 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Notes	As at Mar 31, 2020
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	4A	10,212,581
Right to Use of Asset	4B	293,717,873
Intangible Assets	5	2,859,776
Financial Assets		
(a) Other Financial Assets	6	35,156,135
Deferred Tax Assets	7	34,096,969
Income tax liabilities (net)		6,973,249
Other Non-Current Assets	8	1,247,104
		384,263,687
Current Assets		
Inventories		
Financial Assets		
(a) Trade Receivables	9	909,503,430
(b) Cash & Cash Equivalents	10	7,806,502
(c) Other Financial Assets	11	10,549,788
Other Current Assets	12	44,917,012
		972,776,732
Total Assets		**1,357,040,419**
EQUITY & LIABILITIES		
Equity		
Equity Share Capital	13	64,252,850
Other Equity	14	714,318,030
Total Equity		**778,570,880**
Non-Current Liabilities		
Financial liabilities		
(a) Lease liabilities		253,400,003
Long Term Provisions	15	30,717,913
		284,117,916
Current Liabilities		
Financial Liabilities		
(a) Short Term Borrowings	16	33,839,707
(b) Trade Payables	17	
- total outstanding dues of micro & small enterprises		13,985,853
- total outstanding dues of creditors other than micro & small enterprises		40,755,274
(c) Lease Liabilities		66,108,592
(d) Other Financial Liabilities	18	66,944,893
Short Term Provisions	19	26,092,900
Other Current Liabilities	20	46,624,404
		294,351,623
Total Liabilities		**578,469,540**
Total Equity & Liabilities		**1,357,040,419**

BORN COMMERCE PRIVATE LIMITED

IND AS STATEMENT OF PROFIT AND LOSS FOR THE PERIOD NOVEMBER 25, 2019 TO MARCH 31, 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	**Notes**	**As at Mar 31, 2020**
Income		
Revenue from operations	21	604,137,917
Other income	22	50,577,135
Total Income		**654,715,052**
Expenses		
Employee benefits expense	23	384,026,405
Other expenses	24	75,711,437
Depreciation and amortisation expense		29,654,082
Finance costs	25	8,799,742
Total Expenses		**498,191,666**
Profit before tax		156,523,386
Less: Tax expenses		
Current tax		35,152,329
MAT credit entitlement - P&L		26,022,282
Deferred tax (net)		17,529,962
Total tax expense		**78,704,573**
Profit for the period		**77,818,814**
Other Comprehensive Income		
Items that will not be reclassified subsequently into Profit/Loss Account		
Remeasurement Gains/(Losses) of Defined Benefit Obligation		-526,835
Tax Effect on the above		-153,414
		-680,249
Total Other Comprehensive Income For the Period		**77,138,565**
Basic and diluted earnings per share [nominal value of share Rs. 10/- per share	26	12.11

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in INR Lacs, unless otherwise stated)

1 Company overview

Born Commerce Private Limited ('the Company') was incorporated on Jan 21, 2011, having its registered office at 2nd Floor, Hardy Tower, Ramanujam IT SEZ TRIL Infopark Ltd, Chennai. During the current financial year, the company was acquired by Tech Mahindra Limited.The Company is engaged in providing offshore production services (i.e) pre-media and digital media services) to its group Companies located outside India and sale to other external customers.

2 Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time. The Company has adopted all the Ind AS standards and the adoption is carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition is carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Reconciliations and description of the effects of the transition have been summarised in Note 3.

2.2 Basis for preparation of financial statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, except for certain financial instruments which are measured at fair values. The financial statements are presented in Indian rupees (Rs.) which is also the functional currency of the Company.

All assets and liabilities have been classified as current and non-current as per the criteria set out in Schedule III to the Act.

Details of the Company's accounting policies are included in paragraphs 2.4 to 2.14.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of income and expenses during the period reported. Although these estimates are based upon management's best knowledge of current events and actions; actual results could differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to the accounting estimates are recognised prospectively in current and future periods.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, fair value measurement of financial instruments and revenue recognition, these are discussed below. Key sources of estimation of uncertainty in respect of employee benefits and provisions and contingent liabilities have been discussed in their respective policies.

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) 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 2.9

iii) Defined benefit plan and compensated absences

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The policy for the same has been explained under Note 2.8

iv) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment, including assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Refer note 2.11 for detailed accounting policies on leases"

v) Revenue recognition

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or existence of enforceable right to payment for performance to date. The policy has been explained under Note 2.6.

vi) Estimation uncertainties relating to the COVID-19 pandemic

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and investments. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, has used an internal and external source of information including economic forecasts.

The Company based on current estimates and the support letter provided by Born Group Pte Limited for its subsidiaries that are key customers of the Company for a period of 12 months from date of balance sheet expects the carrying amount of the above assets will be recovered, net of provisions established.

2.4 Property, plant and equipment and Intangible assets

Property, plant and equipment and Intangible assets are stated at cost, less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets comprise of Computer software. Costs relating to Computer software, which are acquired, are capitalised and amortised on a straight-line basis over their useful lives.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

Depreciation and amortisation is provided using the straight-line method using the rates arrived at, basesd on the useful lives estimated by the management, based on a technical assessment. The company has continued to retain the existing useful life, which are, in all cases either lower or equal to the useful lives as prescribed under part C of Schedule II of the Companies Act, 2013 and the company has maintained adequate technical assessment to justify the same.

Assets costing less than Rs. 5,000 each are depreciated fully in the year of acquisition.

The estimated useful lives of the assets are as under:

Asset	Life
Leasehold improvements	Estimated useful life (5 years) or lease term, whichever is lower
Computer & Accessories	
(i) Servers and networks	6 years
(ii) End user devices, such as, desktops, laptops, etc	3 years
Furniture and fixtures*	5 years
Office Equipment	5 years

*For the class of assets mentioned above, based on internal technical assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

An item of property, plant & equipment and intangible 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 asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

2.5 Impairment

Financial assets:

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the Company operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. “

Non financial assets:

Property, plant and equipment and 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 profit and loss.

2.6 Revenue recognition

The Company has applied Ind AS 115 Revenue from Contracts with Customers. The Company has adopted Ind AS 115 using the cumulative effect method.

Revenue is recognised or performance obligation is satisfied upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services. Revenue from operations includes revenue earned from services rendered on cost plus basis, time and material basis, fixed price maintenance costs and fixed price development contracts.

Revenue from services rendered under the time & material contracts are recognised on output basis measured by efforts expended.

Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered.

Revenue on fixed price development contracts is recognised using the ‘percentage of completion’ method of accounting, unless work completed cannot be reasonably estimated. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised in the standalone statement of profit and loss in the period in which such losses become probable based on the current contract estimates.”

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability (“Unearned revenue”) arises when there are billing in excess of revenue.

Dividend income is recorded when the right to receive payment is established.

Interest income is recognised using the effective interest method.

2.7 Foreign currency transactions

i. 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.

ii. 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.

iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year are recognised as income or as expense in the year in which they arise.

2.8 Retirement and other employee benefits

i. Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits."

ii. Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset."

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

iii. Compensated absences

Compensated absences other than short term in nature are provided for on the basis of an actuarial valuation made at the end of the financial year. The actuarial method used by the independent actuary for measuring the liability is the Projected Unit Credit Method. Short term compensated absences are recognised at the undiscounted amount expected to be paid in exchange for the service rendered."

iv. Short term employee benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.9 Provisions and contingencies

A provision is recognised when the Company has a present obligation resulting from past events and it is probable that an outflow of resources will be required to settle the obligation for which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

A disclosure for a contingent liability is made when there is a possible or a present obligation, resulting from past events and it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate cannot be made. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and the related income are recognised in the period in which the change occurs.

2.10 Income taxes

Income tax comprises of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except for the items directly recognised in equity or in other comprehensive income.

Current tax

The current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income-tax Act, 1961 ('Income-tax act') and any adjustment to taxes in respect of previous years.

Deferred tax

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 assets 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 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 recovered or settled.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant Company intends to settle its current tax assets and liabilities on a net basis.

2.11 Leases

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss. The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.12 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, except for trade receivables which are initially measured at transaction price. 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.

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 and 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 through other comprehensive income ('FVOCI')

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets 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 through profit and loss ('FVTPL')

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximate fair value to short-term maturity of these instruments.

De-recognition of financial instruments

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is de-recognised from the Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

Fair value of financial instruments

In determining the fair value of its financial instrument, the Company uses the methods and assumptions based on market conditions and risk existing at each reporting date. Methods of assessing fair value result in general approximation of value, and such value may never actually be realised. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

2.13 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares considered for computing Basic earnings per share and the weighted average number of equity shares which may be issued on conversion of dilutive potential equity shares into equity shares.

2.14 Recent pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Company from April 1, 2020

3 First-time adoption of Ind AS

The Company has prepared its first Ind AS compliant Financial Statements. The Company has prepared these financial statements in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013. Accordingly, the balance sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2018, the date of company's transition to Ind AS.

A. Optional Exemptions availed

Ind AS 101 allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

(a) Property, plant and equipment and Intangible asset

As per Ind AS 101, an entity may elect to (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date. (ii use previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to: fair value or cost or depreciated cost under Ind AS adjusted to reflect, for example, for changes in general or specific price index. The elections under (i) and (ii)above are also available for intangible assets that meet the recognition criteria in Ind AS 38, IntangibleAssets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market). (iii)use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under IndAS101 if there has been no change in its functional currency on the date of transition.

The Company has elected to continue the carrying value of all its property, plant and equipments and intangible assets as recognised in the financial statement as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the transition date.

B. Applicable Mandatory Exceptions

(a) Estimates

The Company’s estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at April 1, 2018 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

- Fair valuation of financial instruments carried at FVTPL;
- Determination of the discounted value for financial instruments carried at amortised cost; and
- Impairment of financial assets based on expected credit loss model.

(b) Classification and measurement of financial assets

As required under Ind AS 101 the Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

4A Property, plant and equipment

Particulars	Computer and accessories	Furniture and fittings	Office equipments	Leasehold Improvements	Total
Cost					
As at Nov 25, 2019	**49,905,705**	**8,141,889**	**19,817,651**	**25,410,309**	**103,275,554**
Add: Additions	946,342	77,000	59,000	-	1,082,342
Less: Disposals	-	-	-	-	-
As at March 31, 2020	**50,852,047**	**8,218,889**	**19,876,651**	**25,410,309**	**104,357,896**
Depreciation					
As at Nov 25, 2019	**41,691,643**	**7,688,198**	**16,903,047**	**25,057,720**	**91,340,608**
Add: Charge for the year	1,941,813	57,373	725,430	80,091	2,804,707
Less: Disposals	-	-	-	-	-
As at March 31, 2020	**43,633,456**	**7,745,571**	**17,628,477**	**25,137,811**	**94,145,315**
Net Block					
As at March 31, 2020	**7,218,591**	**473,318**	**2,248,174**	**272,498**	**10,212,581**

4B Right to Use of Asset

Particulars	Office lease	Total
Cost		
As at Nov 25, 2019	**415,303,727**	**415,303,727**
Add: Additions	-	-
Less: Disposals	-	-
As at March 31, 2020	**415,303,727**	**415,303,727**
Depreciation		
As at Nov 25, 2019	**94,883,622**	**94,883,622**
Add: Charge for the year	26,702,232	26,702,232
Less: Disposals	-	-
As at March 31, 2020	**121,585,854**	**121,585,854**
Net Block		
As at March 31, 2020	**293,717,873**	**293,717,873**

5 Intangible assets

Particulars	Software	Total
Gross block		
As at Nov 25, 2019	**29,851,002**	**29,851,002**
Add: Additions	700,000	700,000
Less: Disposals	-	-
As at March 31, 2020	**30,551,002**	**30,551,002**
Amortization		
As at Nov 25, 2019	**27,544,083**	**27,544,083**
Add: Charge for the year	147,143	147,143
Less: Disposals	-	-
As at March 31, 2020	**27,691,226**	**27,691,226**
Net block		
At 31 March 2020	**2,859,776**	**2,859,776**

6	**Other Financials Assets - Non-Current**	**March 31, 2020**
	Security deposits	
	Unsecured, considered good	35,156,135
	Considered doubtful	1,744,650
	Provision for security deposits	(1,744,650)
		35,156,135

7 Deferred tax asset (net)

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	March 31, 2020
Deferred tax assets (net)	
Property, plant and equipment	4,551,830
Employee benefits	22,603,709
Provision and Accruals	501,042
Right of Use Assets (Net)	6,440,388
	34,096,969

8	**Other Non-Current Assets**	**March 31, 2020**
	Prepaid expenses	1,247,104
		1,247,104

9 Trade receivables

Particulars	**As at March 31, 2020**
Others	
Receivables (unsecured, considered good (Refer Note 33))	909,503,430
Receivables- credit impaired	-
Less: Allowance for expected credit loss	-
Total	**909,503,430**

10 Cash and cash equivalents

Particulars	**As at March 31, 2020**
Balances with banks	
- in current accounts	7,806,502
Total	**7,806,502**

11 Other financial assets

Particulars	**As at March 31, 2020**
(Unsecured, considered good)	
Receivables from Employees	320,979
Unbilled revenue	10,228,809
Total	**10,549,788**

12 Other current assets

Particulars	**As at March 31, 2020**
(Unsecured, considered good)	
Contract assets	3,714,342
Prepaid expenses	19,280,143
Balances with Government Authorities	21,922,527
Total	**44,917,012**

13 Equity Share capital

a. Particulars

Particulars	As at March 31, 2020
Authorised :	
80,00,000 equity shares of Rs 10 each	80,000,000
Total	**80,000,000**
Issued, subscribed and paid-up:	
64,25,285 equity shares of Rs 10 each, fully paid-up	64,252,850
Total	**64,252,850**

b. Reconciliation for number of shares outstanding at the beginning and at the end of the reporting year is as given below:

Particulars	As at March 31, 2020
Number of shares outstanding at the beginning and at the end of the year	6,425,285

c. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share.

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 amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Shares held by holding company and subsidiaries of holding company or ultimate holding company and its associates along with percentage of shareholding is as given below:

	As at 31-Mar-20	
	No. of shares	**% held**
Tech Mahindra Limited, the holding company	6,425,284	99.99%
Tech Mahindra Limited jointly with Manoj Bhat	1	0.00%

e During the period of five years immediately preceding the balance sheet date, no equity shares were allotted as fully paid-up pursuant to contract without payment being received in cash.

f. During the financial year, the Company was acquired by Tech Mahindra Limited through a Share Purchase Agreement (the "SPA") dated 25 November 2019. In accordance with this SPA, 100% of equity share capital was acquired by Tech Mahindra Limited.

14 Other Equity

Particulars	As at March 31, 2020
Retained earnings	
Balance at the beginning of the year	507,508,090
Transition impact of Ind AS 116 (Refer Note 28)	
Ind AS Transition Adjustments	
Restated Balance at the beginning of the year	507,508,090
Profit for the year	206,486,519
Other comprehensive Income (net of tax)	323,421
Balance at the end of the year	**714,318,030**

15 Provisions - Non Current	**March 31, 2020**
Provision for employee benefits	
Provision for gratuity	30,717,913
Provision for compensated absences	
	30,717,913

16 Short-term borrowings (Secured)

	March 31, 2020
Working capital loan from bank*	33,839,707
	33,839,707

*The Company has obtained a cash credit facility with a cap of INR 100 Million. It is secured against book debts and letter of support from the holding Company. The borrowing carries an interest rate of 11% p.a and is repayable on demand.

17 Trade payables

Particulars	As at March 31, 2020
Trade payables	
- dues of micro enterprise and small enterprises	13,985,853
- dues of creditors other than micro enterprise and small enterprises	40,755,274
Total	**54,741,127**

18 Other Financial Liabilities - Current

	March 31, 2020
Dues to employees	66,944,893
	66,944,893

19 Provisions Current

	March 31, 2020
Provision for employee benefits	
Provision for gratuity	6,345,142
Provision for compensated absences	19,747,758
	26,092,900

20 Other Current Liabilities

	March 31, 2020
Contract Liabilities	27,185,458
Statutory dues payable	19,438,946
	46,624,404

21 Revenue from operations

Particulars	Year ended March 31, 2020
Revenue from digital media and ecommerce services	604,137,917
Total	**604,137,917**

a. Disaggregation of revenue

Revenue disaggregation by geography is as follows:

Geography	Year ended March 31, 2020
INDIA	23,128,139
Rest of the World	581,009,778
	604,137,917

The Company has evaluated the impact of the COVID-19 pandemic, amongst other matters, resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts, (ii) termination or deferment of contracts by customers and (iii) customer disputes. The Company has concluded that the impact of the COVID-19 pandemic is not material based on these estimates.

b Remaining performance obligations

The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation for contracts where the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2020 other than those meeting the exclusion criteria mentioned above, is Rs. 172,219,127. Out of this, the Company expects to recognise revenue of around 97% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessments the occurrence of the same is expected to be remote.

c. Contract assets and Liabilities

Changes in the contract assets balances during the year ended March 31, 2020 is as follows:

Particulars	**Year ended March 31, 2020**
Contract Assets:	
Contract Assets:	1,365,339
Opening balance	3,728,658
Add: Revenue recognised during the year	(25,017,020)
Less : Invoiced during the year	**(19,923,023)**
Closing balance	

d. Changes in the unearned revenue balances during the year ended March 31,2020 is as follows:

Particulars	**Year ended March 31, 2020**
Unearned Revenue	
Opening balance	3,960,097
Less: Revenue recognised that was included in the unearned revenue at the beginning of the year	(3,960,097)
Add: Invoiced during the year (excluding revenue recognized during the year)	27,185,458
Closing balance	**27,185,458**

Contract Price

Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:

The company has recognized revenue of Rs. 604,137,917 which is not adjusted any discounts for the year ended March 31, 2020.

22 Other income

Particulars	**Year ended March 31, 2020**
Dividend income	-
Interest income on	
- loans (Refer Note 33)	-
- security deposits	2,477,335
- deposits with maturity less than 3 months	-
Profit on sale of property, plant and equipment	-
Miscellaneous income	1,856,640
Foreign exchange gain (net)	46,243,160
Total	**50,577,135**

23 Employee benefit expenses

Particulars	Year ended March 31, 2020
Salaries and wages	359,333,308
Gratuity (Refer Note 34)	1,328,053
Contribution to provident and other funds	17,253,654
Staff welfare expenses	6,111,390
Total	**384,026,405**

24 Other expenses

Particulars	Year ended March 31, 2020
Power and fuel	3,139,998
Equipment rental	9,514,505
Maintenance charges	12,347,455
Insurance	814,639
Legal and professional fees	6,886,649
Corporate Social Responsibility Expenditure (Refer note (i) below)	2,400,300
Communication costs	3,230,992
Printing and Stationery	107,478
Travelling and conveyance	13,758,737
Security charges	1,048,461
Outwork charges	20,030,431
Rates and taxes	786,625
Miscellaneous expenses	1,275,478
Payment to auditors	
Audit fees	369,689
Total	**75,711,437**

(i) As per provisions of section 135 of Companies Act 2013, the Company was required to spend Rs.24,00,300 being 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy on the activities specified in Schedule VII of the Act. The Company has spent Rs. 24,00,300 in current year towards Corporate Social Responsibility activities. The Company is in process of exploring various options specified in Schedule VII on which it could do its spending of CSR for the benefit of society.

a) Gross amount required to be spent by the Company during the year - Rs. 24,00,300

b) Amount spent during the year : Rs. 24,00,300

(i) Construction / acquisition of any asset	
(ii) On purposes other than (i) above	2,400,300

25 Finance costs

Particulars	Year ended March 31, 2020
Interest on income tax	11,475
Interest on working capital loan	1,804,226
Lease Building Interest	6,875,983
Bank charges	108,058
Total	**8,799,742**

26 Earnings per share:

(Basic and diluted)

(a) Before exceptional item

Profit for the year after tax expense	77,818,814
Weighted average number of equity shares	6,425,285
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	6,425,285
Nominal Value per Equity Share (in Rs.)	10.00
Earnings Per Share (Basic) (in Rs.)	12.11
Earnings Per Share (Diluted) (in Rs.)	12.11

27 Fair value measurement

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 and financial liability are disclosed in Note 2.12 to the financial statements.

I Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	-	0	-	-	-
Trade receivables	909,503,430	-	-	909,503,430	909,503,430
Cash and cash equivalents	7,806,502	-	-	7,806,502	7,806,502
Others financial assets	45,705,923	-	-	45,705,923	45,705,923
Total	**963,015,855**	**-**	**-**	**963,015,855**	**963,015,855**
Financial liabilities					
Borrowings	33,839,707			33,839,707	33,839,707
Lease Liabilities	319,508,595			319,508,595	319,508,595
Trade payables	54,741,127	-	-	54,741,127	54,741,127
Other financial liabilities	66,944,893	-	-	66,944,893	66,944,893
Total	**475,034,322**	**-**	**-**	**475,034,322**	**475,034,322**

Valuation technique:

Carrying amounts of trade receivables, cash and cash equivalents, loans, other financial assets, short-term bank borrowings, trade payables and other financial liabilities as at March 31, 2020 approximates the fair value because of their short term nature.

II Financial instrument by hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There are no financial instruments measured at FVTPL or FVOCI as on March 31, 2020,

II Financial Risk Management

The Company's activities expose it to the following risks arising from financial instruments:

a) Market risk

b) Credit risk

c) Liquidity risk

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 fair value of financial instrument may result from changes in the foreign currency rate, interest rate 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

Foreign currency exchange rate risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company primarily is an export oriented unit and earns its revenue in foreign currency. Consequently, the Company is exposed to foreign exchange risk on its trade receivables and purchases from overseas suppliers in foreign currencies.

The following analysis has been worked out based on the net exposures of the Company as of the date of the balance sheet which could affect the statement of profit and loss.

The following table sets forth information relating to foreign currency exposure as at March 31, 2020:

Particulars	EUR	USD	Total
Financial assets			
Trade receivables	319,556	11,621,721	11,941,277

1% appreciation/depreciation of respective foreign currency with respect to functional currency of the Company would result in increase/decrease in Company's profit by Rs 9,054,050

b) Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) and from its financing activities including cash and cash equivalents.

Trade receivables and unbilled revenue:

The credit risk is limited since primarily trade receivables and unbilled revenue pertain to revenue generated through related party transactions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The maximum exposure to credit risk was Rs. 96,30,15,855 as of March 31, 20, being the total of the carrying amount of trade receivables, cash and cash equivalents and other financial assets.

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each balance sheet date whether a financial asset is impaired. The Company recognises lifetime expected losses for 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. As on March 31, 2020, expected credit loss allowance is Rs. Nil.

Cash and cash equivalents:

Credit risk on cash and cash equivalents is limited as it is generally invested in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's principal sources of liquidity are cash and cash equivalents and short term borrowings and the cash flow that is generated through operations. The Company believes that its working capital is sufficient to meet its contractual outflows.

The following are the remaining contractual maturities of financial liabilities as at March 31, 2020:

Particulars	Contractual cash flows			
	< 1 year	1-3 Years	>3 Years	Total
Trade payables	54,741,127	-	-	54,741,127
Borrowings	33,839,707			33,839,707
Lease Liabilities	66,151,691	134,903,236	118,453,665	319,508,592
Other financial liabilities	66,944,893		-	66,944,893

Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholders value.

28 Leases

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

As a Lessee:

Operating leases:

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2018. Accordingly, a right-of-use asset of Rs. 280,178,742 and a corresponding lease liability of Rs. 286,757,440 has been recognized. Right-of-use asset includes an amount of Rs. 52,28,561 which pertains to reclassification from non-current / current prepaid operating lease rentals and an amount of Rs.37,92,687 which pertains to non-current/ current rent accrued but not due. The cumulative effect on transition in retained earnings net off taxes is Rs. 56,80,729.

On application of Ind AS 116, the nature of expenses have changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2018 compared to the lease liability as accounted as at April 1, 2018 is primarily due to reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

Particulars	**Not later than 1 year**	**Later than 1 year not later than 3 years**	**Later than 3 years**
Minimum Lease rentals payables	77,100,000	270,500,000	20,300,000

29 Contingent liabilities and capital commitments

(to the extent not provided for)

There are no contingent liabilities and capital commitments oustanding as on March 31, 2020.

30 Due of micro enterprise and small enterprises

Based on the information available with the company, there are below outstanding amounts payable to creditors who have been identified as “suppliers” within the meaning of “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”

Particulars	**As at March 31, 2020**	
	Principal	**Interest**
Amount due to Vendor	13,985,853	
Principle amounts paid (includes unpaid) beyond appointed date	97,238,256	
Interest due and payable for the year		963,812
Interest accrued and remaining unpaid		1,096,569

Further interest due and payable even in the succeeding years, until such date when the interest dues

31 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 Ind AS 108, the management evaluates the Company’s performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented on 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 monitors the operating results of the Company’s business as single segment.

Business segment:

The Company is engaged in the business of providing services connected to digital media and ecommerce. As the Company is engaged in only one business segment, the balance sheet as at March 31, 2020 and statement of profit and loss for the year ended then pertain to only one business segment.

Geographical segment:

Refer Note 21 for disaggregation of revenue based on geographies.

32 Related party disclosures

a. Names of related parties and related party relationship

Related parties where control exists	
Ultimate Holding Company	Tech Mahindra Limited
Related parties with whom transactions have taken place	
Fellow subsidiaries	Born London Limited
	Born Group Inc., USA
	Born Japan Kabhushiki kaisha, Japan
	Born Group Pte limited, Singapore
	Born Digital SDN BHD, Malaysia

b. Related party transactions

Name of entity	Country of incorporation	Year	Sale / (Purchase) of services	Trade receivables / (payables)
Born Group Inc.	United States of America	March 31, 2020	189,463,913	274,046,689
Born London Limited	United Kingdom	March 31, 2020	131,950,334	317,975,454
Born Group Pte Limited	Singapore	March 31, 2020	130,273,985	224,780,393
Born Japan Kabhushiki Kaisha	Japan	March 31, 2020	4,953,964	6,295,392
Born Digital SDN BHD	Malaysia	March 31, 2020	50,883,683	48,774,433

Remuneration to key managerial personnel

Name of key managerial personnel	**Year ended March 31, 2020**
Salary, bonus	
Prakash Gurumoorthy	42,187,355

Note : The remuneration to the key management personnel does not include provisions made for gratuity and compensated absence as they are determined on an actuarial basis for the Company as a whole.

33 Employee benefit plans

a. Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The company has no obligations other than to make specified contributions. These contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to Rs. 17,253,654.

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Defined benefit obligation (Base)	37,063,055

Particulars	**As at March 31, 2020**	
	Increase	**Decrease**
Discount rate (- / + 1%)	2.29	2.39
(% change compared to base due to sensitivity)		
Salary growth rate (- / + 1%)	2.34	2.27
(% change compared to base due to sensitivity)		
Attrition rate (- / + 50% of attrition rates)	-	-
(% change compared to base due to sensitivity)		
Mortality rate (- / + 10% of mortality rates)	-	-
(% change compared to base due to sensitivity)		

Projected benefits payable in future years from the date of reporting (valued on undiscounted basis):

1 year	6,345,142
2 to 5 years	22,415,905
6 to 10 years	12,172,076
More than 10 years	8,939,339

Principal assumptions	**As at March 31, 2020**
Discount rate	5.65%
Salary escalation rate	7.25%
Employee turnover	
Mortality table	

34 The financials are management accounts for the period November 25, 2019 to March 31, 2020 which is a part of the financials statements for the period April 1, 2019 to March 31, 2020 as presented to the Board.

PT TECH MAHINDRA INDONESIA

Board of Directors
Mr. Manish Goenka
Mr. Pranab Choudhury
Mr. Puneet Kumar Chadha

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
Siddharta Widjaja & Rekan

DIRECTORS' REPORT

Your directors present their report together with the audited accounts of your company for the year ended March 31, 2020.

Financial Results

For the years ended March 31	2020	2020	2019	2019
	US $	INR	US $	INR
Income	24,183,197	1,813,739,775	20,711,061	1,553,329,575
Profit/(Loss) before tax	4,340,652	325,548,900	(7,339,588)	(550,469,100)
Profit/(Loss) after tax	1,948,801	146,160,075	(6,061,185)	(454,588,875)

*Average conversion rate considered is INR 75 per USD.

Review of Operations:

During the year under review, your company recorded an income of US$ 24,183,197 (equivalent to INR 1,813,739,775) increase of 16% over the previous year. Profit before tax was US$ 4,340,652 (equivalent to INR 325,548,900). 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

Pranab Choudhary	**Puneet Kumar Chadha**
Director	**Director**

Place: Jakarta
Date : 29-June-2020

PT TECH MAHINDRA INDONESIA

PT TECH MAHINDRA INDONESIA

STATEMENT OF FINANCIAL POSITION

In US Dollar	Notes	31 March 2020	31 March 2019
ASSETS			
CURRENT ASSETS			
Cash		4,513,007	1,477,063
Account receivables	5	3,608,921	2,773,842
Unbilled revenues		4,431,754	4,726,112
Prepaid value added tax		380,018	542,802
Prepaid expenses and advances		222,321	291,046
TOTAL CURRENT ASSETS		**13,156,021**	**9,810,865**
NON-CURRENT ASSETS			
Deferred tax assets	12	1,557,205	2,013,313
Claims for tax refund	6	2,583,211	2,892,136
Property and equipment, net		57,860	25,287
Other non-current assets		38,860	51,836
TOTAL NON-CURRENT ASSETS		**4,237,136**	**4,982,572**
TOTAL ASSETS		**17,393,157**	**14,793,437**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank overdraft		560,855	-
Account payables	7	6,922,110	7,543,547
Employee benefits obligation		208,663	212,855
Income tax payable		779,119	43,274
Other tax payables		222,080	168,348
Unearned revenue		325,150	452,153
TOTAL CURRENT LIABILITIES		**9,017,977**	**8,420,177**
NON-CURRENT LIABILITIES			
Employee benefits obligation		304,086	288,642
Other non-current liability		32,907	-
TOTAL NON-CURRENT LIABILITIES		**336,993**	**288,642**
TOTAL LIABILITIES		**9,354,970**	**8,708,819**
EQUITY			
Share capital	8	500,000	500,000
Other comprehensive income		142,433	137,665
Retained earnings		7,395,754	5,446,953
TOTAL EQUITY		**8,038,187**	**6,086,618**
TOTAL LIABILITIES AND EQUITY		**17,393,157**	**14,793,437**

See Notes to the Financial Statements, which form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In US Dollar	Notes	Year ended 31 March	
		2020	2019
REVENUE	9	23,395,970	20,711,061
COST OF REVENUE	10	(8,559,399)	(13,752,986)
GROSS PROFIT		14,836,571	6,958,075
Operating expenses	11	(9,554,140)	(8,876,795)
Impairment loss on account receivables		188,030	(5,075,415)
Finance cost, net		(4,671)	(10,246)
Loss on foreign exchange, net		(1,912,361)	(116,493)
Other expenses		-	(218,714)
Other income		787,227	-
PROFIT (LOSS) BEFORE TAX		**4,340,652**	**(7,339,588)**
Income tax (expense) benefit	12	(2,391,855)	1,278,403
PROFIT (LOSS)		**1,948,801**	**(6,061,185)**
OTHER COMPREHENSIVE INCOME			
Changes resulting from actuarial remeasurements of employee benefits obligations		4,768	86,678
Tax on other comprehensive income		-	(21,670)
TOTAL OTHER COMPREHENSIVE INCOME		**4,768**	**65,008**
TOTAL COMPREHENSIVE INCOME (LOSS)		**1,953,569**	**(5,996,177)**

See Notes to the Financial Statements, which form an integral part of these financial statements.

PT TECH MAHINDRA INDONESIA

STATEMENT OF CHANGES IN EQUITY

In US Dollar	Share capital	Other comprehensive income	Retained earnings	Total equity
Balance as of 31 March 2018	**500,000**	**72,657**	**11,508,138**	**12,080,795**
Loss for the year	-	-	(6,061,185)	(6,061,185)
Other comprehensive income	-	65,008	-	65,008
Balance as of 31 March 2019	**500,000**	**137,665**	**5,446,953**	**6,084,618**
Profit for the year	-	-	1,948,801	1,948,801
Other comprehensive income	-	4,768	-	4,768
Balance as of 31 March 2020	**500,000**	**142,433**	**7,395,754**	**8,038,187**

See Notes to the Financial Statements, which form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

In US Dollar	Notes	Year ended 31 March 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss)		1,948,801	(6,061,185)
Adjustments for:			
Loss on impairment of account receivables		390,868	5,075,415
Income tax expense (benefit)	12	2,391,855	(1,278,403)
Finance cost, net		4,671	10,246
Depreciation	11	59,687	13,808
Operating cash flows before changes in working capital		4,795,882	(2,240,119)
Changes in working capital:			
Account receivables		(1,225,967)	(1,407,085)
Unbilled revenues		294,358	(2,018,284)
Claims for tax refund		478,999	(1,825,870)
Prepaid value added tax		162,784	-
Prepaid expenses and advances		68,725	(88,282)
Other non-current assets		12,976	(6,033)
Account payables		(621,437)	6,038,779
Other tax payables		53,732	(501,251)
Unearned revenue		(127,003)	452,153
Employee benefits obligation		20,212	19,311
Other non-current liability		32,907	-
Cash generated from operations		3,946,168	(1,576,681)
Interest received		-	6,456
Income tax paid		(1,374,148)	-
Tax refund		-	573,577
Net cash from (used in) operating activities		2,572,020	(996,648)
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of property and equipment/Net cash used in investing activity		(92,260)	(1,801)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank overdraft		560,855	-
Unsecured short-term loan		-	684,555
Repayment of unsecured short-term loan		-	(684,555)
Interest paid		(4,671)	(16,702)
Net cash from (used in) financing activities		556,184	(16,702)
NET INCREASE (DECREASE) IN CASH		**3,035,944**	**(1,015,151)**
CASH AT BEGINNING OF YEAR		**1,477,063**	**2,492,214**
CASH AT END OF YEAR		**4,513,007**	**1,477,063**

See Notes to the Financial Statements, which form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

1. GENERAL INFORMATION

PT Tech Mahindra Indonesia (the “Company”) was established in the Republic of Indonesia in 2006. 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 is currently engaged in providing Billing and Customer Care System Managed Services.

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 year

In the current year, the Company has applied a number of amendments and an interpretation to PSAK that are relevant to its operations and effective for accounting period beginning on or after January 1, 2018.

The application of the following amendment/improvements and interpretation to standard have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

- PSAK 2 (amendment), Statement of Cash Flow about Disclosure Initiative
- PSAK 13 (amendment), Transfers to Investment Property;
- PSAK 15 (improvement), Investment in Associates and Joint Venture;
- PSAK 46 (amendment), Recognition of Deferred Tax Assets for Unrealized Losses;
- PSAK 53 (amendment), Classification and Measurement of Share-based Payments Transactions; and
- PSAK 67 (improvement), Disclosures of Interest in Other Entities.

b. Standards, amendment/improvements and interpretations to standard issue not yet adopted

New standards, amendments/improvements and interpretation to standard effective for periods beginning on or after January 1, 2019, with early application is permitted, are as follows:

- PSAK 22 (improvement), Business Combination;
- PSAK 24 (amendment), Plan Amendment, Curtailment or Settlement;
- PSAK 26 (improvement), Borrowing Cost;
- PSAK 46 (improvement), Income Tax;
- PSAK 66 (improvement), Joint Arrangement;
- ISAK 33, Foreign Currency Transactions and Advance Consideration; and
- ISAK 34, Uncertainty Over Income Tax Treatments.

b. Standards, amendment/improvements and interpretations to standard issue not yet adopted (Continued)

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

- 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;
- PSAK 73, Leases;

Standard effective for periods beginning on or after January 1, 2021, with early application permitted as follow:

- PSAK 112, Charitable Accounting.

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretation on the financial statements is not known nor reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

b. The Company's directors approved the financial statements for issuance on 29th June 2020

c. Basis of preparation

The financial statements have been prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement.

d. Functional and presentation currency the Company's functional currency is Indonesian Rupiah. The financial statements are presented in United States Dollar ("US Dollar/USD").

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. The resulting gains or losses are credited or charged to profit or loss. 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

e. Financial instruments

The Company's financial assets comprise cash, trade receivables and other receivables, which are categorized as "Loans and receivables". Financial liabilities comprise trade payables, other payables and accruals, and loans due to related parties, which are categorized as "Other financial liabilities.

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company's contractual rights to the cash flows from the financial assets expire, i.e. when the asset is transferred to another party without retaining control, or when substantially all risks and rewards are transferred. Financial liabilities are derecognized if the Company's obligations expire, or are discharged or cancelled.

Financial assets that are categorized as loans and receivables are initially measured at fair value, plus any directly attributable transaction costs. Subsequent to initial measurement, they are carried at amortized cost, net of provision for impairment, if necessary. Amortized cost is measured by discounting the asset amounts using the effective interest rate, unless the effect of discounting would be insignificant. The effective interest rate is the rate that discounts expected future cash flows to the net carrying amount, on initial recognition. Interest effects from the application of the effective interest method are recognized in profit or loss.

An impairment provision is recognized for financial assets that are categorized as loans and receivables when there is objective evidence that the Company will not be able to recover the carrying amounts according to the original terms of the instrument. The amount of the impairment loss is the difference between the carrying amount of the financial asset and the present value of its estimated future cash flows, discounted at the original effective interest rate. Changes in the impairment provision are recognized in profit or loss.

Other financial liabilities are initially measured at fair value, less any directly attributable transaction costs. Subsequent to initial measurement, these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when there is a legal right of offset and there is an intention to settle them on a net basis, or when the asset is realized and the liability is settled simultaneously.

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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to 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.

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 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.

Effective interest method

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

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. Revenue recognition

Revenue from information technology services and business process outsourcing services include revenue earned from services rendered on ‘time and material’ basis, time bound fixe price engagements and fixed price development contracts.

i. Income tax

Income tax expense comprises current and deferred corporate income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or refundable on the taxable income or loss for the year, using tax rates substantively enacted at the reporting date, and includes true-up adjustments made to the previous years’ tax provisions either to reconcile them with the income tax reported in annual tax returns, or to account for differences arising from tax assessments. Current tax payable or refundable is measured using the best estimate of the amount expected to be paid or received, taking into consideration the uncertainty associated with the complexity of tax regulations.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This method also requires the recognition of future tax benefits, such as tax loss carry forwards, to the extent that realization of such benefits is probable.

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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will be available against which they can be used.

4. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

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.

Assumptions and Estimation Uncertainties

Information about the assumptions and estimation of uncertainties that may result in a material adjustment within the following year is included in Note 5, impairment loss on account receivables.

5. ACCOUNT RECEIVABLES

	31 March	
In US Dollar	**2020**	**2019**
Third parties:	10,896,187	10,351,452
Related parties	47	12,700
	10,896,234	**10,364,152**
Allowance for impairment losses	(7,287,313)	(7,590,310)
	3,608,874	**2,761,142**

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 receivables are disclosed in Note 14.

6. CLAIMS FOR TAX REFUND

In US Dollar	31 March	
	2020	**2019**
March 2017 corporate income tax ("CIT")	739,524	569,450
March 2019 CIT	718,790	718,790
Other tax articles	1,124,897	1,603,896
	2,583,211	**2,892,136**

On March 2017 CIT, in August 2018 the Company was deemed by the tax office an underpayment of IDR 7,707 million (equivalent to USD 389,270) instead of overpayment of USD 350,254. The Company disagreed with the assessment and until recently in February 2020, has filed an appeal letter. The hearing is ongoing.

On March 2019 CIT, the tax office has yet examined the tax return.

Other tax articles represent various additional tax assessments totaling IDR 18,411 million deemed by the tax office on VAT and income tax article 26. The Company disagreed with the assessment and until recently in February 2020, has filed an appeal letter. The hearing is ongoing.

7. ACCOUNT PAYABLES

In US Dollar	31 March	
	2020	**2019**
Payables arising from purchase of hardware, software and project related services are to:		
Non-related parties	1,499,400	1,941,839
Related parties	1,311,153	1,031,453
Sub-contracting and other expenses	4,111,557	4,570,255
	6,922,110	**7,543,547**

8. SHARE CAPITAL

The Company's authorized, issued and paid-up share capital amounted to USD 500,000 (500,000 shares at nominal value of USD 1 per share). The Company's shareholding as of 31 March 2020 and 2019 was as follows:

Shareholders	Number of shares	%	Nominal value
Tech Mahindra Limited, India	499,000	99.80	499,000
Mr. Atanu Sarkar	1,000	0.20	1,000
	500,000	**100.00**	**500,000**

9. REVENUE

The Company generates revenue from the sale of hardware and software and provision of maintenance and other services.

In US Dollar	Year ended 31 March	
	2020	**2019**
Fixed-price development	3,394,635	6,836,074
Time and material	2,559,348	1,499,719
Fixed-price maintenance	17,441,987	12,375,268
	23,395,970	**20,711,061**

10. COST OF REVENUE

This account represents the costs incurred in developing the billing and customer care system, which consist of hardware, software and services.

11. OPERATING EXPENSES

In US Dollar	**Year ended 31 March**	
	2020	**2019**
Employees' salaries and compensations	6,587,149	6,177,734
Tax penalties	1,380,404	1,136,386
Professional fees	670,337	710,681
Travel	301,719	310,156
General office expenses	159,323	23,184
Entertainment expense	107,833	83,323
Insurance	100,381	73,797
Telecommunication	76,810	82,795
Depreciation	59,687	13,808
Recruitment	41,530	44,049
Bank charges	40,778	31,426
Conveyance	4,829	14,556
Printing and stationery	2,886	24,533
Other	20,474	150,367
	9,554,140	**8,876,795**

12. INCOME TAX

In US Dollar	**Year ended 31 March**	
	2020	**2019**
Current tax expense:		
Current year	1,390,165	-
Adjustments to prior years' tax expense	545,582	-
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	456,108	(1,278,403)
	2,391,855	**(1,278,403)**

Income tax expense is reconciled with profit (loss) before tax as follows:

In US Dollar	**Year ended 31 March**	
	2020	**2019**
Profit (loss) before tax	4,340,652	(7,339,588)
Statutory tax rate	25%	25%
	1,085,163	**(1,834,897)**
Non-deductible expenses	371,811	482,108
Current year unrecognized tax losses	16,000	74,386
Current year's unrecognized deferred tax assets	405,299	-
Adjustments to prior years' tax expense	545,582	-
Income tax expense (benefit)	2,391,855	(1,278,403)

Recognized deferred tax balances, and the movement thereof during the year comprised of the following:

In US Dollar	31 March 2018	Recognized in profit or loss	Recognized in other comprehensive income	31 March 2019	Recognized in profit or loss	Recognized in other comprehensive income	31 March 2020
Employment benefits obligation	118,630	9,285	(21,670)	106,245	(16,065)	-	90,180
Fixed assets	(111)	265	-	154	1,937	-	2,091
Provision for impairment loss on account receivables	638,061	1,268,853	-	1,906,914	(441,980)	-	1,464,934
	756,580	**1,278,403**	**(21,670)**	**2,013,313**	**(456,108)**	**-**	**1,557,205**

Under the taxation laws of Indonesia, the Company submits tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.

The Company's tax positions may be challenged by the tax authorities. The Company's tax positions are formed on sound technical basis, in compliance with the tax regulations. Accordingly, management has assessed that the outstanding refundable taxes can be recovered, and the accruals for potential income tax liabilities is not necessary. This assessment relies on estimates and assumptions and may involve judgment about future events. New information may become available that causes management to change its judgment. Such changes will impact tax expense in the period in which such determination is made.

On 31 March 2020, the income tax law was amended, whereby effective January 2020, the corporate income tax rate was replaced with a new rate of 22 percent for 2020 and 2021; and 20 percent for 2022 and thereafter. The effect of the enactment of the new statutory tax rate has been accounted for in the valuation of deferred tax assets as of 31 March 2020.

13. RELATED PARTY INFORMATION

Nature of Relationship

a. Tech Mahindra Limited, India, is the majority stockholder and the ultimate controlling party of the Company.

b. Comviva Technologies Limited, India, 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. Puneet Kumar Chadha is Director and 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.

a. Other receivables:

In US Dollar	**31 March**	
	2020	**2019**
Tech Mahindra Limited, India	47	12,700

b. The purchase and related payables arising from services obtained by the Company from related parties are as follows:

In US Dollar	**Year ended 31 March**	
	2020	**2019**
Purchase of hardware, software and procurement of services	1,083,575	825,390
Account payables		
Tech Mahindra Limited, India	1,291,548	683,692
Comviva Technoligies Limited, India	19,605	347,761
	1,311,153	**1,031,453**

c. Total remuneration incurred by the Company for its key management personnel during the years ended 31 March 2020 and 2019 are USD 292,790 and USD 256,233, respectively.

14. FINANCE INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The Company's financial assets and liabilities are expected to be realized or settled in the near term. Therefore, their carrying amounts approximate their fair values.

Financial risk management

The main risk arising from the Company's financial instruments are market risk, credit risk and liquidity risk.

i. Market risk management

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, management considers that the Company's exposure to market risk is minimal.

ii. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company.

The Company places its bank balances with credit worthy financial institutions. Account receivables are entered with respected and credit worthy 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 management regularly.

The carrying amount of financial assets represents the Company's ultimate exposure to credit risk.

The Company's most significant customer, a telecommunication company, accounts for USD 1,545,845 of the account receivable at 31 March 2020 (31 March 2019: USD 37,559).

Aging of accounts receivables:

In US Dollar	**31 March**	
	2020	**2019**
Not past due:	2,170,941	2,092,184
Past due 1 – 30 days	410,526	79,865
Past due 31 – 60 days	-	-
Past due 61 – 90 days	33,436	173,359
Past due over 90 days	8,281,284	8,006,044
	10,896,187	**10,351,452**
Allowance for impairment losses	(7,287,313)	(7,590,310)
	3,608,874	**2,761,142**
Movements in allowance for impairment losses: beginning of year	7,590,310	2,514,895
Additional provision made during the year	390,868	5,075,415
Write-back made during the year	(693,865)	-
End of year	7,287,313	7,590,310

Management has assessed that the allowance for impairment losses is adequate to cover possible losses that may arise from non-collection of receivables.

iii. Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The following are the contractual maturities of financial liabilities:

In US Dollar	Carrying amount	Contractual cash flours within 1 year
31 March 2020		
Bank overdraft	560,855	560,855
Account payables	7,025,134	7,025,134
	7,585,989	**7,585,989**
31 March 2019		
Account payables	7,543,547	7,543,547

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.

Management periodically reviews the Company's capital structure. As part of this review, management considers the cost of capital and related risk.

15. SUBSEQUENT EVENT

Since the outbreak of Coronavirus Disease 2019 ("COVID-19"), in March 2020, World Health Organization has declared a pandemic, and the prevention and control of the COVID-19 has been going on in Indonesia. The situation may have distracted global, including Indonesia, business and economic activities. Management will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Company. The assessment is still in progress and up to the date of these financial statements, management has yet identified any material impact to the financial position and operating results of the Company

TECH MAHINDRA (NIGERIA) LIMITED

BOARD OF DIRECTORS:

Chief (Mrs.) Faidat Oreagba	Director (Nigerian)
Mr. Sriram Veeravalli Sevellimedu	Director (Indian) (Since Resigned)
Mr. Ayan Chatterjee	Director (Indian)

OFFICE ADDRESS:

3rd Floor Coscharis Plaza
68A Adeola Odeku Street
Victoria Island,
Lagos.

COMPANY SECRETARY:

Probitas Partners
70 Queens Street
Off Herbert Macaulay Way
Yaba Lagos, Nigeria.

INDEPENDENT AUDITORS:

Grant Thornton Nigeria
(Chartered Accountants)
2A Ogalade Close
Off Ologun Agbaje Street
Off Adeola Odeku Street
Victoria Island
Lagos.

BANKER:

Citibank Nigeria Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors submit their report together with the audited financial statements for the year ended 31 March 2020, 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 providing 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. Sriram Veeravalli Sevellimedu	Director (Indian) (Since Resigned)
Mr. Ayan Chatterjee	Director (Indian)

Directors' interest 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.

Independent 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.

BY ORDER OF THE BOARD

Date : 22-June-2020 **DIRECTOR**

Place: LAGOS, NIGERIA.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2020

The Companies and Allied Matters Act, CAP C20 LFN 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters Act;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the interim financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Chief (Mrs.) Faidat Oreagba	**Mr. Ayan Chatterjee**
Director	**Director**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tech Mahindra (Nigeria) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Tech Mahindra (Nigeria) Limited** (the Company), which comprise the Statement of Financial Position as at **31 March 2020,** and the Statement of Profit or Loss, 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 2020,** and of its financial performance and its cash flows for the year 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 Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher 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 going concern.

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

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and Statement of Profit or Loss are in agreement with the books of account.

Uchenna Okigbo, FCA
FRC/2016/ICAN/00000015653
FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)
LAGOS, NIGERIA.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		₦	₦
Revenue from Services	6	890,526,193	686,595,036
Subcontracting Expenses	7	(412,232,030)	(151,781,217)
Gross profit		**478,294,163**	**534,813,819**
Finance Cost	9	(12,487,661)	(10,018,549)
Less Expsenses:			
Administrative Expenses	8	(1,591,799,417)	(643,800,567)
		(1,125,992,915)	**(119,005,297)**
Other Income	10	42,963,917	70,514,738
Loss Before Taxation		**(1,083,028,998)**	**(48,490,559)**
Taxation	11	(262,031,130)	(218,446,934)
Loss for the Year		**(1,345,060,128)**	**(266,937,493)**
Per Share Data:			
Earnings per share (Naira)		(9)	(2)
Loss per share from continuing operations attributable to owners during the year: (expressed in naira per share)			
Basic and diluted loss per share		(9)	(2)

The notes on pages 1084 to 1099 form an integral part of these financial statements.

TECH MAHINDRA (NIGERIA) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020	2019
		₦	₦
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	13	944,253	3,271,419
Deferred Tax Assets	11.3	386,622,287	635,554,167
TOTAL NON-CURRENT ASSETS		**387,566,540**	**638,825,586**
CURRENT ASSETS			
Receivable and Prepayments	14	1,876,416,278	2,082,984,894
Cash and Cash Equivalent	15	1,449,336,850	1,199,760,897
TOTAL CURRENT ASSETS		**3,325,753,128**	**3,282,745,791**
TOTAL ASSETS		**3,713,319,668**	**3,921,571,377**
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	19	153,040,026	153,040,026
General Reserve		(4,377,026,098)	(3,032,523,970)
		(4,223,986,072)	**(2,879,483,944)**
NON CURRENT LIABILITIES			
Unsecured Loan from Tech Mahindra Limited	18	355,270,000	355,270,000
CURRENT LIABILITIES			
Trade Payables	16	365,277,018	421,961,594
Other Payables	17	7,159,672,404	5,950,984,968
Income Tax Liabilities	11.1	57,086,313	72,838,759
TOTAL NON-CURRENT ASSETS		**7,937,305,735**	**6,801,055,322**
TOTAL EQUITY AND LIABILITIES		**3,713,319,668**	**3,921,571,377**

These financial statements were approved by the Board of Directors on 22 June 2020 and signed on its behalf by…………………………..

Chief (Mrs.) Faidat Oreagba
Director

Mr. Ayan Chatterjee
Director

The notes on pages 1084 to 1099 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Equity Share	General Reserve	Total
	₦	₦	₦
Year Ended 31 March 2019			
Balance as at 1 April 2018	153,040,026	(2,766,144,477)	(2,613,104,451)
Loss for the year	-	(266,937,493)	(266,937,493)
Rounding Adjustment	-	558,000	558,000
Balance as at 31 March 2019	**153,040,026**	**(3,032,523,970)**	**(2,879,483,944)**
Year Ended 31 March 2020			
Balance as at 1 April 2019	153,040,026	(3,032,523,970)	(2,879,483,944)
Loss for the year	-	(1,345,060,128)	(1,345,060,128)
Rounding Adjustment	-	558,000	-
Balance as at 31 March 2020	**153,040,026**	**(4,377,026,098)**	**(4,224,544,072)**

The notes on pages 1084 to 1099 form an integral part of these financial statements.

TECH MAHINDRA (NIGERIA) LIMITED

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	₦	₦
Cash flows from Operating Activities		
Loss Before Tax	(1,083,028,998)	(48,490,559)
Adjustments:		
Depreciation	2,327,169	3,508,197
Rounding Adjustment	558,000	(19,491)
Operating Loss Before Working Capital Changes	**(1,080,143,829)**	**(45,001,853)**
Changes in Working Capital:		
Decrease in Receivables and Prepayment	206,568,618	2,324,576,318
(Decrease) in Trade Payables	(56,684,576)	(318,616,111)
Increase/(Decrease) in Other Payables	1,208,687,436	(636,315,117)
	1,358,571,478	**1,369,645,090**
Tax Paid	(28,851,696)	(228,988,994)
Net Cash Flow from Operating Activities	**249,575,953**	**1,095,654,243**
Cash flow from Investing Activities:		
Purchase of Property, Plant and Equipment	-	-
Net Cash flow from Investing Activities	**-**	**-**
Cash Flow from Financing Activities:		
Unsecured Loan from Tech Mahindra Limited	-	-
Net Cash Flow from Financing Activities	**-**	**-**
Net Cash Flow for the year	**249,575,953**	**1,095,654,243**
Cash and Cash Equivalents as at 1 April	1,199,760,897	104,106,654
Cash and Cash Equivalents as at 31 March	**1,449,336,850**	**1,199,760,897**
Cash and Cash Equivalent Consist of :		
Cash at Bank	**1,449,336,850**	**1,199,760,897**

The notes on pages 1084 to 1099 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Nature of Operation

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.

2 General Information, statement of compliance with IFRS and going concern assumption

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 authorized share capital was 153,790,000 ordinary shares of N1.00. The company is wholly owned by Tech Mahindra India .

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the company operates on a going concern basis. The company's audited balances for the year under review are comparable with the prior year balances in all aspects.

The financial statements for the year ended 31 March 2020 (including comparatives) were approved and authorised for issue by the board of directors of Tech mahindra Limited on 22 June 2020.

3 New or Revised Standards or Interpretations

3.1 Standards, amendments and interpretations to existing standards adopted as at 1 January 2019

The Company adopted the following standards and amendments that are effective for the first time in 01 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made. However, they do not affect these financials statements

3.2 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.

3.2.1 IFRS 17, ‘Insurance Contracts ‘, Issued: May 2018 (Effective 1 January 2021)

IFRS 17, “”Insurance Contracts”” In May 2018, the IASB issued IFRS 17 “”Insurance Contracts,”” which replaces an interim standard IFRS 4 “”Insurance Contract”” and related interpretations. The standard sets out the requirements that a company should apply in reporting information about insurance contracts.

The standard provides update of information about the obligations, risk and performance of insurance contracts, increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry, and introduces a consistent accounting for all insurance contracts based on a current measurement model. IFRS 17 requires that a company update the measurement of insurance obligations at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rate.

3.2.2 The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. ‘, Issued: October 2018 (Effective 1 January 2020

In October 2018, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition.

New definition of material

The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements.

4.1 Basis of preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in Nigerian currency Naira (₦)

4.2 Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the company's functional currency.

4.3 Revenue

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services. Revenue involves provision of telecommunication, networking and internet information to customers.

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

1 Identifying the contract with a customer

2 Identifying the performance obligations

3 Determining the transaction price

4 Allocating the transaction price to the performance obligations

5 Recognising revenue when/as performance obligation(s) are satisfied.

The company often enters into transactions involving rendering a wide range of services to customers. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods and services to its customers.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Onsite and offshore revenue

Revenue from onsite and offshore is recognized at a point in time when the Company has satisfied its performance obligations in the contract by transferring control of the service to its customers and is entitled to receive consideration for the promised services. Control is transferred when the services are delivered to the customers.

4.4 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.

4.5 Administrative Expenses

Administrative expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

4.6 Employee Benefits

4.6.1 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 recognized 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 recognized as personnel expense when they are due.

4.6.2 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 recognized in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognized 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 recognized 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 recognized as a liability in the financial statements.

4.7 Tax Expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

4.7.1 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.

4.7.2 Deferred Tax

Deferred tax is recognized 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 recognized 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 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 profit will be available to allow all or part of the asset to be recovered. Deferred tax liability is settled or the asset realized, based on tax rate (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 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 realized simultaneously.

A deferred tax asset is recognized 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 utilized. 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 realized.

4.7.4 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 adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

4.8 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.

4.9 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.

4.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized 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.

4.11 Property, Plant and Equipment

4.11.1 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.

4.11.2 Buildings, IT equipment and other equipment

4.11.2.1 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
- Capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized 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 recognized 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 recognized within other income in profit or loss.

4.11.2.2 Subsequent costs

Subsequent expenditure is capitalized 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.

4.11.2.3 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 recognized 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.

4.12 Share Capital

4.12.1 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.

4.13 Financial Instruments

4.13.1 Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.13.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.13.3.Subsequent measurement of financial assets

4.13.3.1 Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of its contractual cash flows principal and interest on the principal amount outstanding

4.13.3.2 Financial assets at amortised cost

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

4.13.3.3 Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

4.13.3.4 Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods) AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables).

Within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

4.13.4 impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collect ability of the future cashflows of the instrument.

In applying this forward-looking approach, a distinction is made between:

Stage 1: Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk

Stage 2: Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.13.5 Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

4.13.6 Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the

Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

4.13.7 Trade and other receivables and contract assets

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

4.13.8 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). reported in profit or loss are included within finance costs or finance income.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.14 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognized 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 recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect of any item included in the same class of obligations may be small.

4.15 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 recognized 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.

4.15 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.

4.15.1 Capitalization of internally developed software

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

4.15.2 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4.15.3 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.

4.15.4 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.

4.15.5 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.

4.15.6 Inventories

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

5 Financial Risk Management

5.1 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 sustainability 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 processes;
- 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.

5.2 Significant risks

The company has exposure to Significant Risks which are categorized as follows:

- Regulatory (capital 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

Detailed Discussion of Significant Risks

5.2.1 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.

5.2.1.1 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 2019, the directors are not aware of any significant obligation not provided for.

5.2.1.2 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.

5.2.1.2.1 Transactional risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and reorganizations.

5.2.1.2.2 Operational risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

5.2.1.2.3 Compliance risk

The risk associated with meeting the company's statutory obligations.

5.2.1.2.4 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 consequences, 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.

5.2.1.3 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 management 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.

5.2.2 Business Environment

5.2.2.1 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.

5.2.2.2 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 analyze 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 quarterly 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.

5.2.3 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.

5.2.4 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.

5.2.4.1 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.

5.2.4.2 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.

5.2.5 Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

5.2.6 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.

5.2.6.1 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.

5.2.7 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 instruments.

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.

5.2.7.1 Other receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

5.2.8 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.

		2020	2019
		₦	₦
6	**Revenue From Services**		
	Onsite and offshore revenue	890,526,193	668,443,775
	Hardware and software system revenue	-	18,151,261
		890,526,193	**686,595,036**

Revenues are recognized through the provision of onsite and offshore servcies to customers.

		2020	2019
7	**Subcontracting Expenses**		
	Subcontracting expenses - onsite and offshore	412,232,030	139,201,217
	Subcontracting expenses - hardware and software system	-	12,580,000
		412,232,030	**151,781,217**

Subcontracting Expenses

Subcontracting expenses relate the costs that are incured while bringing the goods to its point of sales and all the associated cost.

		2020	2019
8	Administrative Expenses		
	Guest house expenses	10,742,729	15,729,550
	Personnel cost	79,726,690	84,580,410
	Telephone, internet and postage	576,000	439,320
	Rent	21,615,908	40,777,690
	Motor running expenses	12,416,330	11,816,033
	Audit fees	6,050,000	6,050,000
	Office running expenses	25,390,325	46,367,213
	Business promotion expenses	-	38,150
	Insurance	1,665,000	5,672,969
	Legal expenses and professional fees	52,418,045	20,525,632
	Travelling and conveyance	19,151,949	26,487,500
	General expenses	239,648,566	11,156,157
	Exchange loss	1,117,740,049	367,881,283
	Depreciation	2,327,169	3,508,197
	Bank charges	2,330,657	2,770,463
		1,591,799,417	**643,800,567**

Administrative expenses consist of the expenses listed above. Personnel cost emolument relates to cost incurred on staff remuneration; General expenses represent expenses incurred on miscellaneous charges; Office running expenses represents water charges, utility bills and other office expenses, etc.

		2020	2019
8.1	**Personnel Cost**		
	Salaries and wages	79,726,690	84,580,410
		79,726,690	**84,580,410**

Personnel cost relates to cost incured in retaining the existing personnel as well as hiring the new once.

		2020	2019
		₦	₦
8.2	**Depreciation Expenses**		
	Motor vehicle	1,489,999	1,739,999
	Computer equipment	677,020	1,127,599
	Furniture & fittings	160,150	640,599
		2,327,169	**3,508,197**

Depreciation expenses represent a portion of the cost of plant and equipment that is matched in consideration to the useful life of the assets during the year.

		2020	2019
8.3	**Classified by Nature**		
	Personnel expenses	79,726,690	84,580,410
	Depreciation	2,327,169	3,508,197
	General expenses	1,509,745,558	555,711,960
		1,591,799,417	**643,800,567**
9	**Finance Cost**		
	Interest expenses	12,487,661	10,018,549
		12,487,661	**10,018,549**

The finance cost relates to interest and similar charges from the bank.

		2020	2019
10	**Other Income**		
	Interest received	42,963,917	70,514,738
		42,963,917	**70,514,738**

Other income relates to income earned from other activities other than the company's principal activities. Interest received relates to interest received on placement with banks and intercompany loan.

		2020	2019
11	**Taxation**		
11.1	**Current Tax (Statement of Financial Position)**		
	Balance as 1 April	72,838,759	50,679,325
	Charge for the year	13,099,250	251,148,428
		85,938,009	**301,827,753**
	Paid during the year	(28,851,696)	(228,988,994)
	Balance as at reporting year	**57,086,313**	**72,838,759**
11.2	**Income Tax Expense**		
	Company income tax	-	-
	Education tax	-	-
	Information technology levy	-	-
	Provision for the year	13,099,250	251,148,428
		13,099,250	**251,148,428**
	Deferred tax expense recognised in the current year	248,931,880	(32,701,494)
	Charge to Income Statement	**262,031,130**	**218,446,934**

The tax rate used for the 2020 tax computation is 30% payable by Corporate Entities in Nigeria, 2% for Education Tax and 1% of profit before tax for information technology levy. Amount of ₦6,692,262 recognized as tax expense relates to prior year's assessment of 2019.

	2020	2019
	₦	₦
11.3 Deferred Tax Assets		
	386,622,287	635,554,167

	2020	2019
11.4 Income Tax Reconciliation		
Loss Before Tax	**(1,083,028,998)**	**(48,490,559)**
Income tax expenses calculated of LBT(2020:30%)	(324,908,699)	(14,547,168)
Effect of disallowable expenses	9,322,217,158	11,493,109
Effect of capital allowance	8,449,490	7,844,413
Effect of loss relief	100,383,923	582,864,899
Effect of Tertiary Education tax	-	6,692,262
	9,106,141,872	**594,347,514**

13 Property, Plant & Equipment

	Motor Vehicle	Plant & Machinery	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	₦	₦	₦	₦	₦	₦
Cost						
As at 31 March 2019	22,641,875	4,193,223	7,065,386	8,055,000	422,000	42,377,484
Additions during the year	-	-	-	-	-	-
As at 31 March 2020	**22,641,875**	**4,193,223**	**7,065,386**	**8,055,000**	**422,000**	**42,377,484**
Depreciation						
As at 31 March 2019	20,513,526	4,132,280	6,369,566	7,682,777	407,916	39,106,065
Charge for the year	1,489,999	-	677,020	160,150	-	2,327,169
As at 31 March 2020	**22,003,524**	**4,132,280**	**7,046,585**	**7,842,926**	**407,916**	**41,433,230**
CARRYING AMOUNT						
As at 31 March 2020	638,351	60,943	18,801	212,074	14,084	944,253
As at 31 March 2019	2,128,349	60,943	695,820	372,223	14,084	3,271,419

	2020	2019
	₦	₦
14 Receivable and Prepayments		
Accounts receivable	618,350,057	455,749,772
Provision for doubtful receivables	(5,800,001)	(5,800,001)
Accounts receivable - net	612,550,056	449,949,771
Intercompany receivables	91,122,412	401,033,228
Withholding tax receivable	880,348,906	827,931,987
Advance payment to suppliers	263,691,651	391,239,494
Staff receivables	4,089,497	5,607,490
Prepaid expenses	18,778,332	1,387,500
Other Receivable	5,835,424	5,835,424
	1,876,416,278	**2,082,984,894**

All amounts are short-term. The net carrying value of trade receivables is considered to be at fair value. During the year the loan to HMSL (a related company) of ₦261 million was written-off. The company is in financial distress and hence the whole stake of Comviva was sold back at ₦1.

		2020	2019
		₦	₦
15	**Cash and Cash Equivalent**		
	Cash and cash equivalents consist of the following:		
	Cash at Bank	1,449,336,850	1,199,760,897
		1,449,336,850	**1,199,760,897**

These comprise of balances in foreign currencies that are translated at the period end, using the interbank rate as at 31 March 2020.

		2020 ₦	2019 ₦
16	**Trade Payables**		
	Trade and other payables consist of the following:		
	Advances from customers	311,343,809	368,140,651
	Payable - Mahindra West Africa	53,933,209	53,820,943
		365,277,018	**421,961,594**

The carrying amount of trade and other payables are considered to be at their fair values.

		2020 ₦	2019 ₦
17	**Other Payables**		
	Accrued expenses	7,067,072,368	5,869,100,082
	VAT payable	91,683,454	81,884,886
	Withholding tax payable	916,582	-
		7,159,672,404	**5,950,984,968**
18	**Unsecured Loan from Tech Mahindra Limited India**	355,270,000	355,270,000
		355,270,000	**355,270,000**
19	**Share Capital**		
	Authorized		
	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 nominal value of ₦1 each.

		2020	2019
20	**Employees**		
	Average number of persons employed during the year:		
	Management staff	2	2
	Senior staff	2	2
	Junior staff	6	6
		10	**10**
21	**Substantial Interest in Shares**		
	Tech Mahindra Limited India	153,040,025	153,040,025
	Milind Kulkarni	1	1
		153,040,026	**153,040,026**

		2020 ₦	2019 ₦
22	**Related Party Transactions**		
	Parent Company - Tech Mahindra Limited India		
	Beginning balance due to Parent Company on 1 April	6,229,832,826	6,100,815,428
	Subcontractors for Subs cost to Parent Company	266,822,232	99,382,000
	Subcontractors for Subs cos to Parent company unbilled	28,479,240	28,479,296
	Interest on Loan taken from Parent Company	2,166,786	1,156,102
	Payment to parent	466,483,587	-
	Closing Balance as at 31 March	**6,993,784,671**	**6,229,832,826**
	Comviva Software fees payable	205,068,311	526,696,036
	Mahindra Comviva Nigeria (Loan with Interest)	(92,530,655)	(132,276,228)
	LCC Northern europe rent for equipment	-	(4,151,351)
	Loan from Tech Mahindra Limited India	355,270,000	355,270,000

23 Authorization of Financial Statements

The financial statements for the year 31 March 2020 (including comparatives) were approved by the board of directors on 22 June 2020.

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
CitiBank

Auditors
KPMG CARDENAS DOSAL, S.C.

TECH MAHINDRA DE MÉXICO, S. DE R. L. DE C. V.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Partners
Tech Mahindra de México, S. de R. L. de C. V.:

Qualified Opinion

We have audited the financial statements of Tech Mahindra de México, S. de R. L. de C. V. (the Company), which comprise the statements of financial position as at December 31, 2019 the statements of income, changes in partners s' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matter described in the Basis for Qualified Opinion, the accompanying financial statements presented fairly, in all material respects, the financial position of Tech Mahindra de México, S. de R. L. de C. V., as of December 31, 2019, and its result and it cash flows for the year ended on this date, in accordance with the Mexican Financial Reporting Standards (Mex FRS).

Basis for Qualified Opinion

As mentioned in note 2a), as of December 31, 2019 and for the year then ended, the Company recognized on the financial statements the requirements of Mex FRS D-3 "Employee benefits", related to long-term employee benefit obligations. The effect of this adoption amounted to $11,423,623. According to Mex FRS B-1 "Accounting changes and corrections of errors", retrospective recognition of corrections of errors and reformulation of the financial statements of previous years is required, however, the Company recorded this effect in the results of the year, with a credit to the liability for long-term employee benefits for $11,423,623 and a debit to the results of the period for the same amount, without identifying the effects prior to said year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Mexico, 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 qualified opinion.

Emphasis of Matter

As described in note 1, the main activity of Tech Mahindra de México, S. de R. L. de C. V. is to provide computing consulting services. At December 31, 2019 Services rendered to Tech Mahindra Limited represents the 100% of the revenues. Our opinion is not modified in respect of this matter..

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 FRS, 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.

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 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 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 audit.

Other Matter

We draw attention to the fact that the accompanying statement of financial position of Tech Mahindra de México, S. de R. L. de C. V., as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, were audited by another auditor who expressed an unmodified opinion on those statements on June 3, 2019.

KPMG CARDENAS DOSAL, S.C.

C. P. C. Norma Angel Acosta

Reynosa, Tamaulipas, México.

July 3, 2020.

TECH MAHINDRA DE MÉXICO, S. DE R. L. DE C. V.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2019 and 2018

(In Mexican pesos)

Particulars	Note reference	2019	2018
Assets			
Current assets:			
Cash and cash equivalents	4	$ 55,959,495	11,877,044
Accounts receivable - net	5	141,121,790	215,534,694
Due from Related Party	10	86,210,555	39,013,917
Prepayments		3,073,581	2,306,226
Deposits in guarantee - current		435,541	970,300
Other receivables	6	3,087,135	3,749,304
Total current assets		**289,888,097**	**273,451,485**
Non-Current assets:			
Property and equipment – net	7	38,159,631	34,958,939
Right of use assets of leased properties	8	55,600,997	-
Deposits in guarantee - non-current		4,586,440	2,439,223
Deferred income taxes	12	9,353,205	899,380
Total non-current assets		**107,700,273**	**38,297,542**
Total assets		**397,588,370**	**311,749,027**
Liabilities and partners' equity			
Current liabilities:			
Due to related party	10	171,648,468	183,731,264
Accounts payable		891,078	3,637,858
Accrued expenses and taxes	9	42,735,202	69,391,968
Short term employee benefits	11	27,879,574	13,743,169
Net current tax liability	12	16,808,162	2,351,408
Short term of right of use liability of leased properties	8	22,156,640	-
Total current liabilities		**282,119,124**	**272,855,667**
Non -Current liabilities:			
Other employee benefits	11	343,653	198,018
Post-employment employee benefits	11	18,554,214	-
Right of use liability of leased properties	8	42,631,769	-
Total non-currents liabilities		**61,529,636**	**198,018**
Total liabilities		**343,648,760**	**273,053,685**
Partners' equity:			
Social parts	13	12,934,771	12,934,771
Retained earnings		41,004,839	25,760,571
Total partners' equity		**53,939,610**	**38,695,342**
Contingencies	17		
Subsequent event	18		
Total liabilities and partners' equity		**397,588,370**	**311,749,027**

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

For the years ended December 31, 2019 and 2018

(In Mexican pesos)

Particulars	**Note reference**	**2019**	**2018**
Operating revenue	14	$ 598,662,851	388,437,858
Other income	14	4,023,890	4,648,729
		602,686,741	**393,086,587**
Costs and expenses:			
Cost of sales	14	493,088,935	320,516,758
Sales and administrative expenses	14	70,293,417	35,524,433
Income from operation		**39,304,389**	**37,045,396**
Comprehensive financing results:			
Exchange gain (loss)		5,000,661	(13,289,339)
Finance costs		7,927,507	-
Income before income tax		**36,377,543**	**23,756,057**
Income tax expense	**12**	17,982,858	10,420,301
Net profit for the year		**$18,394,685**	**13,335,756**

See accompanying notes to financial statements.

STATEMENTS OF PARTNERS' EQUITY

For the years ended December 31, 2019 and 2018

(In Mexican pesos)

Particulars	Social Parts	Retained earnings (accumulated deficit)	Total partners' equity
Balances at December 31, 2017	**$ 12,934,771**	**12,424,815**	**25,359,586**
Net Income	-	13,335,756	13,335,756
Balances at December 31, 2018	**12,934,771**	**25,760,571**	**38,695,342**
Net Income	-	18,394,685	18,394,685
Adjustment on transition to revised standard for lease accounting FRS D-5	-	(4,500,596)	(4,500,596)
Deferred tax asset on above	-	1,350,179	1,350,179
Balances at December 31, 2019	**$ 12,934,771**	**41,004,839**	**53,939,610**

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

(In Mexican pesos)

Particulars	2019	2018
Operating:		
Net profit for the year	36,377,543	23,756,057
Depreciation	38,078,352	10,981,291
Finance cost	-	-
Less: Non-operating income		
Profit on sale of fixed assets	(2,866)	(2,795)
Rent income- inter company	(3,908,654)	(4,634,814)
	70,544,375	**30,099,738**
(Increase) decrease in:		
Accounts receivable (including due from related party)	27,216,266	(23,407,406)
Prepaid expenses	(767,355)	(1,092,013)
Deposits and other receivables	(1,908,247)	(599,232)
Increase (decrease) in:		
Accounts payable (including due to related party)	(14,829,576)	(23,199,448)
Short term employee benefits (current and non-current)	14,282,040	394,443
Post-employment employee benefits	18,554,214	-
Accrued expenses and taxes	(26,656,764)	11,425,557
Cash flows from operating activities before tax:		
Tax paid	(10,304,105)	(8,319,413)
Net cash flows from operating activities	**76,130,848**	**(14,697,773)**
Investing activities:		
Acquisitions of equipment (net of sale proceeds)	(18,737,097)	(17,149,723)
Rent income - Inter company	3,908,654	4,634,814
Net cash flows (used in) investing activities	**(14,828,443)**	**(12,514,909)**
Financing activities:		
Payment of lease liabilities- Net cash flows (used in) financing activities	**(17,219,954)**	**-**
Net increase in cash and cash equivalents	**44,082,451**	**(27,212,682)**
Cash at beginning of the year	**11,877,044**	**39,089,726**
Cash at end of the year	**55,959,495**	**11,877,044**

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(In Mexican pesos)

1. Activities

a. Activities-

Tech Mahindra de México, S. de R.L. de C.V. (the "Entity or Company") was incorporated on June 30, 2008 under the laws of Mexico. Its address is Av. Eje 5 Norte # 990, Edificio F - Planta Baja, Colonia Santa Bárbara, C.P. 02230, Delegación Azcapotzalco, Distrito Federal México.

The Company is principally involved in computing consulting services and operates primarily in Mexico. Its holding company is Tech Mahindra Limited, an Indian public listed company. The Company carries out certain transactions with its Holding company as described in note 10.

b. Financial statement authorization and presentation-

On July 3, 2020, the issuance of the financial statements was authorized by Mr. Pablo Gallegos (VP & Country Head) and Roberto Carlos Esquivel (Finance Controller). 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.

2. Basis of presentation

a. Statement of compliance –

The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (MFRS).

b. Use of estimates and judgements –

The preparation of financial statements requires Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting. Actual results could differ from those estimates and assumptions.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 3 m - Leases: whether an arrangement contains a lease.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at December 31, 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3 m - Leases: determination of lease period in case of an option of renew.

c. **Explanation for preparation in English -** The accompanying financial statements have been prepared in English for use outside of Mexico. These financial statements are presented on the basis of Mexican Financial Reporting Standards ("Mexican FRS" or "Mex FRS"), 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.

d. **Monetary unit of the financial statements –** The financial statements and notes as of December 31, 2019 and 2018 and for the years then ended are presented in Mexican pesos (reporting currency), which is the same as the local currency and the functional currency.

e. **Statement of comprehensive income presentation -** The Company presents comprehensive income in a single statement of net income entitled "Statement of Operations" given that the Company did not generate Other Comprehensive Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

Ordinary costs and expenses are presented based on their function because it is the practice of the industry to which the Entity belongs. Additionally, the "Income from Operation" line item is included, which results from subtracting the cost of sales and expenses from net sales, as this line item is considered to provide a better understanding of the Company's economic and financial performance. Previous year's figures are regrouped wherever necessary (refer note 19).

3. Summary of the significant accounting policies

a. Recognition of the effects of inflation

The Mexican FRS B-10 “Effects of inflation” requires the recognition of inflation until December 31, 2017. Since January 1, 2008, the Mexican FRS B-10 requires the recognition of the effects of inflation when the Company operates in an inflationary economic environment (cumulated inflation equal or more than 26% during last three years). Annual and cumulative inflation percentage of the last three years and the indices used to determine inflation, are as follows:

		Inflation	
December 31,	**NCPI**	**Yearly**	**Cumulative**
2019	105.934	2.83%	15.10%
2018	103.020	4.83%	15.69%
2017	98.273	6.77%	12.72%

b. Cash and cash equivalents– Cash and cash equivalents consist of checking accounts, bank deposits, foreign currency and other highly liquid instruments.

c. Property and equipment (net) – Property, plant and equipment, including those under leases, are recorded at acquisition cost and the present value of total payments, respectively. 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 on property, plant and equipment is calculated using the straight-line method based on the estimated useful lives of the related assets, as follows:

Category	**Useful life**
Computers	3 years
Furniture and fixtures	5 years
Plant & Machinery	5 years
Office equipment	5 years
Software acquired for consideration	1 year

Leasehold improvements are amortized over the useful life of the improvement or the related contract term, whichever is shorter.

Minor repairs and maintenance costs are expensed as incurred.

d. Prepayments- Mainly include prepayments for employee health and life insurance services that are received after the date of the statement of financial position and in the ordinary course of operations.

e. Other assets- Other assets include mainly deposits in guarantee, advances to employees and suppliers and are stated at cost.

f. Impairment of property, plant and equipment and other non-current assets, leases assets and intangible assets-

The Company evaluates the net carrying amount of property, plant and equipment and other non-current assets, leases assets and intangible assets, to determine whether there is an indication that the carrying amount exceeds the recoverable amount. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net revenues reasonably expected to be generated by the asset. If the net carrying amount of the asset exceeds the recoverable amount, the Company records the necessary provisions.

g. 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.

h. 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. Short-term direct benefits - Short-term direct employee benefits are recognized in income of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Company has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

ii. **Long-term direct benefits -** The Company's net obligation in relation to direct long-term benefits (except for deferred ESPS), and which the Company is expected to pay at least twelve months after the date of the most recent balance sheet presented, is the amount of future benefits that employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in income in the period in which they are accrued.

iii. **Employee benefits from termination -** A liability is recognized for termination benefits along with a cost or expense when the Company has no realistic alternative other than to make the corresponding payments or when the offer of these benefits cannot be withdrawn or when the conditions that require the recognition of restructuring costs are met, whichever occurs first. If benefits are not expected to be settled wholly within twelve months after the date of the most recent balance sheet presented, then they are discounted. The Company has only defined contribution plans and no defined benefit obligations.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized in income as the related services are provided by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. **Employee statutory profit sharing (ESPS) -** ESPS is recorded in the results of the year in which it is incurred. Deferred ESPS 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, 2019 and 2018, ESPS is determined based on taxable income, according to Section I of Article 10 of the Income Tax Law. Deferred ESPS 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.

i. **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 credit.

j. **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.

k. **Revenue recognition –** Revenues include the fair value of the consideration received or receivable for the services in the regular course of operations, which is when control has been transferred to the customers in exchange for the consideration to which the Entity believes it is entitled in exchange for such goods or services. Revenues are presented net of discounts.

Revenue from service contracts priced on a time and material basis is recognized when services are rendered. Revenue from fixed price service contracts is recognized as performance obligation satisfied over a period of time based on the stage of completion of the contract the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

Invoices for services are issued on a monthly basis and are usually payable within 45-60 days.

Revenues are recognized when the following steps are completed:

- The contract or contracts are identified with the customer.
- The obligations to be performed in the contract are identified.
- The transaction price is determined.
- The transaction price is allocated among the different obligations to be performed in the contract.
- The revenues are recognized when the Entity fulfills each of the obligations involved.

The Company acts as a sub-contractor to its Holding Company Tech Mahindra Limited for which it is remunerated on cost plus markup basis. Its revenue from cost plus markup contracts are recognized based on the terms of the contract over the service period.

Invoices for services to the Holding Company are issued on a monthly basis and are usually payable within 30 days.

l. **Business and credit concentration-** Services rendered to Tech Mahindra Limited represented 100% in 2019 and 2018 of the Company's net revenue.

The principal supplier for sub-contracting services rendered is LCC Central America de Mexico SA de CV (fellow subsidiary company), from which the Company made approximately 42% in 2019 and 60% in 2018 of the Company's total cost of sub-contracting services.

m. **Leases-**

The Company applied this FRS using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated and it is presented, as previously reported. The details of the changes in accounting policies are disclosed below:

The Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied FRS D-5 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Bulletin D-5 and IFRIC 4 were not reassessed for whether there is a lease under FRS D-5. Therefore, the definition of a lease under FRS D-5 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee, the Company leases mainly property for its office premises. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under FRS D-5, the Company recognizes right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases previously classified as operating leases

Previously, the Company classified property leases as operating leases. On transition, for these leases. Lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019.

Right-of-use assets are measured at [their carrying amount as if FRS D-5 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of -use assets are impaired.

The Company used a number of practical expedients when applying FRS D-5 to leases previously classified as operating leases. In particular, the Company:

a. Applied a single discount rate to a set of leases with similar characteristics

b. Applied FRS C-9 "Provisions, contingencies and commitments" for the evaluation of whether the leases are onerous, adjusting the right-of-use asset for the provision for onerous leases recognized in the statement of financial position at the date of initial application.

c. did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application.

d. excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

e. used hindsight when determining the lease term.

Leases classified as finance leases before the adoption of FRS D-5

For these finance leases, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 were determined at the carrying amount of the lease asset and lease liability under Bulletin D-5 immediately before that date. The Company had no finance lease obligations.

Impact on transition

On transition to FRS D-5, the Company recognized additional right-of-use assets, including investment property, and additional lease liabilities, recognizing the difference in retained earnings, as follows:

As at January 1, 2019	
Right-of-use assets	$ 77,507,765
Leases liabilities	(82,008,363)
Retained earnings	(4,500,598)
Operating lease commitments at 31 December 2018	99,570,219
Discounted using the incremental borrowing rate at January 1, 2019	82,008,363
Leases liabilities recognized at January 1, 2019	**$ 82,008,363**

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied is 10.8%.

n. Financial instruments-

Financial assets and liabilities - including accounts receivable and payable - are initially recognized when these assets are originated or acquired, or when these liabilities are issued or assumed, both contractually.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVI, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities (unless it is an account receivable or payable without a significant financing component) are measured and initially recognized at fair value, in the case of financial assets or liabilities not measured at fair value with changes through OCI, plus the transaction costs directly attributable to acquisition or issuance, when subsequently measured at amortized cost. An account receivable without a significant financing component is initially measured at the transaction price.

Loss allowance for Expected credit losses (ECL)-

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost.

Loss allowances for trade receivable and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, about past events, current conditions and forecasts of future economic conditions.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For external customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery, on a case to case basis. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

o. Contingencies- Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

p. Comprehensive financial results (CFR)-

The CFR includes finance income and expense, reduced by the amounts capitalized.

Finance income and expense include:

- interest expense;
- interest income;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

4. Cash and equivalents-

Particulars	2019	2018
Cash and checking accounts		
Current accounts	$ 15,959,495	11,877,044
Fixed deposits	40,000,000	-
Cash and cash equivalents	**$ 55,959,495**	**11,877,044**

The Company had no restricted cash and cash equivalents.

5. Accounts receivable-

Particulars	2019	2018
Receivable from external customer		
Customer	$ 150,431,721	201,729,090
Allowance for doubtful accounts	(27,222,426)	(3,814,789)
Debtors (net of allowance for doubtful debts)	123,209,295	197,914,301
Unbilled Revenue	17,912,495	17,620,393
Total Receivable from external customers	**$ 141,121,790**	**215,534,694**

Expected credit losses:

For the commercial accounts receivable portfolio, the Entity estimates the expected credit loss (ECL) based on its experience of previous credit losses, current changes in the behavior of its customers and future economic forecasts, for which purpose it classifies its portfolio by degree of payment arrears and allocates different amounts of ECL to each of the segments of its portfolio.

Based on the average that its ECL represent of total revenues and the payment arrears of customer receivables, as well as adjustments to the amounts of ECL considering the current economic situation, the respective calculation is as follows:

Amount of accounts receivable	Days in arrears	Probability of default	Portfolio amount in default	Loss Severity (SP)	Estimated ECL
27,222,426	More than 365 days	100%	27,222,426	100%	27,222,426

In this case, given the impossibility of estimating the collection date, it is not practical to discount the amounts of cash flows receivable. Also, the Company does not charge interest to its customers for arrears, and so it has not identified the effective interest rate.

6. Other receivables-

Particulars	2019	2018
Recoverable income taxes	-	325,645
Advances to employees	$ 1,878,617	1,527,613
Other receivables	1,208,518	1,896,046
Total Other receivables	**$ 3,087,135**	**3,749,304**

7. Property and equipment-

a) Investment	2019	2018
Plant & Machinery	$ 20,935,828	14,624,761
Furniture and fixtures	19,343,331	11,807,614
Equipment and computers	30,121,392	25,163,230
Leasehold improvements	1,495,104	1,215,194
Total	**71,895,655**	**52,810,800**

b) Accumulated depreciation		2019	2018
Plant & Machinery		7,450,006	3,572,523
Furniture and fixtures		7,411,227	3,667,606
Equipment and computers		17,810,819	9,842,111
Leasehold improvements		1,063,972	769,621
Total		**33,736,024**	**17,851,861**
Net property and equipment	**$**	**38,159,631**	**34,958,939**

A) Intangible assets		2019	2018
Software acquired for consideration	$	683,897	406,850

b) Accumulated depreciation		2019	2018
Software acquired for consideration	$	683,897	406,850
Net Intangible assets	**$**	**-**	**-**

Depreciation recognized in the statements of operations was $16,171,584 and $10,981,291; in 2019 and 2018, respectively.

8. Right of use assets and liabilities-

The Company leases office premises, typically for a period of 3 years.

Right of use asset

Right-of-use assets related to lease properties that do not meet the definition of investment property comprise the following:

Particulars	**Buildings**
Balance at January 1, 2019	$ 77,507,765
Depreciation charge for the year	(21,906,768)
Balance at December 31, 2019	**$ 55,600,997**

Amounts recognized in profit or loss

Leases under FRS D-5	**2019**
Interest on lease liabilities	-
Expenses relating to short-term leases	$ 1,167,365
Total	**$ 1,167,365**

Operating leases under Bulletin D-5	**2018**
Lease expense	19,961,831

Total cash outflows for leases during 2019 were $ 28,324,913.

Right of use liability

Particulars	**2019**
Liability	$ 64,788,409
Total	**$ 64,788,409**

The terms and conditions of leases as of December 31, 2019 are as follows:

	2019
Nominal Interest rate	10.80%
Year of maturity	2021-2022
Nominal value	72,412,668
Present value	64,788,409

Maturities of lease liabilities:	**2019**	
	Nominal value	**Present value**
Less than one year	$ 27,869,546	22,156,640
Between one and five years	44,543,122	42,631,769
Total	**$ 72,412,668**	**64,788,409**

9. Accrued expenses and taxes-

Accruals include the following:

Accrued expenses and taxes	Accrued expenses	VAT Payable	Provision for Discount	Other	Total
Balances as at December 31, 2018	$ 21,867,420	29,603,079	16,521,458	1,400,011	69,391,968
Increase in earnings	14,265,549	20,450,447	(3,432,210)	4,555	31,288,340
Payments	(21,681,812)	(26,148,611)	(9,270,623)	(844,060)	(57,945,106)
Balances as at December 31, 2019	**$ 14,451,157**	**23,904,915**	**3,818,625**	**560,506**	**42,735,202**

10. Related party-

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:

		2019	2018
Tech Mahindra Limited (Holding):			
Services rendered	$	598,662,851	388,437,858
Sub-contracting cost		(324,718,313)	(362,901,327)
Reimbursement of expenses		(253,120)	(9,309,975)
LCC Central America de Mexico S.A. de C.V. (fellow subsidiary):			
Other Income (rental income)	$	3,908,654	4,634,814
Sub-contracting cost		(27,090,108)	(20,438,362)
Reimbursement of expenses		(69,656)	102,618
Sofgen America (fellow subsidiary):			
Reimbursement of expenses	$	-	199,377

b. Balances due from and to related parties are as follows:

		2019	2018
Tech Mahindra Limited (Holding):			
Due from Tech Mahindra Limited (a)	$	84,695,996	32,778,195
Due to Tech Mahindra Limited (b)		158,875,541	178,530,640
LCC Central America de Mexico S.A. de C.V.:			
Due from LCC Central America de Mexico S.A. de C.V. (c)	$	1,514,559	6,235,722
Due to LCC Central America de Mexico S.A. de C.V. (d)		12,772,927	5,200,624
Sub -Total of above balances			
Due to related party (b+d)	$	171,648,468	183,731,264

Note 11

a) Short term direct benefits

The short-term direct benefits are as follows:

Employee benefits		2019	2018
Compensated absences*	$	814,521	549,565
Short term employee benefits		9,028,099	1,350,082
Other Statutory Payments		18,036,954	11,843,523
Total	**$**	**27,879,574**	**13,743,169**

*Note: Non -current portion of compensated absences $343,653 has been disclosed under Other employee benefits under non-current liabilities.

b) Post-employment benefits

The Company has a defined benefit plan for seniority premium and legal compensation, covering substantially all of its employees its unionized and trustworthy staff. Benefits are based on the years of service and the employee's compensation.

The components of defined benefit cost for the years ended December 31, 2019 and 2018 are shown below:

		Seniority Premium	Legal Compensation
		2019	**2019**
Current service cost (CLSA)	$	218,610	1,785,213
Prior years effects recognized in 2019		266,637	11,156,986
Net interest		**21,562**	**917,704**
Remeasurements of net assets for defined benefits (DBNA) or net liabilities for defined benefits (DBNL) recognized in income of the period		150,005	4,037,497
Net cost for the period		**656,814**	**17,897,400**
Defined benefit cost and ending balance of DBNL	**$**	**656,814**	**17,897,400**

Assumptions:	**2019**
Disount rate	7%
Rate of compensation increase	3%
Average remaining employee labor life	17.89 years

Note: The Company has adopted FRS D-3 for valuation of Seniority Premium and Legal Compensation on termination for the first time in the year ended 31 December 2019. As a result the Company is not disclosing comparative figures.

12. Income tax-

1. Income taxes

The Company is subject to ISR. According with the ISR law, the rate is 30% in 2019 and 2018 and it will continue at 30% thereafter.

a. ISR consists of the following:

ISR:		**2019**	**2018**
Current	$	25,086,504	9,220,553
Deferred		(7,103,646)	1,199,748
	$	**17,982,858**	**10,420,301**

Income tax expense attributable to income from continuing operations before income taxes, differed from the amounts computed by applying the Mexican statutory rates of 30% IT to income before income taxes, as a result of the items shown below:

	2019	2018
Computed "expected" tax expense	10,913,263	7,126,817
Increase (reduction) resulting from:		
Effects of inflation, net	512,840	950,242
Non-deductible expenses	5,031,344	2,343,242
Others *	1,525,412	-
IT expense	**17,982,858**	**10,420,301**

*Others includes effect of Right of use opening liability amounting to MXN 833,544.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at December 31, 2019 and 2018, are presented below:

	2019	2018
Deferred tax assets:		
Property, plant and equipment	2,159,526	-
Right of use of lease properties	2,756,223	-
Accrued bonuses and other accruals	5,359,530	899,380
Total gross deferred tax assets	**10,275,279**	**899,380**
Deferred tax liabilities:		
Prepaid Expenses	(922,074)	-
Net deferred ISR asset	9,353,205	899,380

Deferred ESPS/PTU

The ESPS expense is as follows:

	2019	2018
Total ESPS expense recognized in Income statement	**7,874,835**	**9,220,553**

13. Partners equity-

a As of December 31, 2019 and 2018 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**
		2019		**2018**	
Fixed capital:					
Series "A" partner units*	$	2	1	2	1
(Non-Withdrawable)		-	-	-	-
Variable capital		-	-	-	-
Series "B" partner units**		1	12,934,770	1	12,934,770
Total	**$**	**3**	**12,934,771**	**3**	**12,934,771**

* 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 Company 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. The legal reserve for the year ended 31st December 2019 is $ 919,734.

d. Partners' equity, except restated paid-in capital and tax retained earnings, will be subject to income taxes in the event of distribution, at the rate of 30%, payable by the Company; consequently, the stockholders may only receive 70% of such amounts. 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:

	2019	**2018**
Contributed capital account	$ 16,284,997	15,134,958
Net tax income account	89,187,125	39,724,183
Total	$ **105,472,122**	**54,859,141**

Note 14

Revenue	**2019**	**2018**
Revenue from contracts with customers:		
From services rendered to Tech Mahindra Limited	$ 598,662,851	388,437,858
Other income		
Rental income	3,908,654	4,634,814
Profit on disposal of asset	2,866	2,795
Others	112,370	11,120
Total other revenue	**4,023,890**	**4,648,729**
Total revenue	$ **602,686,741**	**393,086,587**

Costs	2019		2018	
	Cost of sales	Selling expenses and Administrative expenses	Cost of sales	Selling expenses and Administrative expenses
Salaries and related cost [1]	$ 370,302,196	-	227,039,297	-
Depreciation and amortization				
- On Property, plant and equipment	-	16,171,585	-	10,981,291
- On right of use assets	-	21,906,767	-	-
Subcontracting expenses	64,790,562	-	34,252,477	-
Provision for bad and doubtful debts	23,358,728	-	2,237,421	-
Communication expense	20,931,736	-	26,670,724	-
General Office expenses	-	14,140,055	-	10,531,706.20
Other	13,705,713	18,075,010	30,316,839	14,011,436
Total	**$ 493,088,935**	**70,293,417**	**320,516,758**	**35,524,433**

[1] Salaries and related cost includes expense for ESPS $ 7,874,835 for 2019 and $9,220,553 for 2018.

15. Financial instruments and risk review-

a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Financial Asset and Liabilities (not measured at fair value)	2019	2018
Carrying amount of financial assets:		
Cash and cash equivalents	$ 55,959,495	11,877,044
Accounts receivable - Net	141,121,790	215,534,694
Due from Related Party	86,210,555	39,013,917
Payables to officers and employees	1,878,617	1,527,613
Deposits in guarantee	5,021,981	3,409,523
Other receivables	1,208,518	1,896,046
	$ **291,400,956**	**273,258,837**
Carrying amount of financial liabilities:		
Accounts payable	$ 891,078	3,637,858
Due to Related Party	171,648,468	183,731,264
Accrued expenses and taxes*	42,596,973	24,617,509
Lease liabilities	42,631,769	-
	$ 257,768,288	**211,986,631**

*It includes provision for expenses, Provision for salary and provisions against employee advances.

(B) Financial risk management

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company operates a risk management policy and program that performs close monitoring of and responding to each risk factors. Following are the financial risk factors.

(a) 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 analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Trade Receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Average credit period for trade receivables ranges from 45-60 days and no interest is charged on overdue receivables. The Company uses a practical expedient by computing the expected credit loss (ECL) allowance for trade receivable based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking experience. The impact of the ECL model is disclosed in Note 5 Trade receivables.

The Company has a revenue arrangement with its Parent Company, wherein it acts as a sub-contractor to its Parent for all external contracts with customers and all the risk of these contracts are transferred to the Parent Company.

Cash and cash equivalents

The Company maintains its cash and cash equivalents with bank having good reputation and high-quality credit rating.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities as on December 31, 2019. The amounts are gross and undiscounted.

Particulars	**Carrying value**	**Less than 1 year**	**1-3 years**
Accounts payable	$ 891,078	891,078	-
Due to Related Party	171,648,468	171,648,468	-
Accrued expenses and taxes	24,042,759	42,596,973	-
Lease liabilities	42,631,769	27,869,546	44,543,122
	$ 239,214,074	**243,006,065**	**44,543,122**

The table below provides details regarding the contractual maturities of significant financial liabilities as on December 31, 2018:

Particulars	**Carrying value**	**Less than 1 year**	**1-3 years**
Accounts payable	$ 3,637,858	3,637,858	-
Due to Related Party	183,731,264	183,731,264	-
Accrued expenses and taxes*	24,617,509	24,617,509	-
	$ 211,986,631	**211,986,631**	**-**

(c) Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates and equity prices -will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2019		2018	
	USD	CAD	USD	CAD
Cash and cash equivalents	$ 664,523	-	-	-
Accounts receivable - Net	2,409,570	372,508	2,658,859	606,947
Due from Related Party	78,880	-	313,548	-
Accounts payable	(12,000)	-	(148,662)	-
Due to Related Party	(7,906,217)	-	(8,784,237)	-
Net statement of financial position exposure	$ (4,765,243)	372,508	(5,960,491)	606,947

The following significant exchange rates have been applied:

	Average rate		Year end spot rate	
	2019	2018	2019	2018
USD 1	19.3	19.2	18.8	19.7
CAD 1	14.5	14.8	14.4	14.5

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar and CAD by 1% against the functional currency at December 31, would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Income		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
USD (1% movement)	$ (47,652)	47,652	47,652	(47,652)
CAD (1% movement)	3,725	(3,725)	(3,725)	3,725

16. Recently issued financial reporting standards-:

As of December 31, 2019, The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) has issued the Improvements listed below. No new FRS which was issued is applicable to the Company.

FRS D-3 "Employee benefits"- FRS D-3 lays the groundwork for recognizing uncertain tax treatments in Employee Statutory Profit Sharing (ESPS), both current and deferred, as well as the disclosure requirements in that regard. This revision takes effect for the periods starting as of January 1, 2020, with early application allowed for 2019. The accounting changes that arise must be recognized retrospectively or with the modified retrospective approach.

Management estimates that the adoption of this new FRS shall have no significant effects.

FRS D-4 "Income taxes"- FRS D-4 lays the groundwork for recognizing uncertain tax treatments in income taxes, both current and deferred, as well as the disclosure requirements in that regard. It also includes rules for the recognition of income taxes generated by a distribution of dividends. These revisions take effect for the periods starting as of January 1, 2020, with early application allowed for 2019. The accounting changes that arise must be recognized retrospectively or with the modified retrospective approach.

Management estimates that the adoption of this new FRS shall have no significant effects.

17. Contingencies

(a) In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

(b) The Company is involved in a number of claims arising in the normal course of business from labor obligations. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and income.

18. Subsequent events

The Company does not foresee any material impact on its revenue and customer's ability to pay due to the prolonged lock down and other impacts of the COVID-19 pandemic. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration.

19. Previous year regrouping

Particulars		Previously reported amount	Reclassification	Reclassified amount
Income statement				
Revenue	$	751,339,185	(362,901,327)	388,437,858
Cost of sales		(683,418,085)	362,901,327	320,516,758
	$	**67,921,100**	**-**	**708,954,616**

Reason for re-classification: Correction in presentation of revenue and costs from "Gross" in the previous year to "Net" in the current year.

Balance sheet

Particulars		Previously reported amount	Reclassification	Reclassified amount
Accounts receivable - Net	$	258,297,915	(42,763,221)	215,534,694
Due from Related Party		-	39,013,917	39,013,917
Other receivables		-	3,749,304	3,749,304
	$	**258,297,915**	**-**	**258,297,915**

Reason for re-classification: Dues from related party presented under a separate note for related parties - Note 10 and other receivables under Note 6.

Particulars		Previously reported amount	Reclassification	Reclassified amount
Due to Related Party	$	-	183,731,264	183,731,264
Accounts payable		187,369,122	(183,731,264)	3,637,858
	$	**187,369,122**	**-**	**187,369,122**

Reason for re-classification: Dues to related party presented under a separate note for related parties - Note 10.

Particulars		Previously reported amount	Reclassification	Reclassified amount
Accrued expenses and taxes	$	82,585,572	(13,193,604)	69,391,968
Employee benefits		549,565	13,193,604	13,743,169
	$	**83,135,137**	**-**	**83,135,137**

Reason for re-classification: Short term employee benefits included under Accrued expenses, now re-grouped under Employee Benefits Note 11.

Signed by- **Signed by-**

Pablo Gallegos **Roberto Carlos Esquivel**

Date: July 3, 2020

TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD.

Board of Directors
Mr. Manish Goenka
Mr. Hrishikesh Mahesh Pandit
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
KPMG PLT

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 March 2020.

Principal activities

The Company is principally engaged in the business of developing, advising, consulting and implementing of software systems relating to information technology and electronic services including application and programming services, administration and management control, technical, scientific and operational assistance, systems design, project management training and support of personnel, management of services facility and generally, any type of business in connection therein. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is a wholly-owned subsidiary of Tech Mahindra Limited, of which is incorporated in India and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Results

	RM
Profit for the year	18,704,945

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

There were no dividends recognised by the Company during the current financial year and the Directors do not recommend any dividends for the financial year then ended.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Manish Goenka

Hrishikesh Mahesh Pandit

Chong Li Khuen

Sabrina Ong Lee Leigh

Directors' interests in shares

None of the Directors holding office at 31 March 2020 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling 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.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, there was no indemnity given to or insurance effected for any Director, officer and auditor of the Company.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company 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, the financial performance of the Company for the financial year ended 31 March 2020 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept appointment.

The auditors' remuneration is disclosed in Note 14 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

…………………………………………………….
MANISH GOENKA
Director

…………………………………………………….
HRISHIKESH MAHESH PANDIT
Director
Date: 2 July 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD.

(Registration No. 201301037394 (1067223-P))

(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 at 31 March 2020, 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, as set out on pages 1128 to 1155.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, 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 auditors' 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 information included in 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 annual report and, in doing so, consider whether the annual 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 annual 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 material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company 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 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 internal control of the Company.
- 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 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 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 of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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 Matters

1. The financial statements of the Company as at and for the year ended 31 March 2019 were audited by another firm of chartered accountants who expressed an unmodified opinion in their reported dated 31 May 2019.
2. This report is made solely to the members 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 to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ameenuddin Bin Khali Kasman
Approval Number: 03470/11/2021 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 2 July 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 RM	2019 RM
Assets			
Property, plant and equipment	3	1,319,009	557,839
Right-of-use assets	4	7,988,228	-
Deferred tax assets	5	4,050,449	-
Total non-current assets		**13,357,686**	**557,839**
Trade and other receivables	6	26,916,285	36,635,186
Contract assets	7	20,058,650	12,188,403
Cash and cash equivalents	8	55,426,286	33,599,069
Total current assets		**102,401,221**	**82,422,658**
Total assets		**115,758,907**	**82,980,497**
Equity			
Share capital	9	10,654,000	10,654,000
Retained earnings		64,264,605	45,559,660
Total equity		**74,918,605**	**56,213,660**
Liability			
Lease liabilities		3,911,653	-
Other payables	11	485,330	442,088
Total non-current liability		**4,396,983**	**442,088**
Lease liabilities		4,194,377	-
Trade payables	10	4,056,815	792,112
Other payables	11	23,147,319	20,953,508
Contract liabilities	7	3,450,228	3,619,299
Tax liabilities		1,594,580	959,830
Total current liabilities		**36,443,319**	**26,324,749**
Total liabilities		**40,840,302**	**26,766,837**
Total equity and liabilities		**115,758,907**	**82,980,497**

The notes on pages 1132 to 1153 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 RM	2019 RM
Revenue	12	118,796,618	111,498,424
Cost of services	13	(68,726,464)	(59,750,812)
Gross profit		50,070,154	51,747,612
Other income		8,021,173	4,174,856
Net loss on impairment of financial instruments		(6,075,188)	(747,792)
Administrative expenses		(30,878,878)	(37,148,232)
Profit before tax	14	**21,137,261**	**18,026,444**
Tax expense	15	(2,432,316)	(881,554)
Profit and total comprehensive income for the year		**18,704,945**	**17,144,890**

The notes on pages 1132 to 1153 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Non- distributable	Distributable	
	Share capital	Retained earnings	Total equity
	RM	RM	RM
At 1 April 2018	10,654,000	58,245,970	68,899,970
Profit and total comprehensive income for the year	-	17,144,890	17,144,890
Dividend paid	-	(29,831,200)	(29,831,200)
At 31 March 2019/ 1 April 2019	**10,654,000**	**45,559,660**	**56,213,660**
Profit and total comprehensive income for the year	-	18,704,945	18,704,945
At 31 March 2020	**10,654,000**	**64,264,605**	**74,918,605**
	Note 9		

The notes on pages 1132 to 1153 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 RM	2019 RM
Cash flows from operating activities		
Profit before tax	21,137,261	18,026,444
Adjustments for:		
Allowance for impairment of trade receivables	(130,630)	517,969
Allowance for impairment of other receivables	6,205,818	223,823
Depreciation of property, plant and equipment	480,137	771,038
Depreciation of right-of-use assets	4,076,575	-
Leave encashment expenses	675,462	577,942
Net unrealised gain on foreign exchange	(615,837)	(573,953)
Interest expense on lease liabilities	173,787	-
Interest income	(1,546,234)	(221,080)
Operating profit before working capital changes	**30,456,339**	**19,322,183**
Change in trade and other receivables	5,924,848	(5,848,335)
Change in contract assets	(7,870,247)	-
Change in trade payables	3,264,703	(3,325,780)
Change in other payables and accrued expenses	1,980,091	8,277,247
Change in contract liabilities	(169,071)	-
Cash generated from operations	**33,586,663**	**18,425,315**
Leave encashment paid	(418,500)	(580,614)
Tax paid	(5,848,015)	(202,308)
Net cash from operating activities	**27,320,148**	**17,642,393**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,241,307)	(246,577)
Loans given to related company	(480,680)	(2,304,488)
Interest received	309,389	218,760
Net cash used in investing activities	**(1,412,598)**	**(2,332,305)**
Cash flows from financing activity		
Dividend paid	-	(29,831,200)
Payment of lease liabilities	(4,132,560)	-
Net cash used in financing activity	**(4,132,560)**	**(29,831,200)**
Net increase/(decrease) in cash and cash equivalents	**21,774,990**	**(14,521,112)**
Effect of foreign exchange rate differences	52,227	9,782
Cash and cash equivalents at beginning of the year	33,599,069	48,110,399
Cash and cash equivalents at end of the year	**55,426,286**	**33,599,069**

(i) Cash outflow for leases as a lessee	**2020 RM**	**2019 RM**
Included in net cash from operating activities:		
Interest paid in relation to lease liabilities	(173,787)	-
Included in net cash from financing activities:		
Payment of lease liabilities	(4,132,560)	-
Total cash outflow for leases	**(4,306,347)**	**-**

(ii) Reconciliation of movement of liabilities to cash flows arising from financing activities

The movement of liabilities from financing activities in the statements of cash flows are as follows:

	At 01.04.2019 RM	Cash flows from financing activities RM	Interest in relation to lease liabilities RM	At 31.03.2020 RM
Lease liabilities	**12,064,803**	**(4,132,560)**	**173,787**	**8,106,030**

The notes on pages 1132 to 1153 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Tech Mahindra ICT Services (Malaysia) Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Malaysia Global Solution Center,

Persiaran APEC

63000 Cyberjaya

Registered office

35-3, Jalan SS15/8A

47500 Subang Jaya

Selangor Darul Ehsan

The Company is principally engaged in the business of developing, advising, consulting and implementing of software systems relating to information technology and electronic services including application and programming services, administration and management control, technical, scientific and operational assistance, systems design, project management training and support of personnel, management of services facility and generally, any type of business in connection therein. There has been no significant change in the nature of these activities during the financial year.

The Company is a wholly-owned subsidiary of Tech Mahindra Limited, which is incorporated in India and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

These financial statements were authorised for issue by the Board of Directors on 2 July 2020.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures –Interest Rate Benchmark Reform

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 116, Property, Plant and Equipment − Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018−2020)

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company plans to apply the abovementioned accounting standards, interpretations and amendments:

(i) from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020;

(ii) from the annual period beginning on 1 January 2021 for the accounting standard that is effective for annual periods beginning on or after 1 June 2020;

(iii) from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022.

The Company does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Company.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed below:

Expected credit loss (“ECL”)

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history, customer’s creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Deferred tax assets

The Company was under pioneer status until 30 May 2019 and since the trade income was not taxable, no provision for tax was required to be made on the business income and no deferred tax was created. During the year, since the pioneer status has expired and the same is under the process of renewal, provision for tax and deferred tax has been created, on conservative basis.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Company as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 20.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(f)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(f)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are 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

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(d) Leases

The Company has applied MFRS 16 using the modified retrospective approach, Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS117, Leases and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain a substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

(b) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

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

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

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

(ii) Operating lease

Leases, where the Company did not assume substantially all the risks and rewards of the ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

(e) Contract asset / Contract liability

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(g)(i)).

A contract liability is stated at cost and represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments.

(g) Impairment

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

In respect of other assets, impairment losses recognised in prior years are assessed at the end of each reporting year for any indications 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 since the last impairment loss was recognised. 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 amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave 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 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.

(ii) Defined contribution plans

The Company's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive 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 discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Company transfers control of service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Company performs;

(b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Office equipment	Computers	Plant and equipment	Lease improvement	Furniture and fixtures	Total
Cost						
At 1 April 2018	483,854	3,092,543	576,894	255,783	70,993	4,480,067
Additions	40,426	199,751	-	-	6,400	246,577
At 31 March 2019/1 April 2019	524,280	3,292,294	576,894	255,783	77,393	4,726,644
Additions	16,082	1,225,225	-	-	-	1,241,307
At 31 March 2020	**540,362**	**4,517,519**	**576,894**	**255,783**	**77,393**	**5,967,951**
Depreciation						
At 1 April 2018	235,663	2,356,583	504,879	255,783	44,859	3,397,767
Depreciation for the year	96,145	612,635	47,592	-	14,666	771,038
At 31 March 2019/1 April 2019	331,808	2,969,218	552,471	255,783	59,525	4,168,805
Depreciation for the year	90,203	358,977	20,664	-	10,293	480,137
At 31 March 2020	**422,011**	**3,328,195**	**573,135**	**255,783**	**69,818**	**4,648,942**
Carrying amount						
At 1 April 2018	248,191	735,960	72,015	-	26,134	1,082,300
At 31 March 2019/1 April 2019	192,472	323,076	24,423	-	17,868	557,839
At 31 March 2020	**118,351**	**1,189,324**	**3,759**	**-**	**7,575**	**1,319,009**

4. Right-of-use assets

	Buildings RM
At 1 April 2019	12,064,803
Depreciation	(4,076,575)
At 31 March 2020	**7,988,228**

The Company leases office that runs between 1 year and 3 years, with an option to renew the lease after that date.

Significant judgements and assumptions in relation leases

The Company assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Company considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Company first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Deferred tax assets

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Provisions	3,849,821	-	-	-	3,849,821	-
Unrealised foreign exchange differences	-	-	(118,180)	-	(118,180)	-
Property, plant and equipment	290,536	-	-	-	290,536	-
Right-of-use assets	-	-	(1,917,175)	-	(1,917,175)	-
Lease liabilities	1,945,447	-	-	-	1,945,447	-
	6,085,804	**-**	**(2,035,355)**	**-**	**4,050,449**	**-**

Movement in temporary differences during the year:

	At 1.4.2018	Recognised in profit or loss (Note 15)	At 31.3.2019/ 1.4.2019	Recognised in profit or loss (Note 15)	At 31.3.2020
	RM	RM	RM	RM	RM
Provisions	-	-	-	3,849,821	3,849,821
Unrealised foreign exchange differences	-	-	-	(118,180)	(118,180)
Property, plant and equipment	-	-	-	290,536	290,536
Right-of-use assets	-	-	-	(1,917,175)	(1,917,175)
Lease liabilities	-	-	-	1,945,447	1,945,447
	-	**-**	**-**	**4,050,449**	**4,050,449**

6. Trade and other receivables

	Note	2020 RM	2019 RM
Current			
Trade			
Trade receivables	6.1	33,630,315	36,450,159
Amount due from ultimate holding company	6.2	4,709,892	5,030,236
Total trade receivables		**38,340,207**	**41,480,395**
Less: Stage 1: 12-month ECL		(145,795)	-
Less: Stage 3: Lifetime ECL credit impaired		(15,098,190)	(16,808,706)
		23,096,222	**24,671,689**
Non-trade			
Staff loan and advances		318,697	380,241
Prepaid expense		97,375	2,134,714
Deposits		1,174,274	1,275,274
Other receivables		349,671	649,160
Amount due from related company	6.3	8,377,804	7,816,048
		10,317,821	**12,255,437**
Less: allowance for impairment loss on advance and other receivables	6.4	(6,491,758)	(285,940)
Less: allowance for impairment loss on deposit	6.4	(6,000)	(6,000)
		3,820,063	**11,963,497**
		26,916,285	**36,635,186**

6.1 Trade receivables are usually settled on 30 to 90 days.

6.2 The amount due from ultimate holding company is unsecured, interest free and repayable on demand.

6.3 The amount due from related company is unsecured, subject to interest at 3.78% per annum (2019: 3.78% per annum) and repayable on demand.

6.4 The Company's other receivables that are impaired at the reporting date and the movement of allowance account are as follows:

	RM	RM
At 1 April 2019	285,940	62,117
Allowance for the year	6,205,818	223,823
At 31 March 2020	**6,491,758**	**285,940**

7. Contract assets (liabilities)

	2020	2019
	RM	RM
Contract assets	**20,058,650**	**12,188,403**
Contract liabilities	**(3,450,228)**	**(3,619,299)**

The contract assets primarily relate to the Company's right to consideration for work completed on the milestone-based projects but not yet billed at the reporting date.

The contract liabilities primarily relate to the advance consideration received from customers for the milestone-based projects, which revenue is recognised overtime during the duration of the projects.

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	2020	2019
	RM	RM
Contract liabilities at the beginning of the period recognised as revenue	**3,619,299**	**221,535**

8. Cash and cash equivalents

	Note	2020	2019
		RM	RM
Cash at banks	8.1	3,002,993	10,577,879
Fixed deposits with licensed bank	8.2	52,423,293	23,021,190
		55,426,286	**33,599,069**

8.1 Includes funds in transit of RM Nil (2019: RM5,206,712).

8.2 The effective interest rate of fixed deposits ranges from 1.51% to 2.85% (2019: 1.24% to 2.75%) per annum and the maturity period ranges from 1 to 3 months (2019: 1 to 3 months).

9. Share capital

	Number of shares	Amount	Number of shares	Amount
	2020	2020	2019	2019
	RM		RM	
Ordinary shares, issued and fully paid	**10,654,000**	**10,654,000**	**10,654,000**	**10,654,000**

Ordinary shares

The holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company.

10. Trade payables

	Note	2020	2019
		RM	RM
Trade payables	10.1	2,026,047	292,883
Amount due to immediate holding company	10.2	2,030,768	499,229
		4,056,815	792,112

10.1 Trade payables are usually settled on 30 to 60 days.

10.2 Amount due to immediate holding company is unsecured, interest-free and repayable upon demand.

11. Other payables

	Note	2020 RM	2019 RM
Non-current			
Provision for employee benefits: leave encashment	11.1	485,330	442,088
Current			
Other payables		1,871,313	6,329,852
Accrued expenses		20,041,666	13,603,036
Provision for employee benefits: leave encashment	11.1	1,234,340	1,020,620
		23,147,319	**20,953,508**
		23,632,649	**21,395,596**

11.1 Movement in provision for employee benefits: leave encashment

	2020 RM	2019 RM
At 1 April	1,462,708	1,465,380
Charge for the year (Note 14)	675,462	577,942
Leave encashment paid	(418,500)	(580,614)
At 31 March	**1,719,670**	**1,462,708**

The Company provides for the compensated absences subject to Company's leave policy. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each reporting date. It is measured as at reporting date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

12. Revenue

	2020 RM	2019 RM
Revenue from contracts with customers		
Sale of equipment	7,770,983	5,191,412
Rendering of services	111,025,635	106,307,012
	118,796,618	**111,498,424**

12.1 Disaggregation of revenue

	2020 RM	2019 RM
Timing of revenue recognition		
At a point of time	61,367,480	60,372,963
Over time	57,429,138	51,125,461
	118,796,618	**111,498,424**

12.2 Nature of services

The following information reflects the typical transactions of the Company:

Nature of services	Timing of recognition or method used to recognised revenue	Significant payment terms
Sale of equipment	Revenue is recognised at a point of time upon the completion of the project when the services are delivered and accepted by the customers at their premises.	Credit period of 30-90 days from invoice date.
Rendering of services	Revenue is recognised over the period of time for the milestone-based projects when the services are delivered and accepted by the customers at their premises.	Credit period of 30-90 days from invoice date.

12.3 Transaction price allocated to the remaining performance obligations

Revenue from performance obligations that are unsatisfied (or partially unsatisfied) as at the reporting date and will be recognised in the next twelve months is RM3,450,228.

13. Cost of services

	2020 RM	2019 RM
Employee cost	61,808,035	55,196,994
Hardware related expenses	6,918,429	4,553,818
	68,726,464	**59,750,812**

14. Profit before tax

	2020 RM	2019 RM
Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration	54,000	31,000
Material expenses/(income)		
Depreciation of property, plant and equipment	480,137	771,038
Depreciation on right-of-use asset	4,076,575	-
Personnel expenses (including key management personnel):		
- Salaries and allowances	54,531,388	49,368,214
- Defined contribution plan	3,798,776	3,245,054
- Other staff-related expenses	3,477,871	2,583,726
Leave encashment expenses	675,462	577,942
Foreign exchange (gains)/losses:		
- Realised	289,686	216,222
- Unrealised	(615,837)	(573,953)
Interest income	(1,546,234)	(221,080)
Net (gain)/loss on impairment of financial instruments		
Financial assets at amortised cost	**6,075,188**	**747,792**

The net loss on impairment of financial assets at amortised cost includes RM 6,072,850 (2019: RM Nil) for the impairment loss for loans given to Softgen Services Pte. Limited.

15. Tax expense

	2020 RM	2019 RM
Current tax expense		
- Current year	6,482,765	881,554
Deferred tax expense		
- Origination and reversal of temporary differences	(4,050,449)	-
	2,432,316	**881,554**
Reconciliation of tax expense		
Profit before tax	21,137,261	18,026,444
Income tax calculated using Malaysia tax rates at 24% (2018:24%)	5,072,943	4,326,347
Non-deductible expenses	1,977,327	936,483
Deferred tax asset not recognised	-	388,966
Recognition of previously unrecognised deferred tax asset	(4,195,576)	-
Tax exempted income	(422,378)	(4,770,242)
	2,432,316	**881,554**

The Company was awarded MSC Malaysian Status and is eligible for income tax exemption on statutory income from 31 May 2014 to 30 May 2019.

The Company was under pioneer status until 30 May 2019 and since the trade income was not taxable, no provision for tax was required to be made on the business income and no deferred tax was created. During the year, since the pioneer status has expired and the same is under the process of renewal, provision for tax and deferred tax has been created, on conservative basis.

16. Financial instruments

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying amount	AC
	RM	RM
2020		
Financial assets		
Trade and other receivables (excluding prepayments)	46,481,498	46,481,498
Cash and cash equivalents	55,426,286	55,426,286
	101,907,784	**101,907,784**
Financial liabilities		
Trade payables	(4,056,815)	(4,056,815)
Other payables	(21,547,752)	(21,547,752)
	(25,604,567)	**(25,604,567)**
2019		
Financial assets		
Trade and other receivables (excluding prepayments)	46,376,787	46,376,787
Cash and cash equivalents	33,599,069	33,599,069
	79,975,856	**79,975,856**
Financial liabilities		
Trade payables	(792,112)	(792,112)
Other payables	(19,005,167)	(19,005,167)
	(19,797,279)	**(19,797,279)**

16.2 Net gains and losses arising from financial instruments

	2020	2019
	RM	RM
Net losses on:		
Financial assets at amortised cost	6,075,188	747,792

16. Financial instruments

16.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

16.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the individual characteristic of each customer. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit over a certain amount.

At each reporting date, the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities. There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Company manages its customers and take appropriate action (including but not limited to legal action) to recover long overdue balances. Generally, trade receivables will pay within 30-90 days. The Company's debt recovery process is as follows:

a) Above 180 days past due after credit term, the Company will start to initiate a structured debt recovery process which is monitored by the sales management team; and

b) Above 365 days past due, the Company will commence a legal proceeding against the customer.

The Company uses a simple average loss rate model and past due date to measure Expected Credit Losses ("ECLs") of trade receivables and contract assets. Consistent with the debt recovery process, invoices which are past due 365 days will be considered as credit impaired.

The Company assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature

	Gross carrying amount	Loss allowance	Net balance
	RM	RM	RM
2020			
Current (not past due)	18,475,144	811	18,474,333
0 - 90 days past due	1,666,131	250	1,665,881
90 - 180 days past due	21,549,748	365	21,549,383
180 - 365 days past due	1,463,849	1,408	1,462,441
	43,154,872	**2,834**	**43,152,038**
Credit impaired			
Past due more than 365 days	15,243,985	15,241,151	2,834
	58,398,857	**15,243,985**	**43,154,872**
Trade receivables	38,340,207	15,243,985	23,096,222
Contract assets	20,058,650	-	20,058,650
	58,398,857	**15,243,985**	**43,154,872**
2019			
Current (not past due)	12,997,759	-	12,997,759
0 - 90 days past due	17,654,697	-	17,654,697
90 - 180 days past due	1,621,608	-	1,621,608
180 - 365 days past due	4,586,028	-	4,586,028
	36,860,092	**-**	**36,860,092**
Credit impaired			
Past due more than 365 days	16,808,706	16,808,706	-
	53,668,798	**16,808,706**	**36,860,092**
Trade receivables	41,480,395	16,808,706	24,671,689
Contract assets	12,188,403	-	12,188,403
	53,668,798	**16,808,706**	**36,860,092**

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

	Not credit impaired	Credit impaired	Total
	RM	RM	RM
Balance at 1 April 2018	-	15,411,839	15,411,839
Net remeasurement of loss allowance	-	1,396,867	1,396,867
Balance at 31 March 2019/ 1 April 2019	-	16,808,706	16,808,706
Amounts written off	-	(1,434,091)	(1,434,091)
Net remeasurement of loss allowance	145,795	(276,425)	(130,630)
Balance at 31 March 2020	**145,795**	**15,098,190**	**15,243,985**

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Company manages the credit risk together with the leasing arrangement.

Recognition and measurement of impairment loss

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Company's other receivables that are impaired at the reporting date and the movement of allowance account used to record the impairment are as follows:

	2020	2019
	RM	RM
At 1 April	**285,940**	**62,117**
Allowance for the year	132,968	223,823
At 31 March	**418,908**	**285,940**

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company trades with its ultimate holding and related companies and provides advances to a related party. The Company monitors the results of the immediate holding company, related companies and related party on individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers receivables from its ultimate holding company, related companies and related party to have low credit risk. The Company assumes that there is a significant increase in credit risk when the financial position of immediate holding company's and related companies' financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the balances when they are payable, the Company considers the balances to be in default when the immediate holding company, related companies or related party is not able to pay when demanded. The Company considers the immediate holding company's, a related company's or a related party's balances to be credit impaired when:

- The immediate holding company, a related company or a related party is unlikely to repay its balance to the Company in full.
- The immediate holding company, a related company or a related party is continuously loss making and is having a deficit shareholder's fund.

The Company determines the profitability of default for the receivables individually using internal information available.

Inter-company balances

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk for inter-companies balances.

	Gross carrying amount	Impairment loss allowance	Net balances
	RM	RM	RM
2020			
Amount due from ultimate holding company	4,709,892	-	4,709,892
Amount due from related company	8,377,804	(6,072,850)	2,304,954
	13,087,696	**(6,072,850)**	**7,014,846**

	Gross carrying amount	Impairment loss allowance	Net balances
	RM	RM	RM
2019			
Amount due from ultimate holding company	5,030,236	-	5,030,236
Amount due from related company	7,816,048	-	7,816,048
	12,846,284	**-**	**12,846,284**

16.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period:

	Carrying amount	Discount rate	Contractual cash flows	Under 1 year	More than 1 year
2020	RM		RM	RM	
Non-derivative financial liabilities					
Lease liabilities	8,106,030	2.75%	8,891,067	4,871,844	4,019,223
Trade payables	4,056,815	-	4,056,815	4,056,815	-
Other payables	21,547,752	-	21,547,752	21,547,752	-
	33,710,597		**34,495,634**	**30,476,411**	**4,019,223**
2019					
Non-derivative financial liabilities					
Trade payables	792,112	-	792,112	792,112	-
Other payables	19,005,167	-	19,005,167	19,005,167	-
	19,797,279		**19,797,279**	**19,797,279**	**-**

16.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's financial position or cash flows. The Company is not exposed to other price risk.

16.6.1 Currency risk

The Company is exposed to foreign currency risk on services rendered that are denominated in currencies other than the functional currency of the Company. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro Dollar ("EUR"), Indian Rupee ("INR") and Australian Dollar ("AUD").

Risk management objectives, policies and processes for managing the risk

The Company ensures that the net exposure is kept to an acceptable level by monitoring the fluctuation of the foreign currency.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in			
	USD	**EUR**	**INR**	**AUD**
2020	**RM**	**RM**	**RM**	**RM**
Balances recognised in the statement of financial position				
Cash and cash equivalents	1,389,109	-	-	-
Trade receivables	1,704,746	857,179	-	-
Other receivables	2,304,954	-	-	-
Trade payables	(445,764)	-	(3,085)	-
Other payables	(944,248)	-	(11,097)	-
	4,008,797	**857,179**	**(14,182)**	**-**
2019				
Balances recognised in the statement of financial position				
Cash and cash equivalents	1,028,077	-	-	-
Trade receivables	804,467	1,863,643	-	-
Trade payables	(259,900)	-	-	-
Other payables	(1,390,493)	-	(61,733)	(6,843)
	182,151	**1,863,643**	**(61,733)**	**(6,843)**

Currency risk sensitivity analysis

A 5% (2019: 5%) strengthening of USD, EUR, INR and AUD against the following currencies at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss	
	2020	**2019**
	RM	**RM**
USD	190,895	408,043
EUR	40,818	93,182
INR	(675)	(3,087)
AUD	-	(342)
	231,038	**497,796**

A 5% (2019: 5%) weakening of USD, EUR, INR and AUD against the above currency at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

16.6.2 Interest rate risk

The Company's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company has entered into interest rate swaps in order to achieve an appropriate mix of fixed and floating rate exposure within the Company's policy.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period, was:

	2020 RM	2019 RM
Fixed rate instruments		
Financial assets	54,309,339	30,551,298

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

16.7 Fair value information

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

17. Capital management

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

18. Contingent liabilities

Litigation

On 1 March 2019, Industrial Court of Malaysia has ordered the Company to compensate its four ex-employees for dismissal case amounting to RM703,898. The Company has filed a stay application against the said award on 13 May 2019. Further, the Company obtained leave to commence certiorari proceedings to the High Court of Malaysia in Kuala Lumpur, against the judgment made by Industrial Court. On 18 November 2019, the High Court of Malaysia has granted an order of certiorari to quash the Industrial Court's decision.

19. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company.

The Company has related party relationship with its ultimate holding companies and related companies.

List of related parties:

Name of related party	Nature of relationship
Tech Mahindra Limited	Ultimate holding company
Sofgen Services Pte. Limited	Related company
Tech Mahindra Vietnam Company Limited	Related company

Significant related party transactions

Related parties transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Company are shown below. The balances related to the transactions are shown in Note 6 and Note 10.

	2020 RM	2019 RM
A. Ultimate holding company		
Service income charged to ultimate holding company	57,606,069	55,181,551
Reimbursement of expenses	4,592,905	4,302,733

20. Significant changes in accounting policies

During the year, the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

Where the Company is a lessee, the Company applied the requirements of MFRS 16 retrospectively. There is no impact on the opening balance of retained earnings at 1 April 2019, following the adoption of MFRS 16.

At 1 April 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. The weighted-average rate applied is 2.75%. Right-of-use assets are measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate as at 1 April 2019.

The Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 April 2019;
- excluded initial direct cots from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD.

(Registration No. 201301037394 (1067223-P))

(Incorporated in Malaysia)

Statement by Directors pursuant to

Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 1128 to 1155 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 2020 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

………………………………………………………

MANISH GOENKA
Director

………………………………………………………

HRISHIKESH MAHESH PANDIT
Director

Date: 2 July 2020

TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD.

(Registration No. 201301037394 (1067223-P))

(Incorporated in Malaysia)

Statutory declaration pursuant to

Section 251(1)(b) of the Companies Act 2016

I, MANISH GOENKA, the Director primarily responsible for the financial management of Tech Mahindra ICT Services (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 1128 to 1155 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Singapore's Oaths and Declarations Act (Cap 211).

Subscribed and solemnly declared by the abovenamed Manish Goenka, passport no K0263909Z in Singapore on 2 July 2020.

…………………………………………....
Manish Goenka
Before me:

MAHINDRA ENGINEERING SERVICES (EUROPE) LIMITED

Directors
Mr A N K Malhotra
Mr Vikram Narayanan Nair

Company number
04117035

Registered office
Atrium Court The Ring BRACKNELL
Berkshire RG12 1BW

Auditor
MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditor
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
Bucks
MK9 2HR

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

Fair review of the business

During the Year Ended March 31, 2020 the Profit Before Tax is GBP 1,181,225 (For Year 2018-19 Profit Before Tax was GBP 155,095) and the key results are as below.

Mahindra Engineering Services (Europe) Limited	
For the Twelve Months Period Ended March 31,2020	**Amt (GBP)**
Revenue from operations	Nil
Interest Income	389,453
Other Income	Nil
Total Revenue	**389,453**
Net Exchange Gain	791,772
Profit Before Tax	**1,181,225**

Preference Shares

During the year under review, the Company issued 7,772,423 cumulative redeemable Preference shares of GBP 1 each in one tranche totalling GBP 7,772,423 to Tech Mahindra Limited, India, the sole shareholder of the Company. These share are redeemable at the end of 10 years from the date of issue. This amount is being utilised to meet the immediate financial needs of the Tech Mahindra Group Companies.

On behalf of the board

Vikram Narayanan Nair
Director
Date: 4th June, 2020

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

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 investment 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 for the year are set out on page herein.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

On the 1 January 2020, our auditors Keens Shay Keens LLP merged with MacIntyre Hudson LLP, trading under the name MHA MacIntyre Hudson. MHA MacIntyre Hudson has expressed their willingness to continue in office.

The auditor, MHA MacIntyre Hudson, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

COVID-19

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

On behalf of the board

Vikram Narayanan Nair
Director

Date: 4th June, 2020

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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 2020 which comprise the income statement, 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Newell BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of MHA MacIntyre Hudson ....

Chartered Accountants
Statutory Auditor

Chartered Accountants & Statutory Auditor
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
Bucks
MK9 2HR

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2019
		£	£
Administrative expenses		**791,772**	**20,961**
Interest receivable and similar income	**5**	**389,453**	172,014
Interest payable and similar expenses	**6**	**-**	(37,880)
Profit before taxation		**1,181,225**	155,095
Tax on profit	**7**	**(224,433)**	(21,142)
Profit for the financial year		**956,792**	133,953

The income statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets Investments	**9**		9,845,649		5,526,835
Current assets					
Debtors	**11**	24,018,969		10,619,788	
Cash at bank and in hand		300,419		9,260,040	
		24,319,388		19,879,828	
Creditors: amounts falling due within one year	**12**	(315,501)		(286,342)	
Net current assets			24,003,887		19,593,486
Total assets less current liabilities			33,849,536		25,120,321
Creditors: amounts falling due after more than one year	**13**		(30,739,663)		(22,967,240)
Net assets			3,109,873		2,153,081
Capital and reserves					
Called up share capital	**15**		65,000		65,000
Profit and loss reserves			3,044,873		2,088,081
Total equity			3,109,873		2,153,081

The financial statements were approved by the board of directors and authorised for issue on June 4, 2020 and are signed on its behalf by:

....

Vikram Narayanan Nair
Director
Company Registration No. 04117035

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018	65,000	1,954,128	2,019,128
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	133,953	133,953
Balance at 31 March 2019	65,000	2,088,081	2,153,081
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	956,792	956,792
Balance at 31 March 2020	**65,000**	**3,044,873**	**3,109,873**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Interest income/ expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash- settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Mahindra Engineering Services (Europe) Limited is a wholly owned subsidiary of Tech Mahindra Limited and the results of Mahindra Engineering Services (Europe) Limited are included in the consolidated financial statements of Tech Mahindra Limited which are available from Gateway Building, Apollo Bunder, Mumbai, Maharashtra 400001, India.

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 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.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long- term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5 Cash at bank and in hand

Cash and cash equivalents 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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 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

	2020	2019
	£	£
Other significant revenue		
Interest income	**378,299**	**172,014**

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	**2020**	**2019**
	£	**£**
Exchange gains	(802,818)	(29,235)
Fees payable to the company's auditor for the audit of the company's financial statements	**5,350**	**3,500**

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 £802,818 (2019: £29,235).

5 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	42	3,739
Interest receivable from group companies	378,257	168,275
Total interest revenue	**378,299**	**172,014**
Income from fixed asset investments		
Income from other fixed asset investments	11,154	-
Total income	389,453	172,014

6 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable to group undertakings	-	37,880

7 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	224,433	21,142

The actual charge for the year can be reconciled to the expected charge for the ear based year loss and profit or the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	1,181,225	155,095
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	224,433	29,468
Tax effect of expenses that are not deductible in determining taxable profit	-	(178)
Tax effect of utilisation of tax losses not previously recognised	-	(8,148)
Taxation charge for the year	224,433	21,142

8 Tangible fixed assets

	Computers £	Computer Software £	Total £
Cost			
At 1 April 2019	34,634	18,958	53,592
Disposals	(34,634)	(18,958)	(53,592)
At 31 March 2020	-	-	-
Depreciation and impairment			
At 1 April 2019	34,634	18,958	53,592
Eliminated in respect of disposals	(34,634)	(18,958)	(53,592)
At 31 March 2020	-	-	-
Carrying amount			
At 31 March 2020	-	-	-
At 31 March 2019	-	-	-

9 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	10	7,903,765	4,203,765
Other investments		1,941,884	1,323,070
		9,845,649	**5,526,835**

Movements in fixed asset investments

	Shares in group undertakings £	Other £	Total £
Cost or valuation			
At 1 April 2019	4,203,765	1,323,070	5,526,835
Additions	3,700,000	618,814	4,318,814
At 31 March 2020	7,903,765	1,941,884	9,845,649
Carrying amount			
At 31 March 2020	7,903,765	1,941,884	9,845,649
At 31 March 2019	4,203,765	1,323,070	5,526,835

10 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Inter-Informatics S.R.L	Czech Republic	Engineering services	Ordinary shares	100.00	-
Inter-Informatics spol s r.o	Czech Republic	Engineering services	Ordinary shares	100.00	-
Tech Mahindra Communication Japan Co Ltd (Formerly K-Vision Limited)	Japan	Construction services	Ordinary shares	100.00	-
TC Inter Informatics as	Czech Republic	Engineering services	Ordinary shares	100.00	-

11 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Amounts owed by group undertakings	24,018,789	10,619,525
Other debtors	180	263
	24,018,969	**10,619,788**

12 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	5	-
Corporation tax	224,271	21,142
Other creditors	85,875	261,700
Accruals and deferred income	5,350	3,500
	315,501	**286,342**

13 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Other borrowings	14	30,739,663	22,967,240

14 Loans and overdrafts

	2020	2019
	£	£
Preference shares	30,739,663	22,967,240
Payable after one year	30,739,663	22,967,240

During the year ended 31 March 2019, 22,967,240 preference shares of £1 each were allotted to Tech Mahindra Limited at a price of £1.00 each for a total consideration of £22,967,240 with a redemption date of 25th October 2028.

During the year ended 31 March 2020, 7,772,423 preference shares of £1 each were allotted to Tech Mahindra Limited at a price of £1.00 each for a total consideration of £7,772,423. These share are redeemable at the end of 10 years from the date of issue.

15 Share capital

Ordinary share capital Issued and fully paid

	2020	2019
	£	£
65,000 Ordinary of £1 each	65,000	65,000

16 Financial commitments, guarantees and contingent liabilities

On 14 March 2019, the company acquired the entire share capital of Tech Mahindra Communication Japan Co Ltd (Formerly K-Vision Limited) for a total price of £343,396, of this amount £85,875 will be paid as a final instalment on 31 December 2020.

After acquisition, the company has committed to make further capital infusion payments of £538,644.

17 Ultimate controlling party

The ultimate controlling party of Mahindra Engineering Services (Europe) Limited is Tech Mahindra Limited, which owns 100% of the issued share capital of the Company.

Tech Mahindra Limited prepares group accounts which include these accounts and which are publicly available from their registered office.

MAHINDRA ENGINEERING SERVICES (EUROPE) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

This page does not form part of the statutory financial statements

	2020		2019	
	£	£	£	£
Administrative expenses		791,772		20,961
Operating profit		791,772		20,961
Investment revenues				
Interest receivable from group companies	378,257		168,275	
Bank interest received	42		3,739	
Income from other fixed asset investments	11,154		-	
Interest payable and similar expenses				
		389,453		172,014
Interest payable to group companies		-		(37,880)
Profit before taxation		**1,181,225**		**155,095**

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2020

This page does not form part of the statutory financial statements

Administrative expenses	**2020**	**2019**
	£	**£**
Postage, courier and delivery charges	1,609	1,695
Legal and professional fees	1,700	1,809
Audit fees	5,350	3,500
Bank charges	1,209	597
Telecommunications	740	673
Sundry expenses	438	-
Profit or loss on foreign exchange	(802,818)	(29,235)
	(791,772)	**(20,961)**

TECH MAHINDRA COMMUNICATIONS JAPAN CO. LTD

Board of Directors
Mr. Masato Kawano
Mr. Amitava Ghosh
Ms. Dhanashree Bhat

Registered Office
6-18, Kamiji 1-Chome,
Higashinari-ku, Osaka

Bankers
Mitsuisumitomo
Kansai
Mirai Bank
Osaka City Bank
Amagasaki Sinyou

Auditors
RSM Seiwa
Syosankan 4F,
1-3-2 Lidabashi,
Chiyoda-ku
Tokyo 102-0072
Japan

Balance Sheet as at year ended	31-Mar-20	31-Mar-19
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	4,454,948	7,574,955
(b) Financial Assets		-
(i) Investments		859,000
(c) Other Non-Current Assets	1,965,530	1,106,530
Current Assets		
(a) Financial Assets		
(i) Trade Receivables	346,598,283	42,766,490
(ii) Cash and Cash Equivalents	80,698,618	70,154,429
(b) Other Current Assets	6,790,126	4,955,356
Total Assets	**440,507,505**	**127,416,760**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	43,000,000	43,000,000
(b) Retained Earnings	(81,241,496)	(84,651,383)
Equity Attributable to Owners of the Company	**(38,241,496)**	**(41,651,383)**
Total Equity	**(38,241,496)**	**(41,651,383)**
Non-Current Liabilities		
(a) Financial Liabilities - Borrowings	76,388,000	86,818,000
(b) Other Non-Current Liabilities	3,620,064	6,740,064
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	60,738,065	26,158,232
(ii) Trade Payables	319,670,460	43,139,995
(b) Other Current Liabilities	18,332,412	6,211,852
Total Equity and Liabilities	**440,507,505**	**127,416,760**

Signature

Mastao Kawano (Director)

TECH MAHINDRA COMMUNICATIONS JAPAN CO. LTD

Statement of Profit and Loss for the period ended		**31-Mar-20**
I	Revenue from Operations	1,060,633,770
II	Other Income	-
III	**Total Revenue (I +II)**	**1,060,633,770**
IV	**EXPENSES**	
	Employee Benefit Expense	127,913,398
	Subcontracting Expenses	849,366,378
	Finance Costs	1,285,534
	Depreciation and Amortization Expense	3,120,000
	Other Expenses	75,538,574
	Total Expenses	**1,057,223,883**
V	**Share of (Profit) / Loss of Associates**	-
VI	**Profit/(loss) before Exceptional Item and Tax (III-IV-V)**	**3,409,887**
VII	**Exceptional Item (net)**	
VIII	**Profit/(loss) Before Tax (VI+VII)**	**3,409,887**
IX	**Tax Expense**	
	Current tax	
	MAT charge / (credit)	
	Earlier years excess provision written back	
	Deferred Tax	
	Total Tax Expense	**-**
X	**Profit/(loss) after Tax**	**3,409,887**

Signature

Mastao Kawano (Director)

NOTES TO FINANCIAL STATEMENT.

NOTE 1 - DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

Tech Mahindra Communications Japan Co. Ltd ("TMCJ" or "the Company") incorporated in Japan in 2006 under the name K Vision. On March 14, 2019, Tech Mahindra Limited ("Tech Mahindra"), incorporated in India, through its subsidiary, Tech Mahindra Engineering Services (Europe) Limited, incorporated in the United Kingdom, completed the acquisition of the shares of the Company.

The Company is supplying all the elements required for the establishment and deployment of communication networks and provides related construction services in Japan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in Japan ("JGAAP") 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 period. Actual results could differ from those estimates.

Cash and cash equivalents:

Cash and cash equivalents consist of certain highly liquid investments with maturities of three months or less at the date of purchase and consist of money market funds.

Trade receivables:

The Company believes that the concentration of credit risk in its trade receivables is mitigated by the Company's credit evaluation process, relatively short collection terms, and dispersion of its customer base. Management evaluates the collectability of trade receivables based on a combination of factors. Management regularly analyzes significant customers accounts, and, when management becomes aware of a specific customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position, a specific reserve for bad debts is recorded to reduce the related receivable to the amount management reasonably believes is collectible. Reserves for doubtful accounts for all other customers are also recorded based on a variety of factors including the length of time the receivables are past due, the financial health of the customer, macroeconomic considerations, and historical experience. If circumstances related to specific customers change, estimates of the recoverability of receivables could be further adjusted or the related receivables could be written off to the allowance as uncollectible. The Company has not experienced significant losses on trade receivables from any particular customer or geographic region.

Property and equipment:

Property and equipment are stated at cost and are being depreciated using straight-line and accelerated methods over the estimated useful lives of the related assets.

Fair value of financial instruments:

The fair value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and other short-term liabilities approximate the carrying value due to their short-term, highly liquid nature. The carrying amounts of long-term debt approximate fair value, based on interest rates currently available for similar terms and maturities.

Income taxes:

Deferred income tax assets and liabilities are recognized on the differences between the financial statement and tax basis of assets and liabilities and on net operating loss carryovers using enacted tax rates. A valuation allowance is provided to offset deferred income tax assets if, based on available evidence, it is more likely than not that a portion of the deferred income tax assets will not be realized.

INTER–INFORMATICS, SPOL. S R.O.

Board of Directors
Mr. Venkateswara Rao Gajjala
Mr. Rajesh Ethakur Plakkote

Registered Office
Prague 4,
Kolčavka 3/75
Postal Code 19000

Auditors
HEDLEY AUDIT s.r.o.
Salvátorská 931/8,
110 00 Prague 1

DESCRIPTION OF ACCOUNTING ENTITY:

Company name:	**Inter-Informatics,spol. s r.o.**
Legal form:	Limited liability company
Identification no.:	496 85 449
Registered office of the company:	Prague 9, Kolčavka 3/75, Post Code 19000
Company adress:	Kolčavka 3/75, 190 00 Prague 9
Capital:	50.160.000,00 CZK
Establishment of the company:	22.3.1994
Entry in the Commercial Register:	22.3.1994
Subject of business:	Production, trade and services not listed in Annexes 1 to 3 of the Trade Act
Composition of statutory bodies:	Managing directors:
	VENKATESWARA RAO GAJJALA
	RAJESH ETHAKUR PLAKKOTE
Accounting period:	1st April 2019 till 31st March 2020 (hereinafter „year 2019“)
Number of employees:	As of 1. 4. 2019 0
	As of 31. 3. 2020 0
Place of keeping the Annual Report:	Company Secretariat
Companies on which the reporting company exercises decisive influence:	TC INTER-INFORMATICS a.s. Inter-Informatics S.R.L.

Persons involved in the entity’s capital of more than 20%:

Name of the Natural Person Legal Entity Name	**Residence Headquarters**	**The Accounting Period Under Review**		**Previous Financial Year**	
		Share in CZK	**in %**	**Share in CZK**	**in %**
MAHINDRA ENGINEERING SERVICES (EUROPE) LIMITED	RG121BW Berkshire, Atrium Court, The Ring, Bracknell, United Kingdom of Great Britain and Northern Ireland, Register number: 4117035	50.160.000,-	100,00	50.160.000,-	100,00

Inter-Informatics, spol. s r.o., is a member of the Inter-Informatics Group (which also includes TC INTER-INFORMATICS a.s., Inter-Informatics S.R.L.), which is a contractor for engineering services in the field of engineering.

The company’s strategy is based on the overall Group’s strategy: “By providing comprehensive solutions in the field of engineering services to help customers improve their market position (e.g. by transferring new knowledge and experience, reducing costs, accelerating and streamlining internal processes). “

REPORT ON THE COMPANY'S BUSINESS ACTIVITIES AND OPERATIONS

Report on the company´s business activities in 2019 and forecast for 2020

After the takeover of the company by the new owner, the restructuring and changes in the

organisational structure, the business and strategic plan for the financial year 2020 – 2022 has been drawn up and subsequently approved for.

At the same time, the owner set two evaluation indicators of the company's performance, i.e. the positive economic indicator EBITDA and revenues above USD $8 million for the first financial year 2020.

At the beginning of the year, the company was forced to deal with a number of negative commitments from the pre-acquisition period that prevented the company from further development. There were a number of these steps, e.g. changes in dealerships / and lobbyists, dissolution of ineffective branches, i.e. representative office in China, the liquidation of the subsidiary has been

Inter-Informatics S.R.L. in Romania was launched, optimization of IT contracts or modification of the terms of lease agreements in Buxtehude in Germany.

The company internally stabilizes its teams and has begun to use its knowledge and capacities within the Tech Mahindra Group, so called Off-Shore. This enables the company to grow further and stabilize its market position in a competitive environment.

At the same time, the company strengthens its cooperation with existing customers and so-called re-launches cooperation with some of the former customers and achieves the level of a strategic supplier of engineering services.

It has also been successful in the so-called "End-2-End Capabilities" (development, styling, design, manufacturing support, certification) process to get the first Galleys styling order for the company

Safran Cabin Germany, and thus to use the many years of experience of the company Pininfarina (member of the Tech Mahindra Group) for this business case.

Within the framework of the established business objectives, i.e. to obtain at minimum one new strategic customer in each area of business, the so-called New Logo, the company managed to start cooperation with Doosan Bobcat EMEA and successfully start the first entry negotiations with Lufthansa Technik AG, Etihad Airways Engineering or ZF Engineering Plzeň s.r.o.

The above mentioned business negotiations are conducted in coordination with the owner and also the sales network of Tech Mahindra is used worldwide.

The above mentioned activities have led to a current year-round workload in all business areas (aerospace/rail/general engineering) of more than 90%.

Main business areas and significant customers:

- Area of aerospace

  Airbus Group; Aero Vodochody AEROSPACE a.s.; Safran Cabin Germany GmbH;

  Safran Cabin CZ s. r.o.; Bucher Group

- Area of rail

  Škoda Transportation a.s.; Ultimate Europe Transportation Equipment GmbH;

  Faiveley Transport a Wabtec Company

- Area of general engineering

  Doosan Škoda Power; Doosan Bobcat EMEA s.r.o.; BOBCAT FRANCE SA

As a result of the implementation of the above mentioned activities and measures that led to the recovery of the company, the company is currently ready to face the current market fluctuation and to further develop its long-term strategy.

The management of the company, therefore, expresses thanks and appreciation to all employees of the whole group for the work done in the past period.

Research and development

The company had no expenditures for research and development in 2019.

Information on the facts that occurred after the balance sheet date

After the balance sheet date until the date of preparation of the financial statements, there were no relevant facts that are not described in the annexes to the financial statements.

Statutory declaration of honour

The data presented in the Annual Report of Inter-Informatics,spol. s r.o. for the period from 1. 4. 2019 to 31. 3. 2020 correspond to the facts and no substantial circumstances that could affect the accurate and correct assessment of the company have been omitted.

In London, on 28th May 2020:

....

Rajesh Ethakur Plakkote

Managing Director

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Inter-Informatics, spol. s.r.o.

Opinion

We have audited the accompanying consolidated financial statements of Inter-Informatics Group (hereinafter also the "Group) prepared in accordance with accounting principles generally accepted in the Czech Republic, which is comprised of the consolidated balance sheet as at 31 March 2020, the consolidated income statement, consolidated statement of changes in equity for the period from 1 April 2019 to 31 March 2020 and notes to the consolidated financial statements, including a summary of significant accounting policies, and other explanatory information. For details of the Group, see the introductory part of the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2020 and its financial performance for the period from 1 April 2019 to 31 March 2020 in accordance with the accounting principles generally accepted in the Czech Republic.

Basis of Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards of Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We refer to the article no. 17 of Notes to the Consolidated Financial Statements as of 31 March 2020, which states the potential negative impact of the global pandemic of COVID 19 on the Group's economic activities in subsequent periods. Our Opinion is not modified with regard to this matter.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the consolidated financial statements and auditors report thereon. The statutory representative of Inter-Informatics, spol. s.r.o. (hereinafter also the "Statutory representative") is responsible for the other information.

Our opinion of the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance the applicable law and regulations, in particular, whether the other information complies with law and regulations in terms of formal requirements and procedure of preparing the other information in the context of materiality. i.e. whether any non-compliance with these requirements could influence the judgement made on the basis of other information.

Based on the procedure performed, to the extent we are able to assess it, we report that:

- The Other information describing the facts that are also presented in the consolidated financial statements is, in all material respect, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law and regulation.

In addition, our responsibility is to report, based on knowledge and understanding of the Group obtained the audit, on whether the other information contains any material misstatement of facts. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory representative for the consolidated Financial Statements

Statutory representative is responsible for preparation & fair presentation of the consolidated Financial Statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as Statutory representative determines is necessary to enable the preparation the consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing consolidated Financial Statements, the Statutory representative is responsible for assessing Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concerns basis of accounting unless the Statutory representative either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors Responsibilities for the audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but it is not guarantee that an audit conducted in accordance with the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatement 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 consolidated Financial Statements.

As a part of audit in accordance with the above laws and regulations, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated Financial Statements, whether due to fraud or error, design and perform audit procedure 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, mispresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory bodies.
- Concluding the appropriateness of Statutory bodies' use of the going concern basis of accounting and, based on the audit evidence obtained, whether the material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw an attention in our 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 out auditor's 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 disclosures, and whether the consolidated Financial Statements represents the underlying transactions and events in a manner that achieves fair presentation.

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

In Prague, 28 May 2020.

Audit Firm:	Statutory Auditor:
HEDLEY AUDIT s.r.o.	Ing. Helena Vojackova
Audit Firm Licence No.545	Auditor Licence No.1910

This version of our report is a translation from the original which was prepared in the Czech language. All possible cares has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

INTER–INFORMATICS, SPOL. S R.O.

CONSOLIDATED BALANCE SHEET

Skupina Inter-Informatics full version

As of
31-03-20
(in CZK thousand)

Kolčavka 3/75,
190 00 Praha 9

		31-03-20			01-04-19
		Gross	**Adjustment**	**Net**	**Net**
	TOTAL ASSETS	**418,402**	**307,353**	**111,049**	**95,915**
B.	**Fixed assets**	**306,973**	**305,556**	**1,417**	**5,387**
B.I.	**Intangible fixed assets**	**293,065**	**292,314**	**751**	**4,434**
B.I.2.	Valuable rights	**289,921**	**289,170**	**751**	**4,434**
B.I.2.1.	Software	289,921	289,170	751	4,434
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	**3,144**	**3,144**		
B.I.5.2.	Intangible fixed assets under construction	3,144	3,144		
B.II.	**Tangible fixed assets**	**13,908**	**13,242**	**666**	**953**
B.II.1.	Land and structures	**219**	**219**		**211**
B.II.1.2.	Structures	219	219		211
B.II.2.	Tangible movable assets and sets of tangible movable assets	13,689	13,023	666	742
C.	**Current assets**	**109,272**	**1,797**	**107,475**	**89,241**
C.I.	**Inventories**	**15,374**		**15,374**	**1,711**
C.I.2.	Work in progress and semifinished goods	15,374		15,374	1,711
C.II.	**Receivables**	**60,654**	**1,797**	**58,857**	**59,607**
C.II.1.	Long-term receivables	**229**		**229**	**1,385**
C.II.1.1.	Trade receivables				1,162
C.II.1.5.	Receivables - other	**229**		**229**	**223**
C.II.1.5.2.	Long-term prepayments made	229		229	223
C.II.2.	**Short-term receivables**	**60,425**	**1,797**	**58,628**	**58,222**
C.II.2.1.	Trade receivables	41,896	1,797	40,099	46,170
C.II.2.4.	Receivables - other	**18,529**		**18,529**	**12,052**
C.II.2.4.3.	State - tax receivables	242		242	1,747
C.II.2.4.4.	Short-term prepayments made	9		9	310
C.II.2.4.5.	Estimated receivables	12,142		12,142	9,654
C.II.2.4.6.	Sundry receivables	6,136		6,136	341
C.IV.	**Cash**	**33,244**		**33,244**	**27,923**
C.IV.1.	Cash on hand	436		436	429
C.IV.2.	Cash at bank	32,808		32,808	27,494
D.	**Other assets**	**2,157**		**2,157**	**1,287**
D.1.	Deferred expenses	2,157		2,157	1,287

		31-03-20	**01-04-19**
	TOTAL LIABILITIES & EQUITY	**111,049**	**95,915**
A.	**Equity**	**-3,040**	**-229**
A.I.	**Share capital**	**50,160**	**50,160**
A.I.1.	Share capital	50,160	50,160
A.II.	**Share premium and capital funds**	**140,281**	**140,322**
A.II.2.	Capital funds	140,281	140,322
A.II.2.1.	Other capital funds	140,281	140,322
A.III.	**Funds from profit**	**2,789**	**2,789**
A.III.1.	Other reserve funds	1,902	1,902
A.III.2.	Statutory and other funds	887	887
A.IV.	**Consolidated Retained earnings (+/-)**	**-192,732**	**-136,653**
A.IV.1.	Accumulated profits or losses brought forward (+/-)	-38,478	2,827
A.IV.2.	Other profit or loss from prior years (+/-)	-154,254	-139,480
A.V.	**Consolidated Profit or loss for the current period (+/-)**	**-3,538**	**-56,847**
B.+C.	**Liabilities**	**114,089**	**95,412**
B.	**Reserves**	**15,381**	**25,820**
B.IV.	Other reserves	15,381	25,820
C.	**Payables**	**98,708**	**69,592**
C.II.	**Short-term payables**	**98,708**	**69,592**
C.II.3.	Short-term prepayments received	17,684	137
C.II.4.	Trade payables	4,863	2,828
C.II.6.	Payables - controlled or controlling entity	54,740	51,683
C.II.8.	Other payables	**21,424**	**14,944**
C.II.8.3.	Payables to employees	5,596	6,341
C.II.8.4.	Social security and health insurance payables	3,090	2,877
C.II.8.5.	State - tax payables and subsidies	5,714	1,343
C.II.8.6.	Estimated payables	7,018	3,072
C.II.8.7.	Sundry payables	6	1,311
D.	**Other liabilities**		**732**
D.1.	Accrued expenses		732

INTER–INFORMATICS, SPOL. S R.O.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Skupina Inter-Informatics structured by the nature of expense method

Period ended | Kolčavka 3/75,

31-03-20 | 190 00 Praha 9

(in CZK thousand)

		Period from 1.1.2018	Year ended
		to 31.3.2020	01-04-19
I.	Sales of products and services	**164,644**	
A.	Purchased consumables and services	61,155	
A.2.	Consumed material and energy	1,596	
A.3.	Services	59,559	
B.	Change in internally produced inventory (+/-)	-13,663	
D.	Staff costs	**113,638**	
D.1.	Payroll costs	84,659	
D.2.	Social security and health insurance costs and other charges	**28,979**	
D.2.1.	Social security and health insurance costs	27,611	
D.2.2.	Other charges	1,368	
E.	Adjustments to values in operating activities	**-395**	
E.1.	Adjustments to values of intangible and tangible fixed assets	**-2,193**	
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	4,278	
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-6,471	
E.3.	Adjustments to values of receivables	1,798	
III.	Other operating income	**6,831**	
III.3.	Sundry operating income	6,831	
F.	Other operating expenses	**11,873**	
F.3.	Taxes and charges	382	
F.4.	Reserves relating to operating activities and complex deferred expenses	-10,438	
F.5.	Sundry operating expenses	21,929	
*	**Operating profit or loss (+/-)**	**-1,133**	
J.	Interest expenses and similar expenses	**516**	
J.1.	Interest expenses and similar expenses - controlled or controlling entity	516	
VII.	Other financial income	8,397	
K.	Other financial expenses	10,286	
*	**Financial profit or loss (+/-)**	**-2,405**	
**	**Profit or loss before tax (+/-)**	**-3,538**	
L.	Income tax		
**	**Profit or loss net of tax (+/-)**	**-3,538**	
***	**Consolidated Profit or loss for the current period (+/-)**	**-3,538**	
	Profit or loss for the current period without minority interests (+/-)	**-3,538**	
*	Net turnover for the current period	179,872	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Skupina Inter-Informatics

Kolčavka 3/75,
190 00 Praha 9

Period ended
31-03-20
(in CZK thousand)

	Share capital	Revaluation reserve	Other capital reserves	Reserve fund	Retained earnings	Minority interest	TOTAL EQUITY
Balance at 1 April 2019	**50,160**		**140,322**	**2,789**	**-193,500**		**-229**
Acquisition of additional shares in subsidiary							
Disposal of subsidiary							
Disposal of non-consolidated subsidiaries							
Revaluation of financial assets							
Profit for the year					-3,538		-3,538
Exchange difference			-41		768		727
Capital contribution – capitalization of liabilities							
First consolidation of Romanian subsidiary							
Balance at 31 March 2020	**50,160**		**140,281**	**2,789**	**-196,270**		**-3,040**

1. General information

Description of the group (hereinafter the "Group"):

Parent company: Inter-Informatics,spol. s r.o.

Registered seat: Kolčavka 3/75, Praha 9, Czech republic

Identification number: 496 85 449

Registration in the Register of Companies: Municipal Court Prague, file ID C23461, section C

The principal activities of the Group are production, business and service not stated in attachments 1 to 3 of the Entrepreneurs Act.

Shareholders of the parent company as at 31 March 2020

Mahindra Engineering Services (Europe) Limited	100 %

Shareholders of the parent company as at 31 March 2019

Mahindra Engineering Services (Europe) Limited	100 %

Group companies as of 31 March 2020:

Name	Seat	Shareholding	Equity CZK´000	Net profit CZK´000
TC INTER-INFORMATICS a.s.	Kolčavka 3/75, 190 00 Praha 9, Czech Republic	100 %	(30,609)	3,747
Inter-Informatics S.R.L.	sector 1.20 SIRIULUI, 715 34 Bucharest, Romania	100 %	528	(542)

Group companies as of 31 March 2019:

Name	Seat	Shareholding	Equity CZK´000	Net profit CZK´000
TC INTER-INFORMATICS a.s.	Kolčavka 3/75, 190 00 Praha 9, Czech Republic	100 %	(34,356)	(76,831)
Inter-Informatics S.R.L.	sector 1.20 SIRIULUI, 715 34 Bucharest, Romania	100 %	(8,486)	(8,698)

The Group has none associates nor joint venture companies.

3. Basis of accounting and general accounting principles

The Group's consolidated financial statements were prepared in accordance with the Act No. 563/1991 Coll., on Accounting, as amended (hereinafter the "Act on Accounting") and the Regulation No. 500/2002 Coll. which provides implementation guidance on certain provisions of the Act on Accounting for reporting entities that are businesses maintaining double-entry accounting records, as amended, as amended for 2019 (hereinafter referred to as the "Implementing Decree to the Act on Accounting").

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

The consolidated financial statements include balance sheet as of 31 March 2020 and income statement for twelve months period ended 31 March 2020 (hereinafter "Year 2019"). In the comparative accounting period, the Group switched to the financial year and its accounting period lasted from 1 January 2018 to 31 March 2019. The balance sheet shows comparative data as of 31 March 2019 and the income statement does not present comparative data due to unequal long periods.

These financial statements are presented in thousands of Czech crowns ('CZK').

3. Summary of significant accounting policies

The Group used the following accounting policies:

a) Method of consolidation

Subsidiaries are consolidated using the full method of consolidation. Share of net assets held by shareholders outside the Group, as well as share on profit, is recognized in consolidated financial statements as minority interest.

Financial statements of foreign subsidiaries are adjusted to comply with the Czech accounting principles and translated to Czech Crowns, which is the Group´s reporting currency.

The negative consolidation difference arising on the gradual acquisition of a share would be due to the negative value of the Group's non-current assets and was therefore immediately amortized to the income statement.

When the subsidiary has not been consolidated in the previous accounting periods due to immateriality, its retained earnings since acquisition are recognized as Other operating income (expenses) in the first year of consolidation.

b) Intangible fixed assets

Intangible fixed assets are measured at cost which consists of purchase price and costs associated with bringing the asset to the current location and condition.

Internally generated intangible fixed assets are measured at costs incurred.

Intangible fixed assets costing less than CZK 60 thousand are expensed upon acquisition.

Amortization

The useful economical life of intangible assets is 36 months.

Subsequent capital expenditure increases the cost of intangible fixed assets. Repairs and maintenance is expensed when incurred.

Impairment loss provisions

Impairment was recognized was impaired intangible assets where the carrying amount exceeded the recoverable amount.

c) Tangible fixed assets

Tangible fixed assets are measured at cost which consists of purchase price and costs associated with bringing the asset to the current location and condition.

Tangible fixed assets costing less than CZK 15 thousand are expensed upon acquisition.

Subsequent capital expenditure increases the cost of tangible fixed assets. Repairs and maintenance are expensed when incurred.

Depreciation

The Group uses the following useful economical live:

Computer equipment	3 to 5 years
Vehicles	5 years

d) Non-current financial assets

Non-current financial assets consist of shares in non-consolidated subsidiaries.

These shareholdings are measured at cost at initial recognition.

At the balance sheet date, shares in non-consolidated entities are valued by using the equivalence method, the revaluation is recorded in equity as revaluation differences from the revaluation of assets and liabilities. Equivalence method means the acquisition price of a participation is adjusted to a value corresponding to the company's participation rate in equity.

e) Cash and cash equivalents

Cash is measured at nominal amount.

Cash consists of cash in hand and cash at bank.

f) Inventories

Inventories are accounted for under method B.

Own production is measured at cost incurred including direct and indirect production costs.

g) Receivables

Receivables are measured at nominal value.

The Group recognizes impairment losses for receivables based on the ageing analysis and according to the individual assessment of receivables.

h) Equity

Share capital is the share capital of the parent company and it is stated at an amount registered at the Register of Companies.

Other monetary shareholder contributions are presented as other capital funds.

i) Liabilities

Current and non-current liabilities are stated at their nominal values.

Current and non-current bank borrowings are stated at their nominal values.

j) Provisions

Provisions are recognized when there is a present liability as a result of past event that will probably result in an outflow of economic benefits. Provisions are measured at the best estimate of future outflow based on historical data adjusted for current conditions.

The Group recognizes provisions where the outflow of economic benefits is probable, provisions are recognized for restructuring, unused vacation days, jubilee and warranties.

k) Leasing

Payments for leased assets are expensed on an accrual basis.

Rent payments made in advance are deferred.

l) Foreign exchange transactions

In terms of Czech group company`s transactions denominated in foreign currencies during the year are translated using the exchange rate of the Czech National Bank prevailing on the date of the transaction. At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank’s exchange rate prevailing as of that date.

Balance sheet and income statement balances of foreign consolidated subsidiaries are translated to CZK using year end exchange rate of the Czech National Bank.

The functional currency of the foreign subsidiary may not be Czech crown.

m) Recognition of income and expenses

Income and expenses are recognized on an accrual basis.

n) Income tax

Current tax is calculated from profit before tax which is adjusted for non-taxable income, exempt income, non-deductible expenses and subsequently multiplied by statutory tax rate. The resulting tax is subsequently reduced by tax credits and allowances (like donations or research and development).

Deferred tax represents a tax effect of temporary differences between the carrying amounts and tax bases of assets and liabilities. The Group does not recognize deferred tax assets resulting from unused tax losses and from elimination of intragroup profits.

o) Post balance sheet events

Consolidated financial statements include the impact of events occurring after the balance sheet date, if these events provide additional information about transaction occurring prior to the balance sheet date.

If material events have occurred between the balance sheet date and the date of preparation of the consolidated financial statements, taking into account events that occurred after the balance sheet date, the consequences of these events are described in the notes to the consolidated financial statements but are not recognized in the consolidated financial statements.

4. **Fixed assets**

a) **Intangible fixed assets**

COST

(CZK thousands)	Balance at 1 April 2019	Additions	Disposals	Transfers	Balance at 31 March 2020
Software	289,769	191	(39)	-	289,921
Assets under course of constructions	9,822	268	(6,755)	(191)	3,144
Total	**299,591**	**459**	**(6,794)**	**(191)**	**293,065**

(CZK thousands)	Balance at 1 January 2018	Additions	Disposals	Transfers	Balance at 31 March 2019
Research and development	13,750	-	(13,750)	-	-
Software	293,222	8951	(4,348)	-	289,769
Assets under course of constructions	9,357	465	-	-	9,822
Goodwill	933	(33,522)	32,589	-	-
Total	**317,262**	**(32,162)**	**14,491**	**-**	**299,591**

Negative goodwill of CZK 32,589 thousand resulting from acquisition of remaining interest in TC INTER-INFORMATICS a.s. has been written off to income statements after acquisition in 2018.

ACCUMULATED DEPRECIATION

(CZK thousands)	Balance at 1 April 2019	Depreciation	Sale / disposal	Impairment	Balance at 31 March 2020
Software	285,335	3,835	-	-	289,170
Assets under course of constructions	9,822	-	-	(6,678)	3,144
Total	**295,157**	**3,835**	**-**	**(6,678)**	**292,314**

(CZK thousands)	Balance at 1 January 2018	Depreciation	Sale/ Disposal	Impairment	Balance at 31 March 2019
Research and development	13,530	220	(13,750)	-	-
Software	282,804	6,879[2]	(4,348)	-	285,335
Assets under course of constructions	-	-	-	9,822	9,822
Total	**296,334**	**7,099**	**(18,098)**	**9,822**	**295,157**

An impairment provision of CZK 9,822 thousand was recognized for intangible assets under construction due to uncertainty about recoverability of its cost in 2018. Intangible assets under construction were partially written-off in 2019 and a provision was settled in the same amount.

CARRYING AMOUNT

(CZK thousands)	Balance at 31 March 2020	Balance at 31 March 2019
Research and development	-	-
Software	751	4,434
Assets under constructions	-	-
Goodwill	**-**	**-**
Total	**751**	**4,434**

1 Includes CZK 39 thousand as an effect of Romanian entity first consolidatio
2 Includes CZK 39 thousand as an effect of Romanian entity first consolidation

b) Tangible fixed assets

COST

(CZK thousands)	Balance at 1 April 2019	Additions	Disposals	Balance at 31 March 2020
Buildings	219	-	-	219
Other tangible assets	15,779	403	(2,493)	13,689
Total	**15,998**	**403**	**(2,493)**	**13,908**

(CZK thousands)	Balance at 1 January 2018	Additions	Disposals	Disposal of German subsidiary	Balance at 31 March 2019
Buildings	219	-	-	-	219
Other tangible assets	21,148	3,260*	(8,087)	(542)	15,779
Total	**21,367**	**3,260**	**(8,087)**	**(542)**	**15,998**

* Includes CZK 2,493 thousand as an effect of Romanian entity first consolidation.

ACCUMULATED DEPRECIATION

(CZK thousands)	Balance at 1 April 2019	Depreciation	Sale	Disposals	Impairment	Balance at 31 March 2020
Buildings	8	4	-	-	207	219
Other tangible assets	15,037	377	-	(2,391)	-	13,023
Total	15,045	381	-	(2,391)	207	13,242

(CZK thousands)	Balance at 1 January 2018	Depreciation	Sale	Disposals	Transfers	Balance at 31 March 2019
Buildings	2	6	-	-	-	8
Other tangible assets	20,361	2,763**	-	(8,087)	-	15,037
Total	20,363	2,769	-	(8,087)	-	15,045

** Includes CZK 2,211 thousand as an effect of Romanian entity first consolidation.

CARRYING AMOUNT

(CZK thousands)	Balance at 31 March 2020	Balance at 31 March 2019
Buildings	-	211
Other tangible asets	666	742
Total	**666**	**953**

The total amount of fixed tangible assets not recognized in the balance sheet is CZK 9 thousand at 31 March 2020 (31 March 2019: CZK 203 thousand).

c) Non-current financial assets – non-consolidated entities

(CZK thousands)	Balance at 1 January 2018	Additions	Disposals	First consolidation of Romanian subsidiary	Balance at 31 March 2019
Shareholding in subsidiaries	624	-	(543)	(81)	-

At 31 March 2020 there were no unconsolidated subsidiaries.

5. Inventory

As of 31 March 2020, the Group recognized inventory (work-in-progress) in the amount of CZK 15,374 thousand (31 March 2019: CZK 1,711 thousand).

6. Receivables

Receivables can be analysed as follows:

	At 31 March 2020	At 31 March 2019
Long term receivables		
Long term trade receivables	-	1,162
Long term advances	229	223
Long term receivables total	**229**	**1,385**

	At 31 March 2020	At 31 March 2019
Short term receivables		
Short term trade receivables	41,896	46,170
Short term tax receivables	242	1,747
Short term advances	9	290
Estimated receivables	12,142	9,654
Other receivables	6,136	361
Provision for bad debts	(1,797)	-
Short term receivables total	**58,628**	**58,222**

The following table summarizes overdue receivables:

	At 31 March 2020	At 31 March 2019
Less than 30 days	20,884	5,666
30 to 60 days	935	2,646
60 to 90 days	18	-
90 to 180 days	1,711	-
180 to 365 days	223	-
Total overdue receivables	**23,771**	**8,312**
Provision for bad debts	**1,797**	**-**

Estimated receivables as of 31 March 2020 and 31 March 2019 represent primarily expected refunds from VAT in Germany. Estimated receivables at 31 March 2020 also include unbilled revenue to Customer 1, Customer 2, Customer 3.

There are no receivables due in more than 5 years.

7. Prepayments

Prepayments include prepaid services (domain registration, Internet services, subscriptions, training) and will be charged to the expenses of the period to which they materially and temporally belong.

Accrued income includes income that is temporally and materially related to the current period (especially sales of services) and is charged to income statement of the period to which it relates materially and temporally.

8. Liabilities

	At 31 March 2020	At 31 March 2019
Short term payables		
Short term trade payables	22,547	2,965
Other payables	14,404	11,872
Estimated payables and acruals	7,018	3,072
Short term liabilities to shareholders	54,740	51,683
Short term payables total	**98,708**	**69,592**

There are no liabilities due in more than five years.

Other payables include liabilities to employees, social and health insurance and tax payables.

9. Equity

Share capital of the parent company consists of 51 fully paid shares with nominal values of CZK 500 000 each. Other capital funds of CZK 140,281 thousand (31 March 2019: CZK 140,322 thousand) represent monetary contributions by shareholders and exchange differences due to consolidation of Romanian subsidiary.

Other profit or loss in the amount of CZK (154,254) thousand ((31 March 2019: CZK (139,480) thousand)) represents a correction of an error in previous years as at 31 December 2017 due to overvalued work in progress. Furthermore, Other profit or loss includes retained earnings of the Romanian subsidiary for the period between the acquisition and 31 December 2017 as a result of the first inclusion of the Romanian subsidiary in the consolidated financial statements.

The management of the parent company assumes that the current year loss of the Company for the year ended 31 March 2020 will be transferred to accumulated losses.

As at the date of the consolidated financial statements, ie as at 31 March 2020, the Group has a negative equity of CZK 3,040 thousand. The Group, in cooperation with its shareholder, plans to resolve this fact by increasing its capital funds. The consolidated financial statements have been therefore prepared under going concern assumption.

13. Provisions

	At 1 April 2019	**Additions**	**Release**	**At 31 March 2020**
Provision for restructuring	20,085	-	(12,230)	7,855
Provision for unused vacation	3,372	3,419	(2,712)	4,079
Provision for other employee benefits	147	348	(107)	388
Provision for subcontracts	889	-	(889)	-
Provision for warranties	1,327	3,058	(1,327)	3,058
Total	**25,820**	**5,499**	**(15,938)**	**15,381**

	At 1 January 2018	**Additions**	**Release**	**At 31 March 2019**
Provision for restructuring	-	24,398	(4,313)	20,085
Provision for unused vacation	-	5,808	(2,436)	3,372
Provision for other employee benefits	-	314	(167)	147
Provision for subcontracts	-	889	-	889
Provision for warranties	-	1,426	(99)	1,327
Total	-	32,835	(7,015)	25,820

The provision for restructuring covers future costs that relate to redundancy payments and termination of leases.

11. Accruals

Deferred expenses mainly include subcontracting services, internet services, hot-line services and are charged to the expenses of the period to which they materially and timewise belong.

There is no deferred income.

12. Deferred tax

Deferred tax results from unused tax losses and eliminated profit from intragroup transactions. The Group does not recognize deferred tax asset due to uncertainty of its recoverability.

13. Revenue

	Period ended 31 March 2020
Rendering of services	164 644
Revenue total	164 644

Revenue includes rendering of services to other EU countries in the amount of CZK 33,308 thousand and rendering of services to third countries in the amount of CZK 51,258 thousand.

14. Staff costs

Analysis of staff costs (in CZK thousand):

	Period ended 31 March 2020		
	Board of Directors	**Other employees**	**Total**
Average number of employees	3	130	133
Wages	3,974	80,685	84,659
Social and Health Insurance	1,419	26,192	27,611
Other	-	1,368	1,368
Staff costs total	**5,393**	**108,245**	**113,638**

In 2019 and 2018, no remuneration was paid to members of the management, control or administrative bodies by virtue of their function.

During 2019 and 2018, no advances, payments, loans or credits were provided to the members of the Group's management and control bodies. During 2019, no pension liabilities arose for current or former members of the governing bodies.

15. Related party transactions

Receivables and liabilities:

	At 31 March 2020	**At 31 March 2019**
Receivables		
Tech Mahindra Limited	9,079	15,509
TechMahindra GmbH	-	1,548
Receivables total	**9,079**	**17,057**
Liabilities		
Mahindra Engineering Services	54,740	51,683
Tech Mahindra Limited	3,227	-
Liabilities total	**57,967**	**51,683**

Revenue and expenses

	Revenue	**Expenses**
Tech Mahindra Limited	39,743	3,210
Mahindra Engineering Services	-	516
Total	**39,743**	**3,726**

16. Going concern

As already mentioned above, as at the date of the consolidated financial statements, ie as at 31 March 2020, the Group has a negative equity of CZK 3,040 thousand. The Group, in cooperation with its shareholder, plans to resolve this fact by increasing its capital funds.

The consolidated financial statements have been therefore prepared under going concern assumption.

17. Significant post balance sheet events

At the end of 2019 a new dangerous disease COVID-19 occurred in China. This has spread to many other countries in 2020 including the Czech Republic. Implication of restrictions to minimize the spread of the virus within population imposed by government of the Czech Republic may have negative direct and indirect impact on the financial situation of the Group in the period commencing 1 April 2020. This could result in decreased revenue, liquidity problems of customers and consequently it may increase the expenses of the Group mostly due to impairment of receivables. The amount of such an impact is not possible to determine reliably as of the date of approval of these consolidated financial statements.

No events other that mentioned above occurred subsequent to the balance sheet date that would have a material impact on the consolidated financial statements.

23. Statement of changes in equity

	Share capital	Revaluation reserve	Other capital reserves	Reserve fund	Retained earnings	Minority interest	Total
Balance at 1 Jan 2018	50,160	(2,555)	37,615	1,902	(134,847)	44,151	134,101
Acquisition of additional shares in subsidiary	-	-	-	-	-	(34,522)	(34,522)
Disposal of subsidiary	-	-	385	-	-	(6,981)	(6,596)
Disposal of non-consolidated subsidiaries	-	1,239	-	-	-	-	1,239
Profit for the year	-	-	-	-	(56,847)	(2,648)	(59,495)
Exchange difference	-	-	(266)	-	-	-	(266)
Capital contribution – capitalization of liabilities	-	-	102,588	-	-	-	102,588
First consolidation of Romanian subsidiary	-	1,316	-	887	(1,806)	-	397
Balance at 31 March 2019	**50,160**	**-**	**140,322**	**2,789**	**(193,500)**	**-**	**(229)**
Exchange differences	-	-	(41)	-	768	-	727
Current year profit	-	-	-	-	(3,538)	-	(3,538)
Balance at 31 March 2020	**50,160**	**-**	**140,281**	**2,789**	**(196,270)**	**-**	**(3,040)**

SOFGEN HOLDINGS LIMITED

Board of Directors
Mr.Alexander Dembitz
Mr.Vikram Narayanan Nair
Mr.Vivek Satish Agarwal

Registered office
Arch. Makariou III, 229
Meliza Court, 4th Floor
P.C. 3105 Limassol (Cyprus)

Bankers
UBS Switzerland AG
HSBC Trinkaus & Burkhardt AG
Banco Bilbao Vzcaya Argentaria S.A.

Auditors
KPMG Limited

INDEPENDENT AUDITOR'S REPORT

To the Members of Sofgen Holdings Limited

Report on the Audit of Special Purpose Condensed Consolidated Financial Statements

Opinion

We have audited the special purpose condensed consolidated financial statements of Sofgen Holdings Limited ("hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the condensed consolidated balance sheet as at 31 March 2020, and the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and notes to the condensed consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (together herein after referred to as "condensed consolidated financial statements"). These condensed consolidated financial statements have been prepared by the management as described in Note 2 to the condensed consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, of the consolidated state of affairs of the Group as at 31 March 2020, and of its consolidated loss and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date in accordance with Note 2 to the condensed consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the condensed consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the condensed consolidated financial statements.

Management's and Board of Directors' Responsibility for the Condensed Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these condensed consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, as described in Note 2 to the financial statements.

The respective Management and 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 each company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed 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 condensed consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the condensed consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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 respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Condensed Consolidated Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed consolidated 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 and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of condensed consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 condensed 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 the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed consolidated financial statements, including the disclosures, and whether the condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the condensed consolidated financial statements of which we are the independent auditors.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the condensed consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The comparative financial information of the Group for the year ended 31 March 2019 prepared in accordance with Ind AS included in these special purpose condensed consolidated financial statements has been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information, dated 21 May 2019 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the condensed consolidated financial statements, which describes the basis of accounting. These condensed consolidated financial statements are prepared to assist the Holding Company, Tech Mahindra Limited to comply with the requirements of Section 129 of the Act / in the preparation of their Consolidated Financial Statements. These condensed consolidated financial statements are not the statutory financial statements of the Group. As a result, these condensed consolidated financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Ashish Gupta
Partner
Membership No. 215165
UDIN No: 20215165AAAAAY2432

Place: Pune
Date: 2 July 2020

CONDENSED CONSOLIDATED BALANCE SHEET

USD. in Thousand

	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3A	100	280
(b) Right to Use Assets	3B	681	-
(c) Goodwill	4	2,406	2,406
(d) Financial Assets			
(i) Investments	5	33	32
(ii) Other Financial Assets	6	202	258
(e) Income Tax Asset (Net)		301	378
(f) Deferred Tax Assets (Net)		856	493
(g) Other Non-Current Assets	7	409	397
Total Non - Current Assets		**4,988**	**4,244**
Current Assets			
(a) Financial Assets			
(i) Trade Receivables	8	6,788	11,556
(ii) Cash and Cash Equivalents	9	5,773	5,196
(iii) Other Financial Assets	10	442	567
(b) Current Tax Assets		-	-
(c) Other Current Assets	11	3,686	2,291
Total Current Assets		**16,689**	**19,610**
Total Assets		**21,677**	**23,854**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	1,557	1,557
(b) Other Equity	13	(13,171)	(8,245)
Equity Attributable to Owners of the Company		(11,614)	(6,688)
Total Equity		**(11,614)**	**(6,688)**
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Lease Liability		142	-
(b) Provisions	14	649	1,400
Total Non - Current Liabilities		**791**	**1,400**
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	17,839	14,407
(ii) Lease Liability		507	-
(iii) Trade Payables		11,083	11,019
(iv) Other Financial Liabilities	16	745	1,068
(b) Other Current Liabilities	17	1,830	1,447
(c) Provisions	18	496	1,073
(d) Income Tax Liabilities (Net)		-	128
Total of Current Liabilities		**32,500**	**29,142**
Total Equity and Liabilities		**21,677**	**23,854**

See accompanying notes forming part of the Consolidated financial statements

As per our report of even date attached

For B S R & Co. LLP	**For Sofgen Holdings Limited**	
Chartered Accountants		
Firm Registration No. 101248W/W-100022		
Ashish Gupta	**Alexander L. Dembitz**	**Vivek Satish Agarwal**
Partner	Director	Director
Membership No. 215165	Place: Switzerland	Place: Bengaluru
Pune, India		
Date: July 02, 2020	Date: July 02, 2020	Date: July 02, 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

USD. in Thousand

		Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from Operations		27,131	37,744
II	Other Income	19	1,726	9,487
III	**Total Revenue (I +II)**		**28,857**	**47,231**
IV	**EXPENSES**			
	Employee Benefit Expenses	20	19,514	27,440
	Subcontracting Expenses		9,107	8,926
	Finance Costs	21	395	478
	Depreciation and Amortisation Expense	22	665	227
	Other Expenses	23	5,303	7,125
	Total Expenses		**34,984**	**44,196**
V	**Profit before Tax (III-IV)**		**(6,127)**	**3,035**
VI	**Income Tax Expense**			
	Current Tax		100	(15)
	Deferred Tax		(397)	(320)
	Total Tax Expense		**(297)**	**(335)**
VII	**Profit after tax (V-VI)**		**(5,830)**	**3,370**
	Profit for the year attributable to:			
	Owners of the Company		(5,830)	3,370
	Non Controlling Interests		-	-
VIII	**Other Comprehensive Income**			
A	I. Items that will not be reclassified to Profit or Loss			
	(a) Remeasurements of the Defined Benefit Liabilities - (loss)		(3)	-
	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 - gain/(loss) (net)		921	(593)
	Total Other Comprehensive Income / (Loss) (A+B)		**918**	**(593)**
IX	**Total Comprehensive Income (VII+VIII)**		**(4912)**	**2,777**
	Total Comprehensive Income for the year attributable to:			
	Owners of the Company		(4,912)	2,777
	Non Controlling Interests		-	-
X	**Earnings per Equity Share (Face Value EUR. 1)**			
	Basic		(5.33)	3.08
	Diluted		(5.33)	3.08
	See accompanying notes forming part of the Consolidated financial statements			

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Firm Registration No. 101248W/W-100022		
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Partner	Director	Director
Membership No. 215165	Place: Switzerland	Place: Bengaluru
Pune, India		
Date: July 02, 2020	Date: July 02, 2020	Date: July 02, 2020

CONSOLIDATED CASH FLOW STATEMENT

		USD. in Thousand For the year ended March 31, 2020	March 31, 2019
A	**Cash Flow from Operating Activities**		
	Profit before Income Tax	(6,127)	3,035
	Adjustments for :		
	Depreciation and Amortisation Expense	665	227
	Allowances /for Doubtful Receivables / Advances and Deposits and Bad Debts written off (net)	448	1,923
	Finance Costs	395	478
	Unrealised Exchange Loss/(Gain) (Net)	1,216	(1,346)
	Interest Income	(1)	(3)
	Profit on sale of subsidiary	-	(6,068)
	Operating Profit before Working Capital Changes	**(3,404)**	**(1,754)**
	Changes in working capital		
	Trade Receivables and Other Assets	2,836	2,002
	Trade Payables, Other Liabilities and Provisions	(1,471)	(2,824)
		1,365	**(822)**
	Cash generated from operating activities before taxes	(2,039)	(2,576)
	Income taxes paid, net	(150)	(1,128)
	Net cash (used in) from operating activities (A)	**(2,190)**	**(3,704)**
B	**Cash Flow from Investing Activities**		
	Purchase of Property, Plant and Equipment and Intangible Assets	(96)	(34)
	Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	65	17
	Purchase of Treasury Bonds and Bills	(1)	-
	Proceeds from sale of investment	-	4,398
	Interest Income Received	1	3
	Net cash (used in)/generated from investing activities (B)	**(31)**	**4,384**
C	**Cash Flow from Financing Activities**		
	Repayment of Lease Liabilities	(510)	-
	Proceeds of loan from Related parties	3,432	-
	Finance Costs paid	(124)	(478)
	Net cash (used in) financing activities (C)	**2,798**	**(478)**
	Net Increase /(Decrease) in cash and cash equivalents during the year (D=A+B+C)	**577**	**202**
	Cash and Cash Equivalents at the beginning of the year (E)	**5,196**	**4,994**
	Cash and Cash Equivalents at the end of the year (F+E+D) (refer note 9)	**5,773**	**5,196**

See accompanying notes forming part of the Consolidated financial statements

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As per our report of even date attached

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Chartered Accountants		
Firm Registration No. 101248W/W-100022		
Ashish Gupta	**Alexander L. Dembitz**	**Vivek Satish Agarwal**
Partner	Director	Director
Membership No. 215165	Place: Switzerland	Place: Bengaluru
Pune, India		
Date: July 02, 2020	Date: July 02, 2020	Date: July 02, 2020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

A. Equity Share Capital

USD. in Thousand

Balance as of April 1, 2018	Changes in equity share capital during the year ended	Balance as at March 31, 2019
1,557	-	1,557
Balance as of April 1, 2019	**Changes in equity share capital during the year ended**	**Balance as at March 31, 2020**
1,557	-	1,557

B. Other Equity

USD. in Thousand

Particulars	Reserves & Surplus				Items of Other comprehensive Income	Owners Equity	Total
	Securities Premium	General Reserve	Statutory Reserve	Retained Earnings	Foreign Currency Translation Reserve		
Balance as at April 1, 2018	**11,049**	**566**	**148**	**(20,690)**	**(2,095)**	**(11,022)**	**(11,022)**
Profit for the year ended	-	-	-	3,370	-	3,370	3,370
Other Comprehensive Income (net of tax)	-	-	-	-	(593)	(593)	(593)
Balance as at April 1, 2019	11,049	566	148	(17,320)	(2,688)	(8,245)	(8,245)
Transition impact of Ind AS 116, net of tax				(14)		(14)	(14)
Restated balance as at April 1, 2019	**11,049**	**566**	**148**	**(17,334)**	**(2,688)**	**(8,259)**	**(8,259)**
Loss for the year ended	-	-	-	(5,830)	-	(5,830)	(5,830)
Other Comprehensive Income (net of tax)	-	-	-	(3)	921	918	918
Total Comprehensive income	**-**	**-**	**-**	**(5,833)**	**921**	**(4,912)**	**(4,912)**
Balance as at March 31, 2020	**11,049**	**566**	**148**	**(23,167)**	**(1,767)**	**(13,171)**	**(13,171)**

Securities Premium :

Securities premium reserve is used to record the premium on issue of shares.

The fair value of employee stock options is recognised in Securities Premium once the shares have been allotted on exercise of the options.

General Reserve :

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

Statutory reserve :

Statutory reserve represent reserve created out of profits for compliance of local laws of a subsidiary.

Retained Earnings:

Retained earnings represents the undistributed profits of the group accumulated as on balance sheet date.

Equity Instruments through Other Comprehensive Income:

It represents gain/loss earned on investment in equity instruments valued at fair value through other comprehensive income.

Foreign currency translation reserve :

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

See accompanying notes forming part of the Consolidated financial statements

As per our report of even date attached

For B S R & Co. LLP	**For Sofgen Holdings Limited**	
Chartered Accountants		
Firm Registration No. 101248W/W-100022		
Ashish Gupta	**Alexander L. Dembitz**	**Vivek Satish Agarwal**
Partner	Director	Director
Membership No. 215165	Place: Switzerland	Place: Bengaluru
Pune, India		
Date: July 02, 2020	Date: July 02, 2020	Date: July 02, 2020

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 condensed consolidated financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on July 02, 2020.

2. Significant accounting policies:

2.1 Statement of Compliance:

These condensed consolidated financial statements (referred to as 'financial statements') have been prepared in accordance with the Indian Accounting Standards (referred to as 'Ind AS') prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

2.2 Basis for preparation of financial statements:

The functional currency of the Company is EURO and of its subsidiaries is the currency of the primary economic environment in which the entity operates. The presentation currency of the reporting entity is USD to facilitate consolidation by the ultimate holding Company.

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. 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. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle.

The net-worth of the Group is eroded, primarily on account of losses earned in recent years. Management has performed an assessment of the ability of the Group to continue as a going concern at the reporting date for the foreseeable future, including a sensitivity assessment of its projections. In addition, the Group has obtained a Letter of Support from its ultimate holding company to provide financial assistance to the Group and it will continue in the near future which will at least be for 12 months from the date of signing of the 2020 financial statements.

Considering all the above factors, the Group believes that it has the ability to pay its operating expenses as they fall due in the ordinary course from its operating income and cash reserves; to satisfy the interest repayments in the ordinary course for 12 months from the date of the financial statements, from free cash available. Further, the Group continues to generate and receive revenue through new and existing customers even during the Pandemic situation and current economic uncertainty. Accordingly, these financial statements have been prepared as per the going concern assumption.

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 Basis of Consolidation:

These condensed 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.

The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

2.4 Business Combinations:

Acquisitions of businesses are accounted for using the purchase (acquisition) method.

The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the date of exchange by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expenses as incurred.

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 recognized 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 at least annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination, are measured at fair value as of the date of acquisition. Following initial recognition intangible assets are carried at cost , less accumulated amortization and accumulated impairment losses, 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. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Critical accounting estimates

i) Revenue Recognition

The Company applies the percentage of completion method in accounting for its fixed price development 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.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgments while determining the transaction price allocated to performance obligations using the expected cost-plus margin approach.

ii) Income taxes

The major tax jurisdictions for the Company are Cyprus, Singapore, Switzerland, Philippines and Africa. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The policy for the same has been explained under Note 2.15.

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) Provisions

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 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) 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.

vi) 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 consider past experience and represent management's best estimate about future developments.

vii) Compensated Absences

The cost of the compensated absences is based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, other long- term employee benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The policy for the same has been explained under Note-2.13.

viii) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained under Note-2.8.

ix) Estimation uncertainties relating to the COVID-19 pandemic

The Group has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Group based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions

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.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to it working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use as at each reporting date is disclosed under capital work in progress.

Depreciable amount for assets is the cost of an asset, 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 has been assessed based on internal technical estimate, 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. The estimated useful lives of assets are as follows:

Computers	3 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 yeas
Office Equipment	5 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

Leasehold improvements are amortized over the shorter of estimated useful life of the asset and lease term.

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/lease period, whichever is lower.

An item of Property, Plant & Equipment and intangibles asset 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 are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

2.7 Leases:

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifie asset for a period of time in exchange for consideration.

Group as a lessee

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right of- use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss. The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue to allocate the consideration in the contract.

Refer note 2.8 – Significant accounting policies – Leases in the financial statements of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

2.8 Impairment of Assets:

i) Financial assets

The Group applies the expected credit loss model for recognizing impairment loss on financial assets.

Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit

losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes into the account historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

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 recognized 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 CGUs' 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.

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.

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.

2.9 Revenue recognition:

Revenue from information technology services include revenue earned from services rendered on 'time and material' basis, time bound fixed price engagements and fixed price development contracts.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expect to receive in exchange for those products or services, net of indirect taxes, discounts, rebates, credits, price concessions, incentives, performance bonuses, penalties, or other similar items.

Revenue from time and material contracts is recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered.

If invoicing is not consistent with value delivered, revenue is recognized as the services are performed. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the manner in which services are performed.

Revenue on fixed price development contracts is recognised using the 'percentage of completion' method of accounting, unless work completed cannot be reasonably estimated. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated statement of profit and loss in the period in which such losses become probable based on the current contract estimates. The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third- party products are recorded at gross or net basis depending on whether the Group is acting as the principal or as an agent of the customer. The Group recognizes gross amount of consideration as revenue when it is acting as a principal and net amount of consideration as revenue when it is acting as an agent.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract liability ("Unearned revenue") arises when there are billing in excess of revenue.

In arrangements for hardware and software implementation and integration, related services and maintenance services, the Group has applied the guidance in Ind AS 115, by applying the revenue recognition criteria for each distinct performance obligation. For allocating the transaction price, the

Group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Group is unable to determine the standalone selling price, the Group uses the expected cost-plus margin approach in estimating the standalone selling price. Fixed Price Development contracts and related services, the performance obligation is satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from licenses where the customer obtains a ‘right to use’ the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a ‘right to access’ is recognised over the access period. The Group has applied the principles of Ind AS 115 to account for revenues for these performance obligations.

The Group accounts for volume discount and pricing incentives to customers as a reduction based on ratable allocation of the discounts/incentives amount to each of the underlying performance obligation that corresponds to the progress made by the customer towards earning the discount/incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Group recognises the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Group recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Deferred contract costs are upfront costs incurred for the contract and are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling prices. Services added that are not distinct are accounted for on a cumulative catch up basis, while those are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

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.

The Group disaggregates revenue from contracts with customers by geography.

Dividend income is recognised when the Group’s right to receive dividend is established. Interest income is recognised using effective interest rate method.

2.10 Foreign currency transactions:

The functional currency of the group is United States Dollar (‘USD’) whereas the functional currency of foreign subsidiaries is the currency of their primary economic environment.

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.

2.11 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.

When a subsidiary is disposed of, 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.

2.12 Financial Instruments:

Financial assets and liabilities are recognized 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 recognized 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 using the effective interest rate method

less impairment losses, 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 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 recognized in profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short-term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized 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 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.

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 recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115.

iii) Derecognition of financial instruments

The Group derecognizes 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. If the Group retains substantially all the risk and rewards of transferred financial assets, the Group continues to recognize the financial asset and also recognizes the borrowing for the proceeds received.

The Group derecognizes financial liabilities when, and only when, the Company’s obligation are discharged, cancelled or have expired.

2.13 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. Past service cost is recognized in profit or loss in the period of a plan amendment.

b) Defined Contribution Plans

Provident fund/Social Security Contributions:

The eligible employees of the Group are entitled to receive the benefits of Social Security Contributions Scheme applicable to the employees as per the labour laws of the country in which the subsidiary is domiciled. These Schemes are in nature of a defined contribution plan, in which both employees and the company make monthly contributions at a specified percentage of the covered employees' salary which are charged to the Statement of Profit and Loss on accrual basis.

c) 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 accrued based on the number of days of unavailed leave at each Balance Sheet date. It is measured as at balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries.

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 recognised as undiscounted liability at the balance sheet date.

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 in the statement of profit and loss during the period when the employee renders the service.

2.14 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.

2.15 Taxation:

Tax expense comprises of current tax and deferred tax. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. 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 has a legally enforceable right and 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 recognized 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 utilized.

Deferred income tax liabilities are recognized 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 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 recognized on the accumulated undistributed profits of the subsidiary companies 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 companies is recognized in the consolidated statement of profit and loss of the Group.

In cases, where the dividend distribution tax (DDT) paid by a subsidiary on distribution of its accumulated profits/ tax on dividend from a foreign subsidiary, is allowed as a set off against the Group's own DDT liability, then the amount of DDT paid by domestic subsidiary/ tax paid on foreign dividend is recognised in the consolidated statement of changes in equity.

The Group recognizes interest levied and penalties related to income tax assessments in interest expenses.

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 period.

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 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 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 and a reliable estimate can be made of the amount of the obligation. 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 are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

2.18 Recent Indian Accounting Standards (Ind AS):

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Company from April 1, 2020

Note 3 : Property, Plant and Equipment

USD. in Thousand

Particulars	Gross Block					Accumulated Depreciation					Net Block
	Balance at the beginning of period	**Additions during the year**	**Deletions during the year**	**Foreign Currency Translation**	**Balance as at the end of the period**	**Balance at the beginning of period**	**Depreciation for the year**	**On deletion**	**Foreign Currency Translation**	**Balance as at the end of the period**	**As at March 31, 2020**
Computers	**800**	**96**	**-**	**(1)**	**895**	**720**	**121**	**-**	**17**	**858**	**37**
	1,206	20	157	(270)	800	1,058	68	144	(262)	720	80
Plant and Equipment	**6**	**-**	**-**	**-**	**6**	**2**	**2**	**-**	**0**	**4**	**2**
	-	6	-	-	6	-	2	-	0	2	4
Furniture and Fixtures	**483**	**0**	**-**	**(15)**	**468**	**375**	**49**	**-**	**(11)**	**413**	**55**
	501	-	7	(25)	483	337	78	6	(34)	375	108
Office Equipments	**395**	**-**	**65**	**(8)**	**322**	**306**	**26**	**-**	**(16)**	**316**	**6**
	471	1	19	(58)	395	322	56	16	(56)	306	89
Leasehold Improvements	**200**	**-**	**-**	**3**	**203**	**200**	**-**	**-**	**3**	**203**	**-**
	254	-	-	(54)	200	234	20	-	(54)	200	-
Balance as at 31 March 2020	1,884	96	65	(21)	1,894	1,603	198	-	(7)	1,794	100
Balance as at 31 March 2019	**2,432**	**34**	**183**	**(407)**	**1,884**	**1,952**	**223**	**166**	**(405)**	**1,604**	**280**

Note 3B : Right-of-Use Assets

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
Gross Block		
Transition impact of Ind AS 116	537	-
Additions	600	-
Deletions	-	-
Balance as at March 31, 2020	**1,137**	**-**
Accumulated Depreciation		
Transition impact of Ind AS 116	-	-
Additions	466	-
Foreign Currency Translation	(10)	-
Deletions	-	-
Balance as at March 31, 2020	**456**	**-**
Net Block as at March 31, 2020	**681**	**-**

Note 4 : Goodwill

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	2,406	2,406
Addition/ Acquisition	-	-
Effect of foreign currency exchange differences (net) and other adjustments	-	-
Closing Balance	**2,406**	**2,406**

Note 5 : Investments - Non Current

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
In Bonds, Debentures and Trust Securities		
- Unquoted		
Treasury Bonds and Bills *	33	32
Total	**33**	**32**

* carried at amortized cost

Note 6 : Other Financial Assets : Non Current

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)		
Security Deposits		
- Secured, considered good	-	-
- Unsecured, considered good	202	258
- Credit Impaired	2	62
Less : Allowance for expected credit loss	2	62
Total	**202**	**258**
Total	**202**	**258**

Note 7 : Other Non-Current Assets

USD. in Thousand

Particulars	**As at**	
	March 31, 2020	**March 31, 2019**
(Unsecured)		
- Considered good		
(Unsecured, considered good)		
Balance with Government Authorities	**409**	397
Less: Provision	-	-
Total	**409**	**397**

Note 8 : Trade Receivables : Current

USD. in Thousand

Particulars	**As at**	
	March 31, 2020	**March 31, 2019**
- Trade receivables (Unsecured)		
Secured, considered good		
Considered good	6,788	11,556
Credit Impaired	1,578	1,476
	8,366	13,032
Less: Allowance for expected credit loss	1,578	1,476
Total	**6,788**	**11,556**

Note 9 : Cash and Cash Equivalents

USD. in Thousand

Particulars	**As at**	
	March 31, 2020	**March 31, 2019**
Cash in hand	0	0
Balances with banks		
In Current Account	5,648	5,129
In Deposit Account (original maturities less than three months)	125	67
Total	**5,773**	**5,196**

Note 10 : Other Financial Assets : Current

USD. in Thousand

Particulars	**As at**	
	March 31, 2020	**March 31, 2019**
(Unsecured, considered good unless otherwise stated)		
Unbilled Revenue	440	565
Interest Receivable		
On bank deposits	2	2
Total	**442**	**567**

Note 11: Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
	USD. in Thousand	
(Unsecured)		
Considered good		
Advance to employees	23	54
Prepaid Expenses	148	149
Contract Assets	3,370	1,997
Balance with Government Authorities	111	90
Others Advances	34	1
Total	**3,686**	**2,291**

Note 12 : Equity Share Capital

Particulars	March 31, 2020		March 31, 2019	
	Number	**USD. in Thousand**	**Number**	**USD. in Thousand**
Authorised Share Capital				
Ordinary Shares	4,797,938	6,837	4,797,938	6,837
Class A Shares	27,062	39	27,062	39
Option Shares	17,500,000	24,938	17,500,000	24,938
Issued, Subscribed and Paid up Share Capital				
Ordinary Shares	1,065,848	1,519	1,065,848	1,519
Class A Shares	27,062	38	27,062	38
Total	**1,092,910**	**1,557**	**1,092,910**	**1,557**
Reconciliation of number of Equity Shares and amount outstanding				
Shares outstanding at the beginning of the year	1,092,910	1,557	1,092,910	1,557
Shares issued during the year	-	-	-	-
Total	**1,092,910**	**1,557**	**1,092,910**	**1,557**

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, 2020		As at March 31, 2019	
	No. of Shares held	**% of Holding #**	**No. of Shares held**	**% of Holding #**
Tech Mahindra Limited	1,092,910	100	1,092,910	100

This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

i) Each ordinary equity share and option share entitles the holder to one vote and carries an equal right to dividend. Class A type equity shares are not entitled to right to vote or dividend.

ii) Capital Management:

The Groupo manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Grouo consists of net debt 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 Groupon an ongoing basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Note 13 : Other Equity

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
- Securities Premium Account		
Opening Balance	11,049	11,049
Closing Balance	**11,049**	**11,049**
- Statutory Reserve		
Opening Balance	148	148
Closing Balance	**148**	**148**
- General Reserve		
Opening Balance	566	566
Closing Balance	**566**	**566**
- Retained Earnings		
Opening balance	(17,320)	(20,690)
Transition impact of Ind AS 116, net of tax (Refer Note 32)	(14)	-
Add:	(17,334)	(20,690)
Profit for the year	(5,830)	3,370
Other Comprehensive Income (net)	(3)	-
Closing Balance	**(23,167)**	**(17,320)**
-Foreign Currency Translation Reserve		
Opening Balance	(2,688)	(2,095)
Add: Movement during the year	921	(593)
Closing Balance	**(1,767)**	**(2,688)**
Total	**(13,171)**	**(8,245)**

Note 14 : Provisions : Non Current

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences and Long service awards	649	1,400
Total	**649**	**1,200**

Note 15 : Borrowings : Current

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured Borrowings		
From Related Parties	17,839	14,407
Total	**17,839**	**14,407**

* The loans are for fixed tenure with repayment on or before March 31, 2021. Interest rate on borrowings is in the range of 1%-4% p.a.

Note 16: Other Financial Liabilities : Current

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
Interest payable on borrowings	264	-
Accrued Salaries and Benefits	481	1,068
Total	**745**	**1,068**

Note 17 : Other Current Liabilities

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
Unearned Revenue	1,080	815
Statutory Dues	750	632
Total	**1,830**	**1,447**

Note 18 : Provisions : Current

USD. in Thousand

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Gratuity	7	-
Compensated absences and Long service awards	413	1,073
Other Provisions		
Others	76	-
Total	**496**	**1,073**

Note 19 : Other Income

USD. in Thousand

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Interest Income		
- On Bank deposits	1	3
Profit on sale of subsidiary	-	6,402
Foreign Exchange (Loss)/Gain (net)	(992)	179
Sundry Balances Written Back	2,717	2,904
Total	**1,726**	**9,487**

Note 20 : Employee Benefit Expenses

USD. in Thousand

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Salaries and wages	18,462	25,679
Contribution to social security and other funds	1,002	1,647
Gratuity	4	-
Staff welfare expenses	46	114
Total	**19,514**	**27,440**

Note 21 : Finance Costs

USD. in Thousand

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Interest on Short Term Loans and Cash Credits	-	1
Interest on loans from related parties	384	475
Other Interest expense	3	2
Interest expense on Lease Liability (Refer Note 32)	8	-
Total	**395**	**478**

Note 22 : Depreciation and Amortisation Expense

USD. in Thousand

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Depreciation on Property, Plant and Equipment	199	227
Depreciation on Right of Use Asset	466	-
Total	**665**	**227**

Note 23 : Other Expenses

USD. in Thousand

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Power and Fuel Expenses	80	99
Short term leases (Refer Note 32)	241	-
Operating Leases (Refer Note 32)	-	783
Rates and Taxes	189	180
Communication Expenses	110	138
Travelling Expenses	1,784	1,860
Recruitment Expenses	120	61
Training	87	156
Hire Charges	0	-
Legal and Other Professional fees	1,028	872
Repair and Maintenance Expenses		
- Buildings (including leased premises)	-	2
- Machinery and Computers	11	14
- Others	152	41
	163	**57**
Insurance Charges	411	597
Software, Hardware and Project Specific Expenses	110	171
Advertisement, Promotion & Selling Expenses	354	255
General Office Expenses	54	87
Allowance for Doubtful Receivables and Bad Debts written off (net)		
-Provided during the period	92	963
-Bad Debts written off	10	251
-Less: Reversed during the period	-	-
	102	**1,214**
Allowance for Doubtful Advances, Deposits and Advances written off (net)		
-Provided during the period	130	66
-Advances written off	216	443
	346	**509**
Donation	-	1
Miscellaneous Expenses	124	85
Total	**5,303**	**7,125**

24. Particulars of Consolidation

The 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, 2020	As at March 31, 2019
Sofgen Holdings Limited and its following subsidiaries :	Cyprus		
• Sofgen SA	Switzerland	100%	100%
• Sofgen Africa Limited	Kenya	100%	100%
• Sofgen Services Pte. Ltd.	Singapore	100%	100%

25. Goodwill

Following is the summary of changes in carrying amount of goodwill:

USD in Thousands

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Balance at the beginning of the year	2,406	2,406
Acquisition during the year	-	-
Effect of foreign currency exchange differences (net) and other adjustments	-	-
Balance at the end of the year	2,406	2,406

The Group tests goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill has been allocated for impairment testing purposes to the underlying cash-generating unit ('CGU') identified based on business units/geographies. The goodwill impairment test is performed at the level of the CGU or groups of CGUs which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. The recoverable value was determined by value in use in cases where there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions.

In determining the value in use, cash flow projections from financial budgets approved by senior management have been considered. 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 are considered for next 3-5 years and consider past experience and represent management's best estimate about future developments. Cash flows beyond the five-year period are extrapolated using a 2% rate (31 March 2019: 2%)The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 27% (31 March 2019: 28%). An analysis of the sensitivity of the computation of recoverable amount to a change in key parameters, based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount other than the amount already recognized in the books of accounts.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. The financial projections basis which the future cash flows have been estimated consider the increase in economic uncertainties due to COVID-19 pandemic, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. 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.

26. Details of employee benefits as required by IND AS-19 - Employee Benefits are as under:

Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss for the year ended March 31, 2020 in respect of defined contribution plan is USD 1,002 Thousand (year ended March 31, 2019: USD 1,647 Thousand).

27. Financial Instruments and Risk Review

Financial Risk Management Framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

Financial Instruments by Category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

USD in Thousand

Particulars	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship	Amortized cost	Total carrying value	Total Fair Value*
Assets:						
Cash and cash equivalents	-	-	-	5,773	5,773	5,773
Trade receivables	-	-	-	6,788	6,788	6,788
Investments(Other than subsidiaries and associates)	-	-	-	33	33	33
Other financial assets	-	-	-	644	644	644
Total	**-**	**-**	**-**	**13,238**	**13,238**	**13,238**
Liabilities:						
Trade and other payables	-	-	-	11,083	11,083	11,083
Borrowings	-	-	-	17,839	17,839	17,839
Lease Liability				649	649	649
Other financial liabilities	-	-	-	745	745	745
Total	**-**	**-**	**-**	**30,316**	**30,316**	**30,316**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

USD in Thousand

Particulars	Fair value through P&L	Fair value through OCI	Derivative instruments in hedging relationship	Amortized cost	Total carrying value	Total Fair Value*
Assets:						
Cash and cash equivalents	-	-	-	5,196	5,196	5,196
Trade receivables	-	-	-	11,556	11,556	11,556
Investments(Other than subsidiaries and associates)	-	-	-	32	32	32
Other financial assets	-	-	-	826	826	826
Total	**-**	**-**	**-**	**17,610**	**17,610**	**17,610**
Liabilities:						
Trade and other payables	-	-	-	11,019	11,019	11,019
Borrowings	-	-	-	14,407	14,407	14,407
Other financial liabilities	-	-	-	1,068	1,068	1,068
Total	**-**	**-**	**-**	**26,494**	**26,494**	**26,494**

* The fair value of cash and cash equivalents, trade receivables, unbilled receivables, trade payables, borrowing and certain other financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments.

Fair Value Hierarchy

The 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 is required) are categorized into different levels that have been defined as follows:

Level-1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities at net market value.

Level-2 – Inputs other than quoted prices included within level-1 that are observable for 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.

Since there are no financial instruments valued at fair value, no further disclosure is required.

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 analyzing 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, cash and cash equivalents, and other financial assets. None of the financial instruments of the Group results 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 funds deposited at a bank/financial institution 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 13,238 Thousand and USD 17,610 Thousand as of March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, and other financial assets.

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 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 adjusts 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, 2020 and March 31, 2019. The concentration of credit risk is limited because 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:

USD in Thousand

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Balance at the beginning of the year	1,476	1,476
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	102	0
Balance at the end of the year	**1,578**	**1,476**

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 because 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, Singapore Dollar, Great Britain Pound, Swiss Franc and Kenyan Shillings against the respective functional currencies of Sofgen Holding Limited. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

b) 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, 2020 would decrease/increase by USD 40 Thousand (March 31, 2019: decrease/increase by USD 40 Thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

c) 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 table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

USD in Thousand

Particulars	Less than 1 year	1-3 years	3-5 years	Total
Non-Derivative Financial Liabilities				
Lease Liabilities	521	143	-	664
Other borrowings	17,839	-	-	17,839
Trade Payables	11,083	-	-	11,083
Other Financial Liabilities	745	-	-	745
Total	**30,188**	143	-	**30,331**

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

USD in Thousand

Particulars	Less than 1 year	1-3 years	3-5 years	Total
Non-Derivative Financial Liabilities				
Other borrowings	14,407	-	-	14,407
Trade Payables	11,019	-	-	11,023
Other financial liabilities	1,068	-	-	1,068
Total	**26,494**	-	-	**26,494**

Other Risks:

Financial assets carried at amortised cost as at March 31, 2020 is USD 13,238 Thousand.

In addition to assessing counterparty risk and the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk considering emerging situations due to the COVID-19 pandemic. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required.

Basis this assessment, the allowance for doubtful trade receivables is considered adequate.

28. Current Tax and Deferred Tax

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

USD in Thousand

Particulars	**Year ended**	
	March 31, 2020	**March 31, 2019**
(Loss)/Profit before income taxes	(6,127)	3,035
Enacted tax rates	25%	10%
Income tax expense calculated at tax rate (net)	1,532	(304)
Effect of expenses that are not deductible in determining taxable profit	(64)	400
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	1,632	(500)
Others	(133)	69
Income tax expense recognized in profit or loss	**(297)**	**(335)**

Deferred Tax:

The breakup of Deferred Tax Assets presented in the Balance Sheet is as follows:

USD in Thousand

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Property, Plant and Equipment	0	0
Provisions	856	493
Other Items	0	0
Total	**856**	**493**

The tax effect of significant timing differences that has resulted in deferred tax assets given below:

USD in Thousand

	For year ended March 31, 2020				
Particulars	**Opening balance**	**Recognised in Profit and loss**	**Recognised in OCI**	**Others***	**Closing balance**
Property, Plant and Equipment	-	-	-	-	-
Provisions	493	397	-	(34)	856
Other Items	-	-	-	-	-
Net Deferred Tax Assets	**493**	**397**	**-**	**(34)**	**856**

USD in Thousand

	For year ended March 31, 2019				
Particulars	**Opening balance**	**Recognised in Profit and loss**	**Recognised in OCI**	**Others***	**Closing balance**
Property, Plant and Equipment	-	-	-	-	-
Provisions	173	320	-	-	493
Other Items	-	-	-	-	-
Net Deferred Tax Assets	**173**	**320**	**-**	**-**	**493**

*includes exchange (gain)/ loss

29. As required under Indian Accounting Standard 24 "Related Party Disclosures" (Ind AS – 24), following are the details of transactions during the year ended March 31, 2020 and outstanding balances as of that date with the related parties of the Group as defined in Ind AS – 24.

a) **List of Related Parties and Relationships**

Name of Related Party	**Relation**
Mahindra & Mahindra Limited	Promoter 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
Tech Mahindra ICT Services Sdn Bhd	Fellow Subsidiary Company
Alexander L. Dembitz	Key Management Personnel
Vikram Nair	
Vivek Agarwal (w.e.f. 09th Feb 2017)	

b) Related Party Transactions for the year ended March 31, 2020

USD in Thousand

		For the year ended	
Nature of Transactions	**Name of the party**	**March 31, 2020**	**March 31, 2019**
Revenue	Tech Mahindra Limited	3,090	4,306
	Leadcom Integrated Solutions (L.I.S.) Ltd	1,021	438
	Tech Mahindra Americas	731	681
Sub-contracting cost	Tech Mahindra Limited	759	597
Interest Expenses	Mahindra Engineering Services (Europe) Limited	22	198
	Tech Mahindra ICT Services Sdn Bhd	39	39
	Tech Mahindra (Singapore) Pte Ltd	30	27
	Tech Mahindra GmbH	293	211
Loan Taken	Tech Mahindra GmbH	8,027	-
	Mahindra Engineering Services (Europe) Limited	1,500	-
Loan Repaid	Mahindra Engineering Services (Europe) Limited	6,028	-

USD in Thousand

Balance as on	Name of the party	March 31, 2020	March 31, 2019
Trade Payables	Tech Mahindra Limited	6,768	8,919
Trade Receivables	Tech Mahindra Limited	390	4,095
	Leadcom Integrated Solutions (L.I.S.) Ltd	0	1,249
	Tech Mahindra Americas	206	67
Unbilled Revenue Receivable	Tech Mahindra Limited	0	0
	Leadcom Integrated Solutions (L.I.S.) Ltd	415	0
Loan taken (Along with unpaid interest)	Mahindra Engineering Services (Europe) Limited	1,504	6,010
	Tech Mahindra GmbH	14,138	5,818
	Tech Mahindra ICT Services Sdn Bhd	1,407	1,403
	Tech Mahindra (Singapore) Pte Ltd	1,054	1,113

30. 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.

The Company is engaged in the business of providing IT services. As the Company is engaged in only one business segment, the balance sheet as at 31 March 2020 and statement of profit and loss for the year ended then pertain to only one business segment.

Accordingly, information has been presented only for 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, 2020 given below:

A. Revenues as per geographies

USD in Thousand

Geography	For the year ended	
	March 31, 2020	March 31, 2019
Americas	910	1,226
Europe region	11,749	13,150
APAC region	10,639	21,223
Rest of world	3,833	2,145
Total	**27,131**	**37,744**

31. Disclosure for IND AS 115

a) Disaggregation of Revenue:

Revenue disaggregation by geography is disclosed in Note 30 above.:

b) Changes in the contract assets balances on fixed price development contracts during the periodyear ended March 31, 2020 and the year ended March 31, 2019

USD in Thousand

	As at	
	March 31, 2020	**March 31, 2019**
Contract assets:		
Balances as of April 1, 2019	**1,997**	**-**
Add: Revenue recognised during the reporting period	6,490	1,997
Less: Invoiced during the period	(5,117)	-
Balances as of March 31, 2020	**3,370**	**1,997**

c) Significant changes in the contract liabilities balances during the period ended March 31 2020

USD in Thousand

	As at	
	March 31, 2020	**March 31, 2019**
Contract assets:		
Balances as of April 1, 2019	**815**	**1,860**
Less: Revenue recognized during the reporting period	(1,725)	(2,332)
Add: Invoiced during the period but, not recognized as revenues	1,990	1,287
Balances as of March 31, 2020	**1,080**	**815**

d) Remaining performance obligations:-

The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Group expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation for contracts where the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2020, other than those meeting the exclusion criteria mentioned above is USD 10,796 thousand. The Company expects to recognize this revenue in next 1 year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessments the occurrence of the same is expected to be remote.

e) Contract Price:

Reconciliation of revenue recognised in the statement of profit and loss with the contracted price: The company has recognized revenue of USD 27,131 Thousand which is not adjusted by any discounts for the year ended March 31, 2020.

f) Assessment of impact of COVID- 19 on the Group

The Company has evaluated the impact of the COVID-19 pandemic, amongst other matters, resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts, (ii) termination or deferment of contracts by customers and (iii) customer disputes. The Company has concluded that the impact of the COVID-19 pandemic is not material based on these estimates.

32. Leases:

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

As a lessee:

Operating leases

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of USD 537 Thousand and a corresponding lease liability of USD 551 Thousand has been recognized. The cumulative effect on transition in retained earnings net-off taxes is USD 14 Thousand. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate 2% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

The total cash outflow for leases is USD 510 Thousand for the year ended March 31, 2020, including cash outflow for short term and low value leases.

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on discounted and undiscounted basis:

USD in Thousands

Particulars	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Minimum Lease Payments	521	143	-
Present Value of Minimum Lease Payments	507	142	-

33. Earnings Per Share is calculated as follows:

USD. in Thousands except earnings per share

Particulars	**For the year ended March 31, 2020**	**March 31, 2019**
Net Profit attributable to shareholders after taxation	(5,830)	3,370
Equity Shares outstanding as at the end of the period (in nos.)	1,092,910	1,092,910
Weighted average number of equity shares outstanding	1,092,910	1,092,910
Nominal Value per Equity Share		
- Earnings Per Share (Basic)	(5.33)	3.08
- Earnings Per Share (Diluted)	(5.33)	3.08

34. Prior year amounts have been reclassified and regrouped wherever necessary, to conform to current year presentation.

As per our report of even date attached

For B S R & Co. LLP	**For Sofgen Holdings Limited**	
Chartered Accountants		
Firm Registration No. 101248W/W-100022		
Ashish Gupta	**Alexander L. Dembitz**	**Vivek Satish Agarwal**
Partner	Director	Director
Membership No. 215165	Place: Switzerland	Place: Bengaluru
Pune, India		
Date: July 02, 2020	Date: July 02, 2020	Date: July 02, 2020

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
KPMG Al Fozan & Partners

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tech Mahindra Arabia Limited

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 31 March 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

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 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.

Material Uncertainty Related to Going Concern

We draw attention to note 2 (c) to the financial statements which states that the Company's current liabilities exceeded current assets by SR 3,173,681 (2019: SR 5,311,158) as at 31 March 2020 and, as of this date, the accumulated losses exceeded the Company's share capital by SR 3,136,946 (2019: 4,990,587). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter relating to Comparative Information

The financial statements of the Company as at and for the year ended 31 March 2019, excluding the adjustments described in Note 18 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 July 2019G (corresponding to 21 Dhu Al-Qa'dah 1440H).

As part of our audit of the financial statements as at and for the year ended 31 March 2020, we audited the adjustments described in Note 18 that were applied to restate the comparative information presented as at and for the year ended 31 March 2019. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 March 2019, other than with respect to the adjustments described in Note 18 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 18 are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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, the Board of Directors, 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 that are 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 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 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, then 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 of Tech Mahindra Arabia Limited.

Report on Other Legal and Regulatory Requirements

We draw attention to Note 2 (c) of the financial statements which describes that the Company has partially complied with the requirements prescribed by the applicable requirements of the Regulations for Companies, which become applicable when accumulated losses reach 50% of share capital. The shareholders have passed a resolution dated 31 March 2020, which was not yet published as required by the Regulations for Companies, confirming the continuation of the Company's business and to provide sufficient financial support to the Company to enable it to meet its financial obligations as and when they fall due.

For KPMG Al Fozan & Partners
Certified Public Accountants

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Abdulaziz Abdullah Alnaim
License No: 394

Al Khobar, 17 Dhul Qa'dah 1441H
Corresponding to: 8 July 2020

	Note	2020	2019 Restated	1 April 2018 Restated
ASSETS			Note 18	Note 18
Current assets				
Cash and cash equivalents	4	9,060,948	5,109,920	6,031,175
Trade receivables and unbilled revenue	5	18,835,677	12,441,177	7,820,862
Due from a shareholder	6	-	48,129	982,188
Prepayments and other current assets	7	573,768	542,423	538,487
Total current assets		**28,470,393**	**18,141,649**	**15,372,712**
Non-current assets				
Property and equipment	8	468,990	627,012	562,734
Total non-current assets		**468,990**	**627,012**	**562,734**
TOTAL ASSETS		**28,939,383**	**18,768,661**	**15,935,446**
LIABILITIES AND EQUITY				
Current liabilities				
Loan from a related party	6	-	5,476,469	5,610,000
Trade payables		229,373	302,243	1,039,059
Due to related parties	6	26,496,782	16,304,199	7,769,433
Accrued expenses and other current liabilities	10	4,522,287	1,365,797	2,833,566
Provision for Zakat and income tax	9	395,632	4,099	4,099
Total current liabilities		**31,644,074**	**23,452,807**	**17,256,157**
Non-current liabilities				
Employees' benefits	11	432,255	306,441	140,355
Total non-current liabilities		**432,255**	**306,441**	**140,355**
Total liabilities		**32,076,329**	**23,759,248**	**17,396,512**
Equity				
Share capital	12	1,000,000	1,000,000	1,000,000
Statutory reserve		185,365	-	-
Accumulated losses		(4,322,311)	(5,990,587)	(2,461,066)
Total equity		**(3,136,946)**	**(4,990,587)**	**(1,461,066)**
TOTAL LIABILITIES AND EQUITY		**28,939,383**	**18,768,661**	**15,935,446**

These financial statements appearing on pages from 1234 to 1249 were approved by the Board of Directors of the Company and signed on its behalf by:

Ram Ramachandran	**Mohmaad AlBaadi**
Director	Director

The accompanying notes (1) through (19) form an integral part of these financial statements.

	Note	2020	2019 Restated
			Note 18
Revenue		29,014,064	14,174,527
Cost of revenue		(20,157,929)	(15,345,862)
Gross profit / (loss)		**8,856,135**	**(1,171,335)**
General and administrative expenses	13	(3,620,295)	(1,337,762)
Selling expenses	14	(2,809,125)	(1,136,252)
Other (expense) / income		(62,312)	178,827
Profit / (loss) from operations		**2,364,403**	**(3,466,522)**
Finance cost		(36,679)	(62,999)
Profit / (loss) before Zakat and income tax		**2,327,724**	**(3,529,521)**
Zakat and income tax expense	9	(391,533)	-
Profit / (loss) after Zakat and income tax		**1,936,191**	**(3,529,521)**
Other comprehensive income			
Re-measurement loss on defined benefit plan	11	(82,550)	-
Other comprehensive loss for the year		**(82,550)**	**-**
Total comprehensive income / (loss) for the year		**1,853,641**	**(3,529,521)**

The accompanying notes (1) through (19) form an integral part of these financial statements.

	Tech Mahindra Limited	Midad Holding Company	Total
Share capital			
As at 31 March 2020, 2019 and 1 April 2018	**510,000**	**490,000**	**1,000,000**
Accumulated losses			
Balance as at 1 April 2018 – as previously stated	(1,082,647)	(1,145,378)	(2,228,025)
Impact of re-statement (refer note 18)	-	(233,041)	(233,041)
Balance as at 1 April 2018 – restated	(1,082,647)	(1,378,419)	(2,461,066)
Loss for the year 2019	(1,800,056)	(1,729,465)	(3,529,521)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(1,800,056)	(1,729,465)	(3,529,521)
Balance as of 31 March 2019 – restated	(2,882,703)	(3,107,884)	(5,990,587)
Profit for the year 2020	1,187,139	1,140,585	2,327,724
Zakat and income tax expense (refer note 9)	(338,394)	(53,139)	(391,533)
Other comprehensive loss	(42,100)	(40,450)	(82,550)
Total comprehensive income for the year	**806,645**	**1,046,996**	**1,853,641**
Transfer to statutory reserve	**(80,665)**	**(104,700)**	**(185,365)**
Balance as of 31 March 2020	**(2,156,723)**	**(2,165,588)**	**(4,322,311)**
Statutory reserve			
Balance as at 1 April 2019	-	-	-
Transfers during the year	80,665	104,700	185,365
Balance as of 31 March 2020	**80,665**	**104,700**	**185,365**
Total deficit			
As of 31 March 2020	**(1,566,058)**	**(1,570,888)**	**(3,136,946)**
As of 31 March 2019	(2,372,703)	(2,617,884)	(4,990,587)
As of 31 March 2018	(572,647)	(888,419)	(1,461,066)

The accompanying notes (1) through (19) form an integral part of these financial statements.

	Note	2020	2019
Cash flows from operating activities:			
Profit / (loss) before Zakat and income tax		2,327,724	(3,529,521)
Adjustments for:			
Provision for doubtful debts	5	1,962,797	-
Depreciation	8	289,538	264,371
Finance charges		36,679	62,999
Employees' benefits	11	103,339	120,562
		4,720,077	**(3,081,589)**
Changes in operating assets and liabilities:			
Trade receivables and unbilled revenue		(8,357,297)	(4,620,315)
Due from a shareholder		48,129	934,059
Prepayments and other current assets		(31,345)	(3,936)
Trade payables		(72,870)	(736,816)
Accrued expenses and other current liabilities		3,156,490	(1,399,349)
Due to related parties		10,192,583	8,580,290
Cash generated from / (used in) operations		**9,655,767**	**(327,656)**
Employees' benefits paid	11	(60,075)	-
Finance charges paid		(36,679)	(131,419)
Net cash from / (used in) operating activities		**9,559,013**	**(459,075)**
Cash flows from investing activities:			
Additions to property and equipment	8	(131,516)	(328,649)
Cash used in investing activities		**(131,516)**	**(328,649)**
Cash flows from financing activities:			
Loan obtained from a related party	6	-	5,476,469
Repayment of loan to a related party	6	(5,476,469)	(5,610,000)
Net cash used in financing activities		**(5,476,469)**	**(133,531)**
Net movement in cash and cash equivalents		3,951,028	(921,255)
Cash and cash equivalents at beginning of the year		5,109,920	6,031,175
Cash and cash equivalents at end of the year	4	**9,060,948**	**5,109,920**
Non-cash transaction:			
Employees' benefits transferred from a related party		**-**	**45,524**

The accompanying notes (1) through (19) form an integral part of these financial statements.

1 CORPORATE INFORMATION

Tech Mahindra Arabia Limited (the "Company") is a limited liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2051061101 dated 16 Dhul-al-Qa'dah 1436H (corresponding to 31 August 2015G). The Company's principal activity is to provide services of application development and management, network services, business process outsourcing, information technology-enabled services, system integration, IT networking, IT security and supply of products (hardware, software and structured cabling).

The Company's registered office is in Al Khobar, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Sized Entities ("IFRS for SMEs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organisation for Certified Public Accountants (SOCPA).

b) Basis of measurement

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting except otherwise stated in notes to the financial statements.

c) Going concern

As at 31 March 2020, the current liabilities of the Company exceeded current assets by SR 3,173,681 (2019: SR 5,311,158) and the accumulated losses amounted to SR 4,136,946 (2019: SR 5,990,587) as of this date. 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 of the Company passed a resolution dated 31 March 2020 to continue the business and provide necessary financial support for the foreseeable future to enable the Company to meet its obligations as and when they fall due. The management is in the process of publishing the resolution in the ways set forth in the Regulation for Companies. In view of the above, management is confident about the Company's ability to continue as a going concern, and accordingly, these financial statements have been prepared on a going concern basis.

d) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SAR), which is the functional and reporting currency of the Company.

e) Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS for SMEs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. 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.

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

i. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arms' length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget and marketing terms forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

ii. Useful lives and residual values of property and equipment

The management determines the estimated useful lives and residual values of property and equipment for calculating depreciation. These estimates are determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual values and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

iii. Provision for impairment of trade receivables

A provision 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 original terms of the agreement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators of objective evidence that the trade receivable is impaired. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and past recovery rates.

iv. Zakat and income tax

The Company is subject to income tax to the extent of foreign shareholding and Zakat to the extent of the GCC shareholders in accordance with the General Authority of Zakat and Tax (“GAZT”) regulations. Income taxes and Zakat are provided on an accrual basis. Income tax and Zakat computation involves relevant knowledge and judgment of the Zakat and income tax rules and regulations to assess the impact of income tax and Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by GAZT is carried out until which the Company retains exposure to additional Zakat and income tax liability.

v. Provision and contingencies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

vi. Employees’ benefits

The cost of defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, yield and duration of Saudi government bonds obligation with at least an ‘A’ rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation, is considered. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

Age-wise “moderate” withdrawal rates are used in carrying out the valuation. These age-wise withdrawal rates are generally used in the MENA region to carry out the actuarial valuation of end of service benefit (EOSB) schemes.

The rates assumed are based on the WHO SA16 – 75% ultimate mortality tables, rated down one year. In the absence of any standard mortality tables in the region, these rates are generally used in Kingdom of Saudi Arabia in carrying out the actuarial valuation of EOSB schemes. If any other mortality table is used it will not make any significant difference in the results.

vii. Revenue

As part of application of percentage of completion method on long term contracts, the cost to complete the project is estimated. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of contracts. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements except otherwise stated:

a) Cash and cash equivalents

Cash and cash equivalents comprise of cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

b) Trade receivables

Trade receivables are carried at original invoice amount less provision for doubtful debts. A provision 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. Such provisions are charged to the statement of comprehensive income and reported under “General and administrative expenses”. When a trade receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited to the statement of comprehensive income.

c) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset. All other expenditure is recognized as an expense in the statement of comprehensive income when incurred.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of assets are as follows:

Asset category	Number of years
Furniture & fixtures	5
Office equipment	5
Machinery and equipment	5
Computer equipment	3

Gain and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment at the time of disposal and is recognized in the statement of comprehensive income.

d) Provisions

Provisions are recognized for liabilities of uncertain timing or amount, when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

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, 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.

All possible obligations arising from past events 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 Company; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; assessed at each financial position date and disclosed in the financial statements under contingent liabilities.

e) Trade payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

f) Employees' benefits

Employees' benefits required by Saudi Labor and Workman Law are accrued by the Company and charged to the statement of comprehensive income. The liability is calculated as a defined benefit obligation at the current value of the vested benefits to which the employee is entitled, should the employee leave at the reporting date. Benefit payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

(i) Till prior year, employees' benefits, required by the Saudi Arabian Labor Law, are provided for in the financial statements based on the employees' salaries and allowances and length of service.

(ii) From the year 31 March 2020, the liability or asset recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method.

The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid and that have terms approximating the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employees' benefit expense in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in statement of comprehensive income. They are included in retained earnings / accumulated losses in the statement of comprehensive income and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of comprehensive income as past service costs.

g) Zakat and income taxes

In accordance with the regulations of the General Authority of Zakat and Tax ("GAZT'), the Company is subject to income tax and Zakat. Provision for income tax and Zakat is charged to the statement of comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred income tax is recognized on all major temporary differences between accounting income and taxable income during the year in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry-forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be adjusted. Deferred income tax is determined using tax rate which has been enacted by the statement of financial position date and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company withholds taxes on certain transactions with non-resident parties, including dividend payments to the shareholders, in the Kingdom of Saudi Arabia as required under the Saudi Arabian Income Tax Law.

h) Revenue recognition

Revenue is recognized to the extent of the following recognition requirements:

- it is probable that the economic benefits will flow to the Company,
- it can be reliably measured, regardless of when the payment is being made; and
- the cost incurred to date and expected future costs are identifiable and can be measured reliably.

Revenue is measured at the fair value of the consideration received or the contractually defined terms of payment. The specific recognition criteria described below must also be met before the revenue is recognized.

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.

i) Foreign currency translation

Transactions denominated in foreign currencies are translated to Saudi Arabian Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Saudi Arabian Riyals at the exchange rate ruling at that date. Exchange differences arising on translation are recognized in the statement of comprehensive income.

j) Expenses

Selling, general and administrative expenses include direct and indirect costs not specifically part of costs of revenue. Allocations between selling, general and administrative expenses and costs of revenue, when required, are made on a consistent basis.

k) Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the Company as lessee. Other leases are classified as operating leases. Payments made under operating leases are recognized in the statement of comprehensive income over the terms of the lease.

l) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Management determines the classification of the financial asset at the time of initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. For purposes of subsequent measurement financial assets are classified in four categories, financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables comprise of loans, advances, deposits, prepayments, other receivables and cash and cash equivalents. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment. Restructured/ rescheduled receivables are recorded at revised terms and conditions as approved by the management. Restructuring policies and practices are based on indicators or criteria which, indicate that payment will most likely continue.

Financial liabilities

Measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification as financial liabilities at fair value through profit or loss or “other financial liabilities”. The Company has not designated any financial liability as fair value through profit or loss.

The Company’s financial liabilities include trade payable and other liabilities.

Derecognition

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition of a financial asset or financial liability, the difference between the carrying amount and the consideration received (and receivable) or paid (and payable) is recognised in the statement of comprehensive income.

4. CASH AND CASH EQUIVALENTS

	2020	2019	1 April 2018
Bank balances	4,060,948	1,109,920	6,031,175
Short term deposit	5,000,000	4,000,000	-
	9,060,948	**5,109,920**	**6,031,175**

The short term deposit carries an average interest rate of 1.08% (2019: 1.3%) per annum.

5. TRADE RECEIVABLES AND UNBILLED REVENUE

	2020	2019	1 April 2018
Trade receivables	14,992,802	10,521,869	5,651,596
Unbilled revenue	5,805,672	1,919,308	2,169,266
Less: provision for doubtful debts	(1,962,797)	-	-
	18,835,677	**12,441,177**	**7,820,862**

Movement in provision for doubtful debts is as follows:

	2020	2019	1 April 2018
Opening balance	-	-	-
Add: provision made during the year	1,962,797	-	-
Closing balance	**1,962,797**	**-**	**-**

6. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of Company comprise the shareholders, their affiliated companies, Board of Directors and key management personnel. The Company enters into transactions with the related parties in the normal course of its business. These transactions normally include providing and receipt of services, expenses incurred by / on behalf of related parties and are entered into mutually agreed terms as approved by the Company's management, with the following entities.

Related party	Relationship
Midad Holding Company, Kingdom of Saudi Arabia	Shareholder
Tech Mahindra Limited, India	Shareholder
Tech Mahindra GMBH, Germany	Other related party
Healthcare Clinical Informatics Limited	Other related party

The following are details of significant related party transactions during the year:

Related party	Nature	2020	2019
Tech Mahindra Limited	Subcontract cost	10,722,953	10,905,084
	Expense paid by Company on behalf of shareholder	17,397	54,797
	Expenses reimbursed by shareholder	65,526	-
	Transfer of end of service benefits	-	45,524
Tech Mahindra GMBH	Loan obtained	-	5,476,479
	Loan repaid	5,476,469	5,610,000
	Finance cost	36,678	62,999
Healthcare Clinical Infomatics Limited	Payments made	602,585	-

The following is a summary of balances due from / due to related parties:

Loan from a related party	**2020**	**2019**	**1 April 2018**
Tech Mahindra GMBH	-	5,476,469	5,610,000
	-	**5,476,469**	**5,610,000**

Due from a shareholder	**2020**	**2019**	**1 April 2018**
Tech Mahindra Limited	-	48,129	982,188
	-	**48,129**	**982,188**

Due to related parties	**2020**	**2019**	**1 April 2018**
Tech Mahindra Limited	25,444,588	14,649,420	6,549,674
Midad Holding Company	818,957	818,957	818,903
Healthcare Clinical Informatics Limited	233,237	835,822	400,856
	26,496,782	**16,304,199**	**7,769,433**

Key management personnel compensation:

There is no compensation paid to directors and other members of key management (including salaries and benefits) in the year 2020 and 2019.

Transfer pricing

On 31 January 2019, the General Authority for Zakat and Tax (GAZT) issued Transfer Pricing Bylaws (By-laws). These By-laws were enacted on 15 February 2019 as part of the tax law and became binding on tax payers for periods ending on or after 31 December 2018. This requires additional disclosure forms along with annual tax returns to be submitted to GAZT, summarizing the related party transactions, counter parties including country, amount and Transfer Pricing method. Management has submitted disclosure form to GAZT for the year ended 31 March 2019 in compliance with By-Laws.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2020	**2019**	**1 April 2018**
Prepayments	523,288	390,454	332,897
Advances to employees	15,605	69,920	-
Security deposits	-	66,000	-
Others	34,875	16,049	205,590
	573,768	**542,423**	**538,487**

8. PROPERTY AND EQUIPMENT

	Furniture & fixtures	Machinery and equipment	Office equipment	Computer equipment	Total
Cost					
At 1 April 2018	224,313	182,970	4,624	213,157	625,064
Additions	196,289	69,685	23,426	39,249	328,649
At 31 March 2019	420,602	252,655	28,050	252,406	953,713
Additions	57,850	-	1,150	72,516	131,516
At 31 March 2020	**478,452**	**252,655**	**29,200**	**324,922**	**1,085,229**
Accumulated depreciation					
At 1 April 2018	11,719	8,784	228	41,599	62,330
Charge for the year	93,763	59,041	3,156	108,411	264,371
At 31 March 2019	105,482	67,825	3,384	150,010	326,701
Charge for the year	121,090	66,651	6,280	95,517	289,538
At 31 March 2020	**226,572**	**134,476**	**9,664**	**245,527**	**616,239**
Carrying amount as at:					
31 March 2020	**251,880**	**118,179**	**19,536**	**79,395**	**468,990**
31 March 2019	315,120	184,830	24,666	102,396	627,012
1 April 2018	212,594	174,186	4,396	171,558	562,734

9. ZAKAT AND INCOME TAX

a) Zakat and income tax expenses for the year

	2020	2019
Income tax	338,394	-
Zakat	53,139	-
	391,533	**-**

b) The principal elements of the Zakat base of the Company are as follows:

	2020	2019
Non-current assets	**468,990**	627,012
Non-current liabilities	**432,255**	306,441
Opening shareholders' equity	**(4,990,587)**	(1,461,066)
Profit / (loss) before Zakat	**2,327,724**	(3,529,521)

Some of these amounts have been adjusted in arriving Zakat charge for the year.

Income tax charge for the year ended 31 March 2020 and 2019 is based on the adjusted taxable income calculated on the portion of equity owned by the foreign shareholder.

c) Provision for Zakat and income tax

	2020			2019
	Zakat	Income tax	Total	Total
Balance at the beginning of the year	4,099	-	4,099	4,099
Charge for the year	53,139	338,394	391,533	-
Balance at the end of the year	**57,238**	**338,394**	**395,632**	**4,099**

The Company submitted its Zakat and income tax returns up to the year ended 31 March 2019 within the statutory deadlines and received the Zakat and income tax certificates. The Company has not received any assessments from GAZT since its inception.

Owing to the losses in the previous years, the Company has not recognized deferred tax asset amounting to SR 483,699 (2019: SR 607,405) as the management is of the view that sufficient taxable profits may not be available to allow all or part of the deferred tax asset to be utilized (refer note 18).

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2020	2019	1 April 2018
Accrued expenses	3,785,153	304,223	-
Value added tax payable	480,069	232,231	178,256
Staff related accruals	50,613	160,516	56,304
Accrued interest	-	29,863	98,283
Unearned revenue	-	269,044	-
Provision for anticipated loss	-	161,431	-
Billing in excess of revenue earned	-	-	2,171,573
Others	206,452	208,489	329,150
	4,522,287	**1,365,797**	**2,833,566**

11. EMPLOYEES' BENEFITS

The Company operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees. The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

	2020	2019	1 April 2018
Opening balance	306,441	140,355	17,639
Included in statement of comprehensive income			
Current service cost	87,860	120,562	728
Interest cost	15,479	-	-
	103,339	**120,562**	**728**
Actuarial loss on obligation	82,550	-	-
Transfer	-	45,524	121,988
Benefits paid during the year	(60,075)	-	-
Closing balance	**432,255**	**306,441**	**140,355**

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	2020	2019
Discount rate	**4.70%**	-
Salary increase rate	**3.00%**	-

Sensitivity analysis

A sensitivity analysis for the discount rate and future salary change assumption on the EOSB obligation as at 31 March 2020 is shown in the table below:

	Impact on defined benefit obligation – Increase / (decrease)		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	(4,742)	4,920
Salary growth	0.5%	4,992	(4,854)

Expected maturity analysis of undiscounted defined benefit obligation is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years
Defined benefit obligation 31 March 2020	**229,655**	**85,188**	**314,397**	**393,409**

Actuarial valuation was not carried out for the year ended 31 March 2019, accordingly disclosures relating to year 2019 have not been made in these financial statements.

12. SHARE CAPITAL

As of 31 March 2020, 2019 and 1 April 2018, the share capital of the Company is divided into 1,000 shares of SR 1000 each and held as follows:

Name	Country	No. of shares	Value	% of Holdings
Tech Mahindra Limited	India	510	510,000	51%
Midad Holding Company	Kingdom of Saudi Arabia	490	490,000	49%
		1,000	**1,000,000**	**100%**

13. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Provision for doubtful debts (refer note 5)	1,962,797	-
Rent	645,275	590,884
Depreciation (refer note 8)	289,538	264,371
Insurance	240,234	107,910
Legal and professional expenses	184,832	145,456
Office expenses	133,542	139,189
Travelling	113,919	67,193
Others	50,158	22,759
	3,620,295	**1,337,762**

14. SELLING EXPENSES

	2020	2019
		(Note 18)
Employees' related cost	2,809,125	847,815
Others	-	288,437
	2,809,125	**1,136,252**

15. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Company as lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

The operating lease payments represent rentals for office premises. Lease rentals are fixed and negotiated for an average term of one year.

	2020	2019
Payments under operating leases recognised as expenses during the year	645,275	590,884
	645,275	**590,884**

Contingent liabilities

The Company has no significant contingent liabilities as at 31 March 2020 (2019: Nil).

16. FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivable and certain other current assets, trade payables, due to and due from related parties and certain other 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 these financial statements are prepared under the historical cost convention, differences may arise between the book values and the 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.

Credit risk is the risk that one party will fail to discharge an obligation and may cause the other party to incur a financial loss. Cash and cash equivalents are placed with national banks with sound reputation. Trade and other receivables are mainly due from local customers and related parties, which were stated at their estimated realizable values. The Company establishes a provision for doubtful receivables that reports its estimate of incurred losses in respect of trade and other receivables.

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and United States Dollars. As US Dollar is pegged to Saudi Riyal, management believes that the impact of currency risk due to United States Dollar on the Company is not significant. The Company monitors the fluctuations in exchange rates and manages its foreign currency risk by monitoring the currency rate fluctuations on regular basis.

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to interest rate risk.

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize the values of financial assets 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 the Company's future commitments.

17. SUBSEQUENT EVENTS

The spread of novel coronavirus (COVID-19) across multiple geographies was confirmed in early 2020, causing disruptions to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post balance sheet event. At this early stage, the Company is in the process of assessing any potential impact. The management and those charged with governance will continue to monitor the situation and accordingly update all stakeholders as soon as more information is available. Changes in circumstances may require enhanced disclosures or recognition of adjustments in the financial statements of the Company of the subsequent periods in the financial year 2021.

18. RESTATEMENT AND RECLASSIFICATION

Restatement – recognition of deferred tax asset

Upto the year ended 31 March 2019, the Company recorded deferred tax assets based on the temporary differences that were deductible in determining taxable profits of future years. During the current year, owing to the losses in the previous years, this error has been rectified as the management is of the view that sufficient taxable profits may not be available to allow all or part of the deferred tax asset to be utilized. The effect of prior years adjustments on the statement of financial position and statement of comprehensive income is summarized below:

	As previously stated	Effects of restatements	As restated
Statement of financial position – as at 1 April 2018			
Accumulated losses	2,228,025	233,041	2,461,066
Deferred tax asset	233,041	(233,041)	-
Statement of financial position – as at 31 March 2019			
Accumulated losses	5,383,182	607,405	5,990,587
Deferred tax asset	607,405	(607,405)	-

	As previously stated	Effects of restatements	As restated
Statement of comprehensive income – for the year ended 31 March 2019			
Deferred tax	374,364	(374,364)	-

Reclassification - expenses

During the year, certain reclassifications have been made in order to confirm to current year's presentation, as follows:

	31 March 2019		31 March 2019
Statement of comprehensive income	As previously reported	Impact of reclassification	As reclassified
Selling expenses	1,747,926	(611,674)	1,136,252
Cost of revenue	14,734,188	611,674	15,345,862

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by Board of Directors on 2 Dhul Qa'dah 1441H corresponding to 23 June 2020.

TECH MAHINDRA SWEDEN AB

Board of Directors
Mr. Ola Hammarlund – upto 10th March 2020
Mr. Kishan Kumar Chuckun
Mr. Meenakshi Sundaram Sankaralingam
Mr. Gaurav Gupta – from 11th March 2020

Registered Office
Room 501 & 538, Norrtullsgatan 6
113 29 STOCKHOLM

Bankers
Citibank Plc

Auditors
KPMG AB
Box 3018 169 03 SOLNA
Stockholm

BOARD OF DIRECTORS REPORT

The Board of Directors of Tech Mahindra Sweden AB, Stockholm, hereby issue the Annual Report for the financial year 2019-04-01 - 2020-03-21.

The annual reports are stated in Swedish Kronor (SEK) and refer to the individual company Tech Mahindra Sweden AB, CIN Number: L64200MH1986PLC041370.

General Information about the business:

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*

The amounts in Multi-year comparison are shown in KSEK

Particulars	2019/2020	2018/2019	2017/2018	2016/2017
Net sales	43,020	62, 649	52, 483	28,760
Profit/loss after financial items	2,452	3, 453	2, 485	1,369
Balance sheet total	11,667	10, 951	7, 607	8,735
Equity-assets ratio (%)	64.55	51.56	39.47	12.57

*For definitions of key ratios, please see notes

Terms of ownership

Tech Mahindra Sweden AB, CIN Number: L64200MH1986PLC041370 is a wholly owned subsidiary of Tech Mahindra Limited. 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.

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 represents the connected world, offering innovative and customer-centric information technology experiences, enabling Enterprises, Associates and the Society to Rise™. We are a USD 5.2 billion (PY: USD 4.9 billion) company with 125,200+ professionals across 90 countries, helping 973 global customers including Fortune 500 companies. Our 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 the highest ranked Non-U.S. company in the Forbes Global Digital 100 list (2018) and in the Forbes Fab 50 companies in Asia (2018).

We are part of the USD 21 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, 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

- Tech Mahindra Launches "netOps .ai" its Network Automation and Managed Services Framework based on CI/CD (Continuous Integration I Continuous Deployment) principles to accelerate 5G Network adoption by automating all the key network life cycle stages.
- Tech Mahindra has been recognized as a gold winner for being the Most Innovative Cybersecurity Company for GDPR compliant offering- PDPAAS- Privacy and Data Protection as a Service at the Cybersecurity Excellence Awards 2019
- Tech Mahindra won Best Crisis and Reputation Communication of the Year 2019 at 1st edition of Corporate Communication PR Summit & Awards organized by Kamikaze B2B Media
- Tech Mahindra has been selected as Brand of the Decade 2019 by BARC Asia, a media research and rating agency.

The parameters for judging included- Trust, Image, Sustainability, Goodwill, Positioning, Recall, Growth, Reach, Innovation.

Significant events during the financial year:

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue and intangible assets. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established

Changes in equity

2019-20:

Particulars	Share capital	Statutory Fund	Non-restricted equity
Opening amount 2019-04-01	50, 000	0	5, 596,637
Profit for the year			1, 884, 272
Closing amount 2020-03-31	50, 000	0	7, 530, 909

Appropriation of profit/loss

Proposed treatment of the company's profit

At the disposal of the general meeting:

profit brought forward	5, 596, 637
profit for the year	1, 884, 272
	7, 530, 909

The board of directors proposes the following:

to be carried forward	7, 530, 909
	7, 530, 909

2018-19:

Particulars	Share capital	Statutory Fund	Non-restricted equity
Opening amount 2018-04-01	50, 000	0	2,953,097
Profit for the year			2,643,540
Closing amount 2019-03-31	50, 000	0	5,596,637

Appropriation of profit/loss

Proposed treatment of the company's profit

At the disposal of the general meeting:

profit brought forward	2,953,097
profit for the year	2,643,540
	5,596,637

The board of directors proposes the following:

to be carried forward	5,596,637
	5,596,637

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.

On behalf of the Board of Directors

Kishan Kumar Chukun
Director

Meenakshi Sundaram Sankaralingam
Director

Date : June 17, 2020

TECH MAHINDRA SWEDEN AB

AUDITOR'S REPORT

To the general meeting of the shareholders of Tech Mahindra Sweden AB, corp. id 559063-4043

Report on the annual accounts

Opinions

We have audited the annual accounts of Tech Mahindra Sweden AB for the financial year 2019-04-01—2020-03-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of Tech Mahindra Sweden AB as of 31 March 2020 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Tech Mahindra Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise 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 opinions.

Other Matter

The audit of the annual accounts for the financial year 2018-04-01—2019-03-31 was performed by another auditor who submitted an auditor´s report dated 30 September 2019, with unmodified opinions in the Report on the annual accounts.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. 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 the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt

on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Tech Mahindra Sweden AB for the financial year 2019-04-01—2020-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the member of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Tech Mahindra Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise 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 opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether the member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Criticism

The company has failed several times to perform its obligations to make timely payments of taxes and fees.

Stockholm 22 June 2020

KPMG AB

Hans Blom

Authorized Public Accountant

INCOME STATEMENT

Note		31-03-2020 (SEK)	31-03-2019 (SEK)
	OPERATING INCOME		
1	**Net turnover**	43,020,854	62,648,871
	Other income	2,599	-
	Total income	**43,023,453**	**62,648,871**
	OPERATING EXPENSES		
2,3	**Personnel costs**	39,152,143	56,683,524
5	**Depreciation and amortisation**	8,739	8,739
	Other operating expenses	**1,410,513**	**2,503,847**
	Total operating expenses	**40,571,395**	**59,196,110**
	Operating profit/(loss)	**2,452,058**	**3,452,761**
	Profit/loss from financial items		
	Interest expense to group companies	-	-
	Profit from financial items	0	0
	Profit/(loss) before taxation	**2,452,058**	**3,452,761**
	Tax on profit for the year	567,786	809,221
	Profit/(loss) on ordinary activities	**1,884,272**	**2,643,540**
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**1,884,272**	**2,643,540**

TECH MAHINDRA SWEDEN AB

BALANCE SHEET

NOTE	ASSETS	3/31/2020 (SEK)	3/31/2019 (SEK)
	Tangible fixed assets		
5	Equipment,Tools,Fixtures and fittings	7,287	16,026
	Total tangible fixed assets	**7,287**	**16,026**
	Current assets		
	Current Receivables		
	Receivable from group companies	2,609,157	7,139,250
	Current tax asset	1,113,266	243,241
6	Other receivable	890,167	673,757
	Total receivables	**4,612,590**	**8,056,248**
	Cash & cash equivalent	7,047,271	2,879,379
	Total current assets	**11,659,861**	**10,935,627**
	TOTAL ASSETS	**11,667,148**	**10,951,653**

NOTE	**SHAREHOLDERS EQUITY AND LIABILITIES**	**3/31/2020**	**3/31/2019**
	Shareholders equity		
	Restricted equity		
4	Share Capital	50,000	50,000
	Total paid-in capital	**50,000**	**50,000**
	Non-restricted equity		
	Profit or loss carried forward	5,596,637	2,953,097
	Profit for the year	1,884,272	2,643,540
	Total shareholders equity	**7,530,909**	**5,646,637**
	Current liabilities		
	Liabilities to group companies	78,850	65,720
	Accrued expenses & deferred income	4,057,389	5,239,296
	Total current liabilities	**4,136,239**	**5,305,016**
	Total liabilities	**4,136,239**	**5,305,016**
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	**11,667,148**	**10,951,653**

NOTES TO ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Annual Accounts Act and general advice from Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts.

The policies are unchanged compared with the previous year.

Revenue recognition

Revenue relates to income from sub-contracting activities relating to rendering of IT services on behalf of the Parent Company 'Tech Mahindra Limited'.

Revenue is recognised on the basis of reimbursement of costs incurred plus markup.

Revenue is measured at the fair value of the consideration received or receivable.

Receivables

Receivables are recorded in the amounts at which they are expected to be received.

Other assets, provisions & liabilities

Other assets, provisions & liabilities are recorded at cost of acquisition unless otherwise stated below.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances which are recognised at nominal value.

Tangible Fixed Assets

Tangible Fixed Assets are recorded at cost of acquisition less accumulated depreciation and any write downs.

The assets are depreciated on straight line basis over the estimated useful life apart from land, which is not depreciated.

The useful life is reviewed at every balance sheet date. The useful life of computers and laptops is 3 years.

Other expenses

Other expenses are recognised in the same period as the revenue to which they relate.

Income taxes

Current tax is income tax for the current financial year that refers to the year's taxable earnings.

Current tax is stated at the probable amount according to the tax rates and tax rules applicable on the Balance Sheet date.

Foreign currency translation

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.

Note 2 Number of employees, benefits, loan to employees etc.

	31-Mar-20	31-Mar-19
Average number of employees:	16	83
The average number of employees is based on hours worked related to normal working hours paid for by the company.		

Note 3 Personnel costs

Payroll costs	2019/2020	2018/2019
Wages and salaries	24,598,463	38,013,754
Social security tax	8,728,377	12,272,804
Pension costs	3,963,598	4,971,882
Other benefits	1,861,706	1,425,085
Total	**39,152,143**	**56,683,525**

Note 4 Share capital and shareholder information

The share capital in the company at 31 March 2020 consists of the following classes:

Ownership structure

All shares are owned by Tech Mahindra Limited

		Ownership share	Voting share
Tech Mahindra Limited	SEK 50,000	100%	100%
Face value per share	SEK 100		
Total number of shares	500	100%	100%

Note 5 Tangible fixed assets

	2019/2020	2018/2019
Opening cost of acquisition	26,222	26,222
Additions	-	-
Closing accumulated cost of acquisition	26,222	26,222
Opening depreciation	(10,196)	(1,457)
Depreciation for the year	(8,739)	(8,739)
Closing Accumulated depreciation	(18,935)	(10,196)
Balance at 31 March 2020	7,287	16,026

Note 6 Other receivables

	2019/2020	2018/2019
VAT balances	890,022	581,357
Other advances	144	92,401
TOTAL	**890,167**	**673,758**

Note 7 Previous year comparatives

Previous year amounts have been reclassified wherever necessary, to conform to current year presentation.

DEFINITIONS OF BUSINESS AND FINANCIAL RATIOS

	2019/2020	2018/2019
Equity-assets ratio	64.55%	51.56%

Adjusted equity as a percentage of the balance sheet total

Note 8 Related party transactions

Tech Mahindra Limited

	2019/2020	2018/2019
Net turnover	43,020,854	82,648,871
Receivable from group companies	2,609,157	7,139,250
Liabilities to group companies	78,850	65,720

Note 9 Significant events after the Balance Sheet date

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue and tangible assets, from 1 April 2020 to 05 June 2020. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established. There were no other significant events after the balance sheet date untill the date of signing the annual report.

Stockholm
Date: June 17, 2020

Kishan Kumar Chuckun	**Meenakshi Sundaram Sankaralingam**
Managing Director	Director

Our auditor's report was submitted on 22 June 2020

KPMG AB

Hans Blom

Authorized Public Accountant

TECH MAHINDRA VIETNAM COMPANY LIMITED

Board of Directors
Mr. Srinivasa Venugopal

Registered Office
Him Lam 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

REPORTS OF THE BOARD OF DIRECTORS

The Board of Directors of Tech Mahindra Vietnam Co., Ltd ("the Company") is pleased to present its report and the financial statements of the Company for the year ended 31 March 2020, which are audited by independent auditors.

GENERAL INFORMATION

Tech Mahindra Vietnam Co., Ltd (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 Him Lam 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. Gautam Shirali	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 – Director.

AUDITORS

BDO Audit Services Co., Ltd was selected to audit the Financial Statements for the year ended 31 March 2020 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 2020 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 true and fair 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 2020, operation results and cash flows for the fiscal year then ended.

Hanoi, 23 June 2020
For and on behalf of the Board of Directors

Srinivasa Raghavan Venugopal
Director

INDEPENDENT AUDITORS' REPORT

Financial Statements of Tech Mahindra Vietnam Co., Ltd for the fiscal year ended 31 March 2020

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 17 June 2020 including: Statement of Financial Position as at 31 March 2020, Statement of Income and Expenditure, Statement of Cash flow and Notes to the Financial Statements for the fiscal year then ended, which are set out on page 1264 to page 1274.

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 of 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 2020, 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note VII.4 – Notes to the Financial Statements which indicate that the Company has accumulated loss of VND 2,135,510,556 as at 31 March 2020. As at 31 March 2020, the Company's current liabilities exceeded its current assets by VND 3,107,648,627. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, parent company (Tech Mahindra Limited) is committed to fund the Company's operations until it could repay its outstanding debts. Therefore, the Company will be able to meet its financial obligations as they fall due and continue to operate as a going concern. The accompanying financial statements were prepared on the assumption that the Company will continue as a going concern.

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:3356-2020-038-1

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

UNIT: VND

ASSETS	Code	Note	Closing balance	Opening balance
A. CURRENT ASSETS	**100**		**64.349.476.721**	**8.932.901.998**
I. Cash and cash equivalents	**110**	**V.1**	**3.482.049.726**	**5.065.535.246**
1. Cash	111		3.482.049.726	2.065.535.246
2. Cash and cash equivalents	112		-	3.000.000.000
II. Short-term financial investments	**120**		**-**	**-**
III. Current receivables	**130**		**59.720.191.434**	**3.745.159.966**
1. Trade receivables	131	V.2	59.672.597.569	3.745.159.966
2. Other current receivables	136	V.3	47.593.865	-
IV. Inventories	**140**		**-**	**-**
V. Other current assets	**150**		**1.147.235.561**	**122.206.786**
1. Short-term prepaid expenses	151		-	-
2. VAT deductible	152		1.147.235.561	122.206.786
B. NON-CURRENT ASSETS	200		2.107.138.071	-
I. Non-current receivables	**210**		**-**	**-**
II. Fixed assets	**220**		**-**	**-**
III. Other non-current assets	**260**		**2.107.138.071**	**-**
1. Long-term prepaid expenses	261	V.4	28.407.141	-
2. Deffer tax assets	262		2.078.730.930	-
TOTAL ASSETS	**270**		**66.456.614.792**	**8.932.901.998**
RESOURCES				
C. LIABILITIES	**300**		**67.457.125.348**	**12.840.490.135**
I. Current liabilities	**310**		**67.457.125.348**	**12.840.490.135**
1. Trade payables	311	V.5	33.841.160.108	128.480.318
2. Advance from customers	312		-	-
3. Taxes and duties to the State	313	V.6	4.467.797.678	487.436.160
4. Payables to employees	314		125.353.467	-
5. Accrued expenses	315	V.7	17.197.814.095	547.705.900
6. Other short-term payables	319		-	51.867.757
7. Short-term loans and finance lease liabilities	320	V.8	11.825.000.000	11.625.000.000
II. Non-current liabilities	**330**		**-**	**-**
1. Long-term loans and finance lease liabilities	338		-	-
2. Long-term provisions	342		-	-
D. OWNERS' EQUITY	**400**		**(1.000.510.556)**	**(3.907.588.136)**
I. Owner's equity	**410**	**V.9**	**(1.000.510.556)**	**(3.907.588.136)**
1. Contributed capital	411		1.135.000.000	1.135.000.000
2. Undistributed post-tax profits	421		(2.135.510.556)	(5.042.588.136)
- Undistributed post-tax profits accumulated by end of previous year	421a		(5.042.588.136)	(886.835.638)
- Undistributed post-tax profits of current year	421a		2.907.077.580	(4.155.752.498)
TOTAL RESOURCES	**440**		**66.456.614.792**	**8.932.901.999**

Hanoi, 17 June 2020

Nguyen Cong Vinh
Chief Accountant

Srinivasa Raghavan Venugopal’
Director

TECH MAHINDRA VIETNAM COMPANY LIMITED

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 March 2019

ITEMS		Code	Note	Current year	UNIT: VND Previous year
1.	Revenue from sales of goods and services	01	VI.1	86.195.835.902	5.649.216.146
2.	Revenue deductions	02		-	-
3.	**Net revenue from sales of goods and services**	**10**		**86.195.835.902**	**5.649.216.146**
4.	Cost of goods sold and services rendered	11	VI.2	78.932.439.501	5.194.759.500
5.	**Gross revenue from sales of goods and services**	**20**		**7.263.396.401**	**454.456.646**
6.	Financial income	21	VI.3	31.480.364	146.188.950
7.	Financial expenses	22	VI.4	734.864.921	510.881.446
	- In which: Interest expenses	23		442.301.643	335.881.446
8.	Selling expenses	25		-	-
9.	Administrative and general expenses	26	VI.5	3.737.105.342	4.244.976.000
10.	**Net profit from operating activities**	**30**		**2.822.906.502**	**(4.155.211.850)**
11.	Other income	31		-	-
12.	Other expenses	32		112.296	540.648
13.	**Other profit/(loss)**	**40**		**(112.296)**	**(540.648)**
14.	**Total pre-tax profit**	**50**		**2.822.794.206**	**(4.155.752.498)**
15.	Current corporate income tax expenses	51	VI.7	1.994.447.556	-
16.	Deferred corporate income tax expenses	52		(2.078.730.930)	-
17.	**Profit after corporate income tax**	**60**		**2.907.077.580**	**(4.155.752.498)**

Hanoi, 17 June 2020

Nguyen Cong Vinh
Chief Accountant

Srinivasa Raghavan Venugopal'
Director

STATEMENT OF CASH FLOW

Indirect method

For the year ended 31 March 2019

UNIT: VND ITEMS

Code		Note	Current year	Previous year
I.	**CASH FLOWS FROM OPERATING ACTIVITIES**	01	2.822.794.206	(4.155.752.498)
1.	(Loss)/Profit before tax			
2.	Adjustments for:			
	- Unrealised gain/losses from foreign currency translations	04	292.563.278	175.000.000
	- Gains from investment activities	05	(21.943.364)	(146.188.950)
	- Interest expenses	06	442.301.643	335.881.446
3.	Operating profit before adjustments to working capital	08	3.535.715.763	(3.791.060.002)
	- (Increase)/decrease in receivables	09	(57.000.060.243)	(3.475.354.863)
	- Increase in inventories	10	-	-
	- Decrease in payables, excluding interest payable, corporate income tax payable	11	1.887.322.736	565.710.051
	- Decrease/(increase) in prepaid expenses	12	(28.407.140)	12.354.687
	- Interest paid	14	-	(227.537.962)
Net cash flows from operating activities		20	**(1.605.428.884)**	**(6.915.888.089)**
II.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
1.	Proceeds from loans, dividends, profit	27	21.943.364	146.188.950
Net cash flows from investment activities		30	**21.943.364**	**146.188.950**
III. CASH FLOWS FROM FINANCIAL ACTIVITIES				
1.	Proceeds from equity and owner's equity	31	-	-
2.	Proceeds from borrowing	33	-	11.450.000.000
3.	Repayment of borrowing	34	-	-
Net cash flows from financial activities		**40**	**-**	**11.450.000.000**
NET CASH INFLOWS		**50**	**(1.583.485.520)**	**4.680.300.861**
Cash and cash equivalents at the beginning of the year		60	**5.065.535.246**	**385.234.385**
Impact of exchange rate difference		61	-	-
Cash and cash equivalents at the end of the year		**70**	**3.482.049.726**	**5.065.535.246**

Hanoi, 17 June 2020

Nguyen Cong Vinh
Chief Accountant

Srinivasa Raghavan Venugopal'
Directo

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	Under Investment License (USD)	Ownershi Proportion	Capital contributed As at 31 March 2020
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 operating cycle

The operating cycle is the average period of time required for a business to make an initial outlay of cash to produce goods, sell the goods or serives, and receive cash from customers in exchange for the goods or services. Normal operating cycle of the Company is 12 months.

4. Employee

The total number of employees of the Company as at 31 March 2020 is 28 persons (as of 31 March 2019 is 12 person).

II. ACCOUNTING PERIOD, ACCOUNTING CURRENCY

1. Accounting period

The Company's accounting period is from 01 April to 31 March of the next year.

2. Accounting currency

The Company maintains its accounting records in Vietnamese Dong (VND).

III. APPLICABLE ACCOUNTING SYSTEM AND 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 under historical cost principle and in accordance with Vietnamese Accounting Standards. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and 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 Corporate Accounting System and other prevailing legal regulations guiding the preparation and presentation of financial statements.

IV. APPLICABLE ACCOUNTING POLICIES

1. Exchange rates applied in accounting system

- Commercial bank the Company selects to apply exchange rate in accounting is Citibank, N.A, Ha Noi 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 2020. 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 2020.

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, 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 from 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.

Allowance for doubtful debts

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 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.

5. 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..).

Monitoring payables

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.

Recognized payables shall be not lower than payable obligations.

6. Recognition of borrowings and finance lease liabilities

Borrowings and finance lease liabilities shall be specially recorded to each object, terms, original currencies. As at the consolidated financial statement's preparation date, borrowings and finance lease liabilities that have remaining repayment terms of less than 12 months or a business cycle are classified as current borrowings and finance lease, ones that have remaining repayment terms of over 12 months or a business cycle are classified as non-current borrowings and finance lease liabilities.

Recognition of borrowing expenses

Borrowing expenses include interest expenses and expenses directly relating to the borrowings (such as appraisal costs, audit costs, loan application cost and etc.).

Borrowing expenses are recognized as financial expenses during the period as incurred (except capitalization cases according to regulations in Vietnam Accounting Standards No. 16 “Borrowing expenses”).

7. Recognition of accrued expenses

Accrued expenses include expenses that have been recored into the operating cost, but not actually paid at the end of the fiscal year to ensure the consistency between revenues and expenses. Accrued expenses are recorded based on the reasonable estimation of amount payable for received goods and services including expenses for audit fee, tax and accounting service fee, and etc.

8. Recognition of owner's equity Recognition of owner's equity

Owner's equity is recognized under actual contribution of investors. The actual amount of contribution capital as at 31/03/2020 is USD50,000, which equivalent to VND1,135,000,000.

Recognition of retained earnings

Retained earnings reflect the business results (profit, loss) after corporate income tax and profit sharing situation or dealing with loss of the Company. Retained earnings shall be specifically recorded to the operational results of each financial year (previous year, current year) and to each profit sharing content (appropriated funds, additional investment capital of the owner, dividends, profits for shareholders and investors).

9. Recognition of revenue

Revenue from sales of goods

Revenue from sales of goods is recognized when the outcomes of such transactions can be reliably measured and the Company is able to obtain economic benefits from these transactions. Revenue is recognized when the majority of risks and benefits of ownership of the goods have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding the recovery of the funds or the possible return of funds.

Revenue from rendering of services

Revenue from the rendering of services is recognized when the outcome of such transactions is reliably determined. When the contract result can be reliably determined, revenue will be recognized based on the level of completion of the work. The level of completion of work is determined by the percentage of number of working hours incurred up to the end of the accounting period in relation to the total estimated hours worked for each contract.

If the contract can not be reliably determined, revenue will only be recognized at the recoverable amount of the costs recognized.

Financial income

Financial income includes interest on deposits, loan interests, dividends and profits distributed, rental income and income from securities trading activities.

Interest on deposits and loan interest is recognized on the basis of the actual time and interest rate in each period, unless the possibility of recovering interest is uncertain.

10. Recognition of cost of goods sold

Cost of goods sold represent cost of goods/service provision in the year. Cost of goods sold is recognized on matching principle between revenue and expenses.

11. Recognition of financial expenses

Financial expenses include: expenses or losses related to borrowing expenses, exchange rate losses, bank fees.

Interest expenses (including accrued interests), losses on the exchange rate differences of the reporting period are fully recognized in the period.

12. Recognintion of Administrative expenses

General and administrative expenses are general management expenses, including salaries and social insurance, health insurance, trade union funds, unemployment insurance for administrative employees (salaries, wages, allowances and etc.); expenses for office supplies, labor tools; rental fee; outsourced services (electricity, water, telephone, fax, audit fee, tax and accounting service fees and etc).

13. Tax accounting principles

Current Corporate Income Tax

Current income tax expense is determined based on taxable income and corporate income tax rate of the current year 20%.

Other taxes

Other taxes are applied according to current tax regulations in Vietnam.

Tax reports of the Company will be subject to inspection of tax authorities. Since the application of laws and regulations on taxation for different transactions can be interpreted in many different ways, the amounts presented in the financial statements could be changed according to the final decision of the tax authorities.

V. ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF FINANCIAL POSITION

Following items are presented in Vietnam dong (VND).

1. Cash and cash equivalent

	Closing balance	Opening balance
Cash on hand	-	-
Cash in bank - Citibank, N.A, Ha Noi Branch (Citibank)	3.482.049.726	2.065.535.246
Total	**3.482.049.726**	**2.065.535.246**
Cash equivalent	-	3.000.000.000
Total cash and cash equivalent	**3.482.049.726**	**5.065.535.246**

2. Trade receivables

Current trade receivables

	Closing balance	Opening balance
Customer 1	30.913.547.132	3.745.159.966
Customer 2	9.169.800.000	-
Customer 3	5.399.830.885	-
Customer 4	7.696.199.127	-
Customer 5	6.493.220.425	-
Total	**59.672.597.569**	**3.745.159.966**

3. Other current receivables

	Closing balance	Opening balance
Unclaimed VAT input	47.593.865	-
Total	**47.593.865**	**-**

4. Long-term prepaid expenses

	Closing balance	Opening balance
- Tools and equipments	28.407.141	-
Total	**28.407.141**	**-**

5. Trade payables

5.1 Current trade payables

	Closing balance		Opening balance	
	Original Amount	Amount can be paid off	Original Amount	Amount can be paid off
Vendor 1	26.103.154.115	26.103.154.115	128.480.318	128.480.318
Vendor 2	4.574.643.333	4.574.643.333	-	-
Vendor 3	200.646.602	200.646.602	-	-
Vendor 4	2.962.716.058	2.962.716.058	-	-
Total	**33.841.160.108**	**33.841.160.108**	**128.480.318**	**128.480.318**

5.2 Trade payables are related parties

Refer to note VII.1

6. Taxes and duties to the State

Tax payables

	Opening balance	Payable in the year	Paid in the year	Closing balance
Value added tax	-	1.248.623.565	-	1.248.623.565
Coporate income tax	-	1.994.927.878	-	1.994.927.878
Personal income tax	487.436.160	3.632.094.943	2.894.804.546	1.224.726.557
Other tax	-	2.112.289	2.112.289	-
Total	**487.436.160**	**6.877.758.675**	**2.896.916.835**	**4.468.278.000**

7. Accrued expenses Current accrued expenses

	Closing balance	Opening balance
Professional services	537.132.028	439.362.416
Loan interest	550.645.127	108.343.484
Accrued cost of good sold	16.110.036.940	-
Total	**17.197.814.095**	**547.705.900**

8. Loans and finance lease liabilities

Short-term loans	Opening balance		During the year		Closing balance	
	Amount	Repayable amount	Increase	Decrease	Amount	Repayable amount
Tech Mahindra ICT Service (Malaysia)	11.625.000.000	-	200.000.000	-	11.825.000.000	11.825.000.000
Total	**11.625.000.000**	**-**	**200.000.000**	**-**	**11.825.000.000**	**11.825.000.000**

Details of loans and debts are as follows

Creditor	Balance principal debt		Maturity date	Interest (%/year)	Purpose
	USD	VND			
Tech Mahindra ICT Service (Malaysia) Agreement dated 25 June 2018	500.000	11.825.000.000	25/06/2020	3,78%	To meet the required financial requirements and business operation
Total	**500.000**	**11.825.000.000**			

9 Owner's equity

9.1 Changes in owner's equity

Items	Owner's equity	Retained earnings	Total
Opening balance of the previous year	**1.135.000.000**	**(886.835.638)**	**248.164.362**
Increase in capital in previous year	-	-	-
Loss in previous year	-	(4.155.752.498)	(4.155.752.498)
Balance at the end of the previous year	**1.135.000.000**	**(5.042.588.136)**	**(3.907.588.136)**
Increase in capital in current year	-	-	-
Profit in the current year	-	2.907.077.580	2.907.077.580
Balance at the end of the current year	**1.135.000.000**	**(2.135.510.557)**	**(1.000.510.557)**

9.2 Details of owner's equity

	Charter capital		
	According to		Charter capital
	Investment licence (USD)	Own ership ratio	paid in actual (USD)
Tech Mahindra Limited	50.000	100%	50.000
Total	**50.000**	**100%**	**50.000**

VI ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF INCOME AND EXPENDITURE

Following items are presented in Vietnam dong (VND).

1. Revenue from sales of goods and rending of services

	Current year	Previous year
Revenue from sales of goods	12.486.235.647	1.904.056.180
Revenue from rendering of services	73.709.600.255	3.745.159.966
Total	**86.195.835.902**	**5.649.216.146**

2. Cost of goods sold and services rendered

	Current year	Previous year
Cost of goods sold	9.512.946.865	1.694.610.000
Cost of service rendered	69.419.492.636	3.500.149.500
Total	**78.932.439.501**	**5.194.759.500**

3. Financial income

	Current year	Previous year
Bank interest	21.943.364	146.188.950
Gain on exchange rate difference	9.537.000	-
Total	**31.480.364**	**146.188.950**

4. Financial expenses

	Current year	Previous year
Loss on exchange rate difference	292.563.278	175.000.000
Interest expense	442.301.643	335.881.446
Total	**734.864.921**	**510.881.446**

5 General and administrative expenses

	Current year	Previous year
Administrative employee expenses	1.935.552.354	3.019.241.632
Office supply expenses	2.582.469	1.290.000
Taxes, fees, and charges	2.000.000	2.000.000
External service expenses	1.616.267.526	1.121.405.722
Other monetary expenses	180.702.993	101.038.646
Total	**3.737.105.342**	**4.244.976.000**

6. Production and operating expenses

	Current year	Previous year
Labour cost	19.679.818.530	6.408.772.329
Tool and instrument cost	2.582.469	1.290.000
External services expenses	61.761.206.456	1.121.405.722
Other monetary expenses	1.225.937.388	213.657.449
Total	**82.669.544.843**	**7.745.125.500**

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	Previous year
Net (loss)/profit before tax	2.822.794.206	(4.155.752.498)
Adjustment of (decrease)/increase in (loss)/profit	6.613.022.667	336.422.094
Adjustments of increase	6.613.022.667	336.422.094
Non-deductible interest expenses	442.301.643	335.881.446
Other non-deductible expenses	346.254.016	540.648
Provision for expenses	6.360.887.916	-
Adjustments of decrease	-	-
Adjusted pre-tax (loss)/profit without deducting loss in previous years	**9.972.237.781**	**(3.819.330.404)**
Loss carried forward	-	-
Estimated taxable income in current period	9.972.237.781	-
Current corporate income tax expense	**1.994.447.556**	**-**

Tax reports of the Company will be subject to inspection of tax authorities. Since the application of laws and regulations on taxation for different transactions can be interpreted in many different ways, the amounts presented in the financial statements could be changed according to the final decision of the tax authorities.

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 2020, related parties of the Company are determined as following:

Related parties	Relationship
Tech Mahindra Limited	Parent Company
Tech Mahindra ICT Service (Malaysia)	Associate

Transaction with related parties

Significant transaction with related parties during the year as following:

In the year	Transaction	Current year	Previous year
Tech Mahindra Limited	SubconExp-Ring Fencing InterCo	25.559.174.147	-
	Revenue from rendering services	50.350.380.703	3.745.159.966
	Others	415.499.651	121.020.475
Tech Mahindra ICT Service (Malaysia) SDN.BHD	Borrowings	-	11.450.000.000
	Interest expenses	442.301.643	335.881.446
	Interest paid	-	227.537.962

Balances with related parties

Amount due to and from related parties as balance sheet date as following:

Related parties	Content	Current year	Previous year
Tech Mahindra Limited	Trade receivables	30.913.547.132	3.745.159.966
	Trade payables	26.103.154.115	128.480.318
	Other short-term payables	-	51.867.757
Tech Mahindra ICT Service	Short-term loans and finance lease liabilities	-	11.450.000.000
	Interest expense payables	11.825.000.000	11.625.000.000
	Interest paid	550.645.127	108.343.484

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

Comparative figures are the figures in the financial statements for the fiscal year ended 31 March 2019 audited by BDO Audit Services Company Limited.

4. Going concern

As at 31/03/2020, the Company had significant accumulated losses of VND 2,135,510,556 and current liabilities exceeded its current assets by VND 3,107,648,627 which caused the existence of material uncertainties and doubts on the going concern of the Company. However, the investor of the Company is committed to continuing financial support for the Company to maintain normal operating continuously for 12 months. Therefore, Financial statements of the Company are prepared on the going concern basis.

Hanoi, 17 June 2020

Nguyen Cong Vinh	**Srinivasa Raghavan Venugopal'**
Chief Accountant	Director

THE BIO AGENCY LIMITED

Board of Directors
Vikram Nair
Peter Veash
Vivek Agarwal

Company number
05787984

Registered Office
70 Wilson
Street London
EC2A 2DB

Independent auditor
Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

Fair review of the business

As an award-winning digital agency, the last financial year saw the business to continue consolidate and focus on re-building its income.

With this in mind, BIO has continued to develop revenue pillars to drive the business forward over the next few years. North America has seen the business set up a hub in order to capitalise on Tech Mahindra clients within the region.

As part of the Tech Mahindra Group, the company has also continued to invest in joint initiatives with the other Tech Mahindra Group companies. The company has also continued to invest in the infrastructure of the business in order to support the business plan to accelerate growth in the future.

The agency continues to work with blue chip clients including: Smith & Nephew, Vodafone, Scotia Bank, Savills & Verizon. The work undertaken being both local as well as global engagements.

Principal risks and uncertainties

Rate cards can present a challenge when competing for business and therefore an offshore function has been set up in order for the business to remain competitive when pitching for large new projects.

Employees

The company continues to foster an open culture with its staff and works hard to keep everyone informed on company plans. Monthly staff meetings are held to keep everyone updated on progress and regular social activities are organised to ensure that as the business grows, the culture is still maintained which is an important facet of the agencies ongoing success. Regular anonymous staff surveys are completed in order for everyone to give honest feedback and to continue to improve how the agency operates as a business.

Key performance indicators

The business is managed by monitoring its key performance indicators which span across each facet of the business covering financials, new business conversion, clients and retention, employee engagement and its marketing strategy. These KPI’s are tracked on a quarterly basis to ensure the agency is performing consistently across all pillars of the business.

Covid-19

The company has considered the possible effects that may result from Covid-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the company , as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established. In addition to this, the parent company has expressed its intention to continue to support the business for at least 12 months following the approval of these financial statements.

As a result of this assessment, the directors consider it reasonable to continue to adopt the going concern basis of accounting for the preparation of these financial statements.

On behalf of the board

....

Vivek Agarwal

Director

Date: Date: 3-July-2020

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company is that of provision of strategic, creative and technical consultancy and delivery to create digitial business change for premium brand clients.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Vikram Nair

Peter Veash

Vivek Agarwal

Results and dividends

The results for the year are set out on page herein.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

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

....

Vivek Agarwal

Director

Date: 3-July-2020

INDEPENDENT AUDITOR'S REPORT

To the members of The BIO Agency Limited

Opinion

We have audited the financial statements of The BIO Agency Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 2020 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 Act2006.

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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lorenzo Mosca (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		Year ended 31 March 2020 £	Year ended 31 March 2019 £
Turnover	**3**	**4,435,981**	**8,306,748**
Cost of sales		(369,794)	(30,141)
Gross profit		**4,066,187**	**8,276,607**
Administrative expenses		(7,217,372)	(8,609,734)
Operating loss	**4**	**(3,151,185)**	**(333,127)**
Interest receivable and similar income	6	11,951	11,234
Interest payable and similar expenses	7	1,080	-
Loss before taxation		**(3,138,154)**	**(321,893)**
Tax on loss	8	244,456	73,000
Loss for the financial year		**(2,893,698)**	**(248,893)**

The income statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	9		652,325		792,351
Current assets					
Debtors	11	8,383,905		7,684,233	
Cash at bank and in hand		336,017		2,332,507	
		8,719,922		**10,016,740**	
Creditors: amounts falling due within one year	12	(2,793,928)		(1,332,824)	
Net current assets			**5,925,994**		**8,683,916**
Total assets less current liabilities			**6,578,319**		**9,476,267**
Provisions for liabilities	**13**		**(27,356)**		**(31,606)**
Net assets			**6,550,963**		**9,444,661**
Capital and reserves					
Called up share capital	16		600		600
Other reserves			45,423		45,423
Profit and loss reserves			6,504,940		9,398,638
Total equity			**6,550,963**		**9,444,661**

The financial statements were approved by the board of directors and authorised for issue on 3-July-2020 and are signed on its behalf by:

....

Vivek Agarwal

Director

Company Registration No. 05787984

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Other reserves	Profit and loss reserves	Total
Balance at 1 May 2018	**600**	**45,423**	**9,647,531**	**9,693,554**
Period ended 31 March 2019:				
Loss and total comprehensive income for the period	-	-	(248,893)	(248,893)
Balance at 31 March 2019	**600**	**45,423**	**9,398,638**	**9,444,661**
Period ended 31 March 2019:				
Loss and total comprehensive income for the period	-	-	(2,893,698)	(2,893,698)
Balance at 31 March 2020	**600**	**45,423**	**6,504,940**	**6,550,963**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£`	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	20		(2,836,042)	(394,186)	
Income taxes refunded			97,169	106,750	
Net cash outflow from operating activities			**(2,738,873)**		**(287,436)**
Investing activities					
Purchase of tangible fixed assets		(22,053)		(206,966)	
Proceeds on disposal of tangible fixed assets		2,485		8,906	
Interest received		11,951		11,234	
Net cash used in investing activities			**(7,617)**		**(186,826)**
Financing activities					
Proceeds from borrowings		750,000		-	
Net cash generated from/(used in) financing activities			**750,000**		**-**
Net decrease in cash and cash equivalents			**(1,996,490)**		**(474,262)**
Cash and cash equivalents at beginning of year			2,332,507		2,806,769
Cash and cash equivalents at end of year			**336,017**		**2,332,507**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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") 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. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has considered the possible effects that may result from Covid-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established. In addition to this, the parent company has expressed its intention to continue to support the business for at least 12 months following the approval of these financial statements.

As a result of this assessment, the directors consider it reasonable to continue to adopt the going concern basis of accounting for the preparation of these financial statements.

1.3 Reporting period

During the prior year, the company shortened their reporting period to 31 March 2019 in order to align the year end with that of the parent company. The current year represents 12 months yet the comparative period to 31 March 2019 only represents 11 months and so comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised on an accrual basis when goods and services are provided to a customer in relation to a contract.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	10 years on straight line basis
Fixtures, fittings & equipment	4 years on 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.

1.6 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.

1.7 Cash at bank and in hand

Cash and cash equivalents 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.

1.8 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.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 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.

1.11 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.

1.12 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.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.14 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 Critical accounting 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.

Key sources of estimation uncertainty

Deferred tax asset

As at the year end, there were tax losses available to carry forward of approximately £3million. Due to the uncertainty as to when sufficient profit will be made in order to utilise these losses, no deferred tax asset has been recognised at the year end in respect of tax losses carried forward.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

Turnover analysed by geographical market

	2020	2019
	£	£
United Kingdom	3,105,161	2,746,570
USA	32,601	3,311,243
Canada	1,239,177	2,248,935
Europe	59,042	-
	4,435,981	**8,306,748**

4 Operating loss

	2020	2019
	£	£
Operating loss for the period is stated after charging/(crediting):		
Exchange gains	(68,239)	(266,507)
Fees payable to the company's auditor for the audit of the company's financial statements	26,000	21,200
Depreciation of owned tangible fixed assets	160,772	141,566
Profit on disposal of tangible fixed assets	(1,178)	(8,906)
Operating lease charges	**694,970**	**692,834**

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 £68,239 (2019 - £266,507).

5 Employees

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

	2020 Number	2020 Number
Average monthly number of employees	32	61
Wages and salaries	2,492,140	3,762,831
Social security costs	357,010	514,185
Pension costs	82,187	110,076
	2,931,337	**4,387,092**

6 Interest receivable and similar income	**2020**	**2019**
Interest income	£	£
Interest on bank deposits	11,951	11,234
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	**11,951**	**11,234**

7 Interest payable and similar expenses	**2020**	**2019**
	£	£
Other finance costs:		
Other interest	**(1,080)**	**-**

8 Taxation	**2020**	**2019**
	£	£
Current tax		
Adjustments in respect of prior periods for research and development tax credit	(272,389)	-
Adjsutment in respect of prior years	-	(39,899)
Total current tax	**(272,389)**	**(39,899)**
Deferred tax		
Origination and reversal of timing differences	27,933	(33,101)
Total tax charge	**(244,456)**	**(73,000)**

The actual credit 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:

	2020 £	2019 £
Loss before taxation	(3,138,154)	(321,893)
Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2019: 19.00%)	(596,249)	(61,160)
Tax effect of expenses that are not deductible in determining taxable profit	14,550	24,764
Unutilised tax losses carried forward	576,289	-
Change in unrecognised deferred tax assets	-	8,135
Effect of change in corporation tax rate		(297)
Depreciation on assets not qualifying for tax allowances	4,359	-
Research and development tax credit	(272,389)	-
Other non-reversing timing differences	1,051	-
Under/(over) provided in the year	-	(11,341)
Deferred tax movement	27,933	(33,101)
Tax expense for the period	(244,456)	(73,000)

9 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2019	**732,953**	**650,842**	**1,383,795**
Additions	-	22,053	22,053
Disposals	-	(23,189)	(23,189)
At 31 March 2020	**732,953**	**649,706**	**1,382,659**
Depreciation and impairment			
At 1 April 2019	**102,785**	**488,659**	**591,444**
Depreciation charged in the year	92,045	68,727	160,772
Eliminated in respect of disposals	-	(21,882)	(21,882)
At 31 March 2020	**194,830**	**535,504**	**730,334**
Carrying amount			
At 31 March 2020	**538,123**	**114,202**	**652,325**
At 31 March 2019	**630,168**	**162,183**	**792,351**

Capitalised website development costs have been fully depreciated during the year and are included within Fixtures, fittings & equipment.

10 Financial instruments

Carrying amount of financial assets

	2020	2019
	£	£
Debt instruments measured at amortised cost	7,566,687	6,875,769
Carrying amount of financial liabilities		
Measured at amortised cost	2,659,098	1,172,308

11 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	277,460	280,074
Corporation tax recoverable	426,276	250,000
Amount due from parent undertaking	746,400	453,857
Other debtors	544,416	553,718
Prepayments and accrued income	6,388,582	6,113,630
	8,383,134	**7,651,279**
Amounts falling due after one year:		
Deferred tax asset (note 14)	771	32,954
Total debtors	**8,383,905**	**7,684,233**

12 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	456,908	285,574
Amounts owed to group undertakings	1,100,700	-
Taxation and social security	134,830	159,667
Other creditors	37,804	19,470
Accruals and deferred income	1,063,686	868,113
	2,793,928	**1,332,824**

13 Provisions for liabilities

	Notes	2020	2019
		£	£
Deferred tax liabilities	**14**	27,356	31,606

14 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 2020	Liabilities 2019	Assets 2020	Assets 2019
Balances:	**£**	£	£	£
Accelerated capital allowances	27,356	31,606	-	-
Tax losses	-	-	-	30,569
Short term timing differences as a result of provisions	-	-	771	2,385
	27,356	**31,606**	**771**	**32,954**

Movements in the year:	**2020**
	£
Liability/(Asset) at 1 April 2019	(1,348)
Charge to profit or loss	27,933
Liability at 31 March 2020	26,585

15 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	82,187	110,076

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.

16 Share capital

Ordinary share capital Issued and fully paid

	2020	2019
	£	**£**
102,000 A Ordinary Shares of 0.5p each	510	510
18,000 B Ordinary Shares of 0.5p each	90	90
	600	600

The Ordinary A shares have attached to them no voting or capital distribution (including on winding up) rights and carry no right to dividends except at the discretion of the Ordinary B shareholders. They do not confer any rights of redemption.

The Ordinary B shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

17 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:

	2020	2019
	£	£
Within one year	857,012	864,488
Between two and five years	3,430,662	3,432,354
In over five years	1,884,511	2,739,832
	6,172,185	7,036,674

18 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows:

	2020	2019
	£	£
Aggregate compensation	300,000	275,000

The amounts above are in relation to the highest paid director. No guarantees have been given or received.

During the year, The BIO Agency Limited performed and billed for services to the value of £2,360,762 (2019: £3,448,700) for Tech Mahindra Limited, the controlling entity. At the year end, The BIO Agency Limited was owed £746,400 (2019: £nil) by Tech Mahindra Limited in relation to billed services. At the year end the unbilled value of services provided to Tech Mahindra Limited is £5,557,403 (2019:

£5,254,397) and is recorded as accrued income.

During the year, The BIO Agency Limited incurred expenditure to the value of £350,700 (2019: £nil) from Tech Mahindra Limited. At the year end £350,700 (2019: £nil) is recorded as amounts due to parent undertaking.

During the year, The BIO Agency Limited were provided with a loan to the value of £750,000 from Mahindra Engineering Services (Europe) Limited, an entity under common control. The loan yields interest at 1.94% per annum and remains outstanding at the year end.

19 Ultimate controlling party

The company is controlled by Tech Mahindra Limited, a listed company incorporated in India. Tech Mahindra's group accounts are available from their registered office at 63 Queen Victoria Street, London EC4N 4UA.

20 Cash absorbed by operations

	2020	2019
	£	£
Loss for the year after tax	(2,893,698)	(248,893)
Adjustments for:		
Taxation credited	(244,456)	(73,000)
Finance costs	(1,080)	-
Investment income	(11,951)	(11,234)
Gain on disposal of tangible fixed assets	(1,178)	(8,906)
Depreciation and impairment of tangible fixed assets	160,772	141,566
Movements in working capital:		
(Increase)/decrease in debtors	(555,555)	1,331,806
Increase/(decrease) in creditors	711,104	(1,525,525)
Cash absorbed by operations	(2,836,042)	(394,186)

21 Analysis of changes in net funds

	1 April 2019	Cash flows	31 March 2020
	£	£	£
Cash at bank and in hand	2,332,507	(1,996,490)	336,017

	Year ended 31 March 2020		Period ended 31 March 2019	
	£	£	£	£
Turnover				
Sales		4,435,981	8,306,748	
Cost of sales				
Direct costs	369,794		30,141	
		(369,794)		(30,141)
Gross profit		4,066,187		8,276,607

	Year ended 31 March 2020		Period ended 31 March 2019	
	£	£	£	£
Administrative expenses				
Wages and salaries	2,165,715		3,458,316	
Employer's N.I. contributions	357,010		514,185	
Staff healthcare costs	26,425		29,515	
Staff welfare	61,188		80,833	
Staff recruitment	56,051		73,965	
Staff pension costs	82,187		110,076	
Redundancy costs - staff	-		22,000	
Directors' remuneration	300,000		275,000	
Rent	694,970		692,834	
Service charges	112,401		86,215	
Rates	206,938		202,923	
Cleaning	25,038		40,244	
Light and heat	28,120		32,889	
Repairs and maintenance	16,440		(9,642)	
Insurance	38,066		41,125	
Computer and internet expenses	203,414		112,418	
Travelling expenses	51,574		66,140	
Postage, courier and delivery charges	1,155		-	
Subscriptions	120		103,113	
Legal and professional fees	45,892		100,953	
Consultancy fees	1,282,256		2,162,234	
Accountancy	78,105		100,643	
Non audit remuneration paid to auditors	4,500		4,000	
Audit fees	26,000		21,200	
Charitable donations	995		-	
Bank charges	2,048		3,192	
Bad and doubtful debts	135,000		100,000	
Printing, postage and stationery	7,965		14,885	
Advertising	350,274		162,507	
Telephone	22,352		20,718	

	Year ended 31 March 2020		Period ended 31 March 2019	
	£	£	£	£
Entertaining	7,783		7,237	
Sundry expenses	56,738		34,842	
Financial consultant fees	84,000		77,000	
Office costs	595,297		2,021	
Depreciation	160,772		141,566	
Profit or loss on sale of tangible assets	(1,178)		(8,906)	
Profit or loss on foreign exchange	(68,239)		(266,507)	

	Year ended 31 March 2020		Period ended 31 March 2019	
	£	£	£	£
		(7,217,372)		(8,609,734)
Operating loss		(3,151,185)		(333,127)
Interest receivable and similar income				
Bank interest received	11,951		11,234	
		11,951		11,234
Interest payable and similar expenses				
Interest on overdue tax repayments		1,080		-
Loss before taxation		(3,138,154)		(321,893)

This page does not form part of the financial statements on which the auditors have reported.

DYNACOMMERCE HOLDING B.V.

Board of Directors
Mr. Sandeep Phadke

Registered office
Stationsplein 5 A 1,
6131AT Sittard

Bankers
Rabo Bank, Netherland

Auditors
Koenen En CO

ACCOUNTANT'S COMPILATION REPORT

The financial statements of Dynacommerce Holding B.V. have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2019 and the profit and loss account for the year 2019 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 regulation, 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 Dynacommerce Holding B.V.

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.

We draw your attention on to the fact that we have not compiled the financial statements 2018. Therefore there can be a mismatch between the comparability of the comparative figures.

Furthermore we also draw your attention on to the item "subsequent events" in the notes to the financial statements, which set out the uncertainty regarding the (financial) consequences of the Corona virus.

FISCAL POSITION

Fiscal unity

There is a group tax treatment (fiscal unity) for Dynacommerce Holding B.V. and her Dutch subsidiaries for the corporate income tax.

The corporate income tax for the subsidiaries is calculated as if the subsidiaries are sole en es for the corporate income tax. Any dis- and advantages concerning the group tax treatment are taken into account with Dynacommerce Holding B.V. The corporate income tax payable by the subsidiaries is registered into the current account with Dynacommerce Holding B.V.

Losses to be settled

As at December 31, 2019 the losses to be settled amount to € 11.498.908. The losses can be se led with future profits within a period of 6 years. Losses from the year 2018 or earlier can be se led up to 9 years.

Because the realisation of future tax profits is uncertain, the deferred tax asset in respect of the carry-forward of unused tax losses are not valuated.

Taxable amount and tax on financial year 2019

The fiscal result amounts € 1.058.723 negative. There is no corporate income tax payment required regarding this result.

We trust to have been of service. We are available to provide further explanation should you have questions or comments.

Yours sincerely,

KOENEN EN COAccountants

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2019

(before appropriation of results)

		31 December 2019		31 December 2018	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Tangible fixed assets	(1)				
Leasehold improvements		918.055		1.028.647	
Equipment		161.747		184.188	
Furniture & fixtures		42.628		53.412	
			1.122.430		1.266.247
Financial fixed assets	(2)				
Partcipation in group companies			0		410.882
CURRENT ASSETS					
Receivables, prepayments and accrued income	(3)				
Trade debtors		51		2.375	
Receivable from group companies		1.421.969		1.952.645	
Prepayments and accrued income		63.264		0	
			1.485.284		1.955.020
Cash and Bank	(4)		16.164		0
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(5)				
Issued share capital		18.000		18.000	
Share premium		1.585.222		1.585.222	
Other reserves		(12.118.298)		(9.923.262)	
			(10.515.076)		(8.320.040)
PROVISIONS	(6)				
Provision negativ value subsidiaries			938.092		197.733
LONG-TERM LIABILITIES	(7)				
Subordinated loans		0		6.000.000	
Loan from Tech Mahindra Limited		11.908.544		0	
			11.908.544		6.000.000
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME	(8)				
Banks		0		3.911.325	
Current portion of long-term liabilities		0		1.000.000	
Trade creditors		8.385		204.276	
Other taxes and social security		572		66.132	
Other liabilities		224.728		572.723	
Accruals and deferred income		58.633		0	
			292.318		5.754.456
			2.623.878		3.632.149

PROFIT AND LOSS ACCOUNT 2019

		2019		2018	
		€	€	€	€
Costs					
Depreciation	(9)	175.729		157.901	
Other operating expenses	(10)	301.533		167.492	
			477.262		325.393
Operating results			(477.262)		(325.393)
Financial income and expense	(11)		(394.850)		(644.134)
Result before corporation tax			(872.112)		(969.527)
Taxation on result of ordinary activities	(12)		0		(382.413)
			(872.112)		(1.351.940)
Result after income taxes of the group companies	(13)		(1.322.924)		(5.068.466)
Net result			**(2.195.036)**		**(6.420.406)**

GENERAL NOTES TO THE FINANCIAL STATEMENTS

Activities

The activities of Dynacommerce Holding B.V. is fully focused on end to end omnichannel solutions.

Business address

Dynacommerce Holding B.V. (registered under Chamber of Commerce number 66421470) is based at Stationsplein 5A 1 in Sittard.

Group relationships

Dynacommerce Holding B.V. settled in Sittard, The Netherlands, is the head of a group of legal persons. Dynacommerce B.V. is a 100% subsidiary of Tech Mahindra Limited, settled in Maharashtra, India, which is the head of the group and motherhood company of Dynacommerce Holding B.V.

Consolidation

Consolidated financial statements have not been drawn up on the grounds of the exemption pursuant to Sec on 2: 407 (2a) of the Dutch Civil Code.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the general determination of Chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost

convention. Unless mentioned otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

For comparability, financial statements and comparative figures may be classified differently than in the 2018 financial statements.

Financial position

Although the financial position of the entity is still delicate, it has been decided to maintain the valuation bases for the time being on a going concern basis as the outlook for next years is positive. The entity has a negative equity as per balance sheet date. As a result of a new business structuring within Dynacommerce Holding B.V., Dynacommerce B.V. en Dynalean B.V. during the year 2019 management is positive concerning the future.

Based on the financial position as per 31-12-2019 the ultimate parent Tech Mahindra Limited provided a letter of support concerning Dynacommerce Holding B.V., Dynacommerce B.V. and Dynalean B.V. which states that Tech Mahindra Limited is willing and able to provide additional financial resources or financing to Dynacommerce Holding B.V, Dynacommerce B.V. and Dynalean B.V.. This assistence will continue in the near future which will at least be for 12 months from the date of singing of the financial statements.

In addition, Tech Mahindra Limited confirmed that they will not immediately claim the receivables against Dynacommerce Holding B.V., Dynacommerce B.V. and Dynalean B.V.

Subsequent events:

Since the beginning of 2020, the Coronavirus (covid-19) has been prevalent in the Netherlands. It is not yet clear what the (financial) consequences will be for the foundation, including the consequences of any aid measures, so that no change has been made to the continuity assumption.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

The tangible fixed assets are presented at the cost less the accumulated depreciation and, if applicable, the special depreciation. The depreciation are based on the estimated economic lifespan and are calculated on the basis of a fixed percentage of the purchase price, taking into account a residual value, if any. Depreciation is provided from the date an asset comes into use. No depreciation are applied on grounds/land.

Financial fixed assets

Where significant influence is exercised partipations in non-consolidated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by Dynacommerce Holding B.V.

When a participation has a value lower than nil, a provision is formed which is netted against the receivable from that group company or presented as a provision.

Receivables, prepayments and accrued income

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realized in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

Provisions

A provision is formed due to liabilities of which it is more likely than not that they will occur and the extent can be reasonably estimated.

Provision negative value subsidiaries

When a participation has a value lower than nil, a provision is formed which is netted against the receivable from that group company or presented as a provision.

Long-term liabilities

Recorded interest-bearing loans and liabilities are valued at face value.

Current liabilities, accruals and deferred income

Upon initial recognition, the liabilities recorded are stated at fair value and then valued at amortized cost.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

The profit that can be allocated to the work in progress is determined on the basis of the part of the agreed upon fee for the contracted work that can be allocated, minus the costs that can be allocated to that part of the work in progress.

Determination of the result

The result is determined as the difference between net turnover and the costs of the reporting period regarding the previous mentioned principles of valuation. Benefits and charges are allocated to the year to which they relate. Profits are included only in so far as they have been realised on the balance sheet date. Losses which originate before the end of the year under report are taken into account if they became known before the preparation of the annual accounts.

Result after income taxes of the group companies

The result is the amount by which the carrying amount of the participation has changed since the previous

financial statements as a result of the results achieved by the participation.

Tax

The corporate income tax is calculated at the applicable rate over the result of the financial year, taking into account any permanent differences between profit calculation in accordance with the financial statements and the fiscal result calculation.

In the financial statements of subsidiaries, a tax charge is calculated based on the commercial result. The taxes owed by subsidiaries are se led through the intercompany account with Dynacommerce Holding B.V.

DISCLOSURE ON BALANCE SHEET AS AT 31 DECEMBER 2019

1. Tangible fixed assets

	Leasehold mprovemen	Equipment	Furniture & fixtures	Total
	€	€	€	€
Bookvalue 1 January 2019	1.028.647	184.188	53.412	1.266.247
Investments	2.547	27.193	2.172	31.912
Depreciation	(113.139)	(49.634)	(12.956)	(175.729)
Bookvalue 31 December 2019	918.055	161.747	42.628	1.122.430
Depreciation percentages				%
Leasehold improvements				10
Equipment				20
Furniture & fixtures				20

2. Financial fixed assets

	31-12-2019	31-12-2018
	€	€
Participations in group companies		
Dynacommerce B.V. te Sittard (100%)	0	0
Dynalean B.V. te Sittard (100%)	0	0
Rapid Commerce B.V. te Sittard (100%)	0	0
Dynacommerce GmbH te München	0	76.218
Dynacommerce India Plt. te Bangalore	0	334.664
	0	**410.882**

	2019	2018
	€	€
Dynacommerce B.V.		
Balance as at 1 January	0	0
Results	(179.737)	(2.663.326)
Provision	179.737	2.663.326
Balance as at 31 December	**0**	**0**

The 100% participation in Dynacommerce B.V. has been valued at nil as the subsidiary has a negative equity value. To the extent the negative value cannot be netted against a intercompany receivable, a provision has been made for the negative value of the subsidiary.

Dynalean B.V.		
Balance as at 1 January	0	0
Results	(729.797)	(410.626)
Provision	729.797	410.626
Balance as at 31 December	**0**	**0**

The 100% participation in Dynalean B.V. has been valued at nil as the subsidiary has a negative equity value. A provision has been made for the negative value of the subsidiary. To the extent the negative value cannot be netted against a intercompany receivable, a provision has been made for the negative value of the subsidiary.

	31-12-2019	31-12-2018
	€	€
Rapid Commerce B.V.		
Balance as at 1 January	0	0
Results	(2.509)	(2.626)
Provision	2.509	2.626
Balance as at 31 December	**0**	**0**

During 2019 Rapid Commerce B.V. has been liquidated.

Dynacommerce GmbH		
Balance as at 1 January	76.218	40.485
Result merger	(86.743)	0
Results	10.525	35.733
Balance as at 31 December	**0**	**76.218**

During 2019 Dynacommerce GmbH has been merged with Tech Mahindra GmbH. The negative result of this merger concerns an amount of € 86.743.

	2019	2018
	€	€
Dynacommerce India Plt.		
Balance as at 1 January	334.664	124.730
Result merger	(374.766)	0
Results	40.102	209.934
Balance as at 31 December	**0**	**334.664**

During 2019 Dynacommerce Inda Plt. has been merged with Tech Mahindra India Plt. The negative result of this merger concerns an amount of € 374.766.

3. Receivables, prepayments and accrued income

	31-12-2019	31-12-2018
	€	€
Trade debtors		
Trade debtors	51	2.375
Receivable from group companies		
Dynacommerce B.V.	1.413.439	1.952.645
Tech Mahindra GmbH	8.530	0
	1.421.969	1.952.645

Over the receivables from group companies no interest has been charged. No payment obligatio has been set down. No security has been provided.

The face value of the receivable from Dynacommerce B.V. per December 31, 2019 is €7.713.620 (December 31, 2018 €8.073.089). This amount is decreased with the value of the provision for the negative value of Dynacommerce B.V. The net amount is presented as the receivable.

The face value of the receivable from Dynalean B.V. per December 31, 2019 is €425.197 (December 31, 2018 €440.076). This amount is set off against the negative value of the participation. The remaining negative value of the participation is presented as a provision.

Prepayments and accrued income		
Deposits	57.860	0
Other prepaid expenses	5.404	0
	63.264	**0**

	31-12-2019	31-12-2018
	€	€
4. Cash and Bank		
Rabobank	**16.164**	**0**
5. Shareholders' equity		
Issued share capital		
18 ordinary shares of € 1.000,00	**18.000**	**18.000**
Share premium		
Balance as at 1 January	1.585.222	1.585.222
Balance as at 31 December	**1.585.222**	**1.585.222**
Other reserves		
Balance as at 1 January	(9.923.262)	(949.018)
Net loss	(2.195.036)	(8.974.244)
Balance as at 31 December	(12.118.298)	(9.923.262)

The general meeting of shareholders has approved the annual report 2018. In line with the proposal of the board of directors, the results of 2018 have been added to the other reserves.

6. Provisions

	31-12-2019	31-12-2018
	€	€
Provision negative value subsidiaries		
Provision negative value subsidiaries	**938.092**	**197.733**
7. Long-term liabilities		
Subordinated loans		
Subordinated loan Bricklane	**0**	**6.000.000**
Subordinated loan Bricklane		
Balance as at 1 January	6.000.000	6.000.000
Repayments	(6.000.000)	0
Balance as at 31 December	**0**	**6.000.000**

The subordinated loan from Bricklane has been fully repaid in 2019. The loan is replaced by the loan from the group company Tech Mahindra Limited

	31-12-2019	31-12-2018
	€	€
Finance debts		
Loan from Tech Mahindra Limited	**11.908.544**	**0**

	Loan from Techmahindra Ltd
	€
Bookvalue 1 January 2019	0
Amounts received	11.908.544
Book value per December 31, 2019	**11.908.544**

The loan of Mahindra Engineering Services (Europe) Ltd- UK amounts to € 11.908.544 with an interest rate of LIBOR plus hundred basis points (1% p.a.), from May 8, 2019.

8. Current liabilities, accruals and deferred income

Banks

	31-12-2019	31-12-2018
	€	€
Rabobank	0	3.911.325
Current portion of long-term liabilities		
Loans	0	1.000.000
Trade creditors		
Trade creditors	8.385	204.276
Other taxes and social security		
VAT	572	66.132
Other liabilities		
Interest payable to group companies	19.902	0
Other payables	204.826	572.723
	224.728	572.723
Accruals and deferred income		
Invoices to be received	58.633	0

RIGHTS AND LIABILITIES NOT INCLUDED IN THE BALANCE SHEET

Contingent liabilities

Group tax treatment

Dynacommerce Holding B.V. is the head of the fiscal unity which consists of all Dutch entities of the group.

Multi -year financial obligations

Rent agreement

The company has rented an office space in a building located at the Stationsplein 5a, Sittard. The total rent amounts € 13.946,77 a month. The contract has a dura on of initially 10 years and will be ending on December 31, 2027.

Rights

Tax losses available for set-off

As at balance sheet date a loss for set-off remains of € 11.498.908. According to the ruling tax law, these losses can be set-off against possible future fiscal profits. Based on the loss set-off there is a deferred tax asset of € 2.184.793 (19% of € 11.498.908.). Since it is not certain that the tax losses can be applied for set-off against possible future fiscal profits, this deferred tax asset is not recognised on the balance sheet.

DISCLOSURE ON PROFIT AND LOSS ACCOUNT 2019

Employees

At the end of 2019 the company employed 0 full time equivalents (2018: 0).

	2019	2018
	€	€
9. Depreciation		
Tangible fixed assets	175.729	152.619
Booking result of the sold tangible fixed assets	0	5.282
	175.729	**157.901**
Depreciation tangible fixed assets		
Leasehold improvements	113.139	95.511
Equipment	49.634	47.374
Furniture & fixtures	12.956	9.734
Booking result of the sold tangible fixed assets	0	5.282
	175.729	**157.901**
Booking result		
Booking result on the sale of tangible fixed assets	**0**	**5.282**

10. Other operating expenses

Housing expenses	141.203	17.283
Office expenses	915	2.080
Selling expenses	5.147	1.298
Other operating expenses	154.268	146.831
	301.533	**167.492**
Housing expenses		
Hiring and rental charges	125.521	0
Energy expenses	0	591
Maintenance buildings	5.554	1.006
Guard expenses	9.368	9.279
Other housing expenses	760	6.407
	141.203	**17.283**

	2019	2018
	€	€
Office expenses		
Postage	236	0
Other office expenses	679	2.080
	915	**2.080**
Selling expenses		
Exhibitions	0	1.298
Travel expenses	5.147	0
	5.147	**1.298**
Other operating expenses		
Incidental losses	0	1.051
Professional Fees	105.563	20.000
Agreed upon procedures cost	13.000	0
Consulting fees	2.425	82.192
Insurances	32.638	14.420
Subsciptions	423	0
Management fee	0	28.800
Other operating expenses	219	368
	154.268	**146.831**

11. Financial income and expense

Interest expenses and similar charges	(394.850)	(644.134)
Interest expenses and similar charges		
Bank charges	10.927	13.616
Paid interest	306.343	625.653
Other financing costs	(70)	4.865
Interest intercompany loan	77.650	0
	394.850	**644.134**

12. Taxation on result of ordinary activities

Corporate income tax	**0**	**382.413**

13. Result after income taxes of the group companies

	2019	2018
	€	€
Results of group companies	(861.415)	(5.068.466)
Merger Dynacommerce GmbH	(86.743)	0
Merger Dynacommerce India Plt.	(374.766)	0
	(1.322.924)	**(5.068.466)**

Signature Board of directors

The financial statements are thus prepared by the board.

Sittard, 1st July,2020

On their behalf

S. Phadke

DYNACOMMERCE B.V.

Board of Directors
Mr. Sandeep Phadke on behalf of
Dynacommerce Holding B.V.

Registered office
Stationsplein 5 A 1, 6131AT Sittard

Bankers
Rabo Bank, Netherland

Auditors
Koenen En CO

ACCOUNTANT‘S COMPILATION REPORT

The financial statements of Dynacommerce B.V. have been compiled by us using the information on provided by you. The financial statements comprise the balance sheet as at 31 December 2019 and the profit and loss account for the year 2019 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation on engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, “Compilation on engagements”, which is applicable to accountants. The standard requires us to assist you in the preparation on 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 on 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 assumptions 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 Dynacommerce B.V.

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 objec ve manner and with due care and integrity and that we will treat all information provided to us as confidential.

We draw your attention on to the fact that we have not compiled the financial statements 2018. Therefore there can be a mismatch between the comparability of the comparative figures.

Furthermore we also draw your attention on to the item “subsequent events” in the notes to the financial statements, which set out the uncertainty regarding the (financial) consequences of the Corona virus.

FISCAL POSITION

Fiscal unity

There is a group tax treatment (fiscal unity) for Dynacommerce Holding B.V. and her Dutch subsidiaries for the corporate income tax.

The corporate income tax for the subsidiaries is calculated as if the subsidiaries are sole entities for the corporate income tax. Any dis- and advantages concerning the group tax treatment are taken into account with Dynacommerce B.V. The corporate income tax payable by the subsidiaries is registered into the current account with Dynacommerce B.V.

We trust to have been of service. We are available to provide further explanation should you have questions or comments.

Yours sincerely,

KOENEN EN CO
Accountants

BALANCE SHEET AS AT 31 DECEMBER 2019

(before appropriation of results)

		31 December 2019		31 December 2018	
		€	€	€	€
ASSETS					
CURRENT ASSETS					
Work in progress	(1)		145.121		530.947
Receivables, prepayments and accrued income	(2)				
Trade debtors		342.865		1.199.371	
Receivable from group companies		2.479.048		1.927.079	
Other taxes and social security		64.848		48.317	
Prepayments and accrued income		45.100		494.702	
			2.931.861		3.669.469
Cash and Bank	(3)		1.467.404		47.701
			4.544.386		4.248.117
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(4)				
Issued share capital		18.000		18.000	
Other reserves		(6.318.181)		(6.138.445)	
			(6.300.181)		(6.120.445)
LONG-TERM LIABILITIES	(5)				
Liabilities to group companies			500.000		0
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME					
Banks	(6)				
Work in progress		0		88.577	
Trade creditors		0		334.950	
Current account group companies		438.234		832.057	
Current account shareholders		7.713.620		8.082.089	
Other taxes and social security		0		131.421	
Other liabilities		104.905		147.430	
Accruals and deferred income		386.800		322.355	
		1.701.008		429.683	
			10.344.567		10.368.562
			4.544.386		**4.248.117**

DYNACOMMERCE B.V.

PROFIT AND LOSS ACCOUNT 2019

		2019		2018	
		€	€	€	€
Net turnover	(7)	9.275.137		10.180.519	
Cost of sales	(8)	3.530.141		5.064.625	
Gross operating result			5.744.996		5.115.894
Costs					
Wages, salaries and social security costs	(9)	4.441.642		5.134.757	
Other operating expenses	(10)	1.477.268		3.236.064	
			5.918.910		8.370.821
Operating results			(173.914)		(3.254.927)
Financial income and expense	(11)		(5.822)		(22.278)
Result before corpora on tax			(179.736)		(3.277.205)
Taxation on result of ordinary Activites	(12)		0		(858.955)
Net result			**(179.736)**		**(4.136.160)**

GENERAL NOTES TO THE FINANCIAL STATEMENTS

Activites

The Activites of Dynacommerce B.V. is fully focused on end to end omnichannel solutions.

Business address

Dynacommerce B.V. (registered under Chamber of Commerce number 60727853) having its legal seat at Stationsplein 5A 1 in Sittard.

Group Relationships

Dynacommerce B.V. is a 100% subsidiary of Dynacommerce Holding B.V., settled in Sittard, The Netherlands. The financial statements of Dynacommerce B.V. are included in the consolidated financial statements of Tech Mahindra Limited, se led in Maharashtra, India.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the general determination on of Chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination on of the result takes place under the historical cost

conven on. Unless mentioned otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

For comparability, financial statements and comparative figures may be classified differently than in the 2018 financial statements.

Financial position

Although the financial position of the entity is still delicate, it has been decided to maintain the Valuation bases for the me being on a going concern basis as the outlook for next years is positive. The entity has a negative equity as per balance sheet date. As a result of a new business structuring within Dynacommerce Holding B.V., Dynacommerce B.V. en Dynalean B.V. during the year 2019 management is positive concerning the future.

Based on the financial posi on as per 31-12- 2019 the ultimate parent Tech Mahindra Limited provided a letter of support concerning Dynacommerce Holding B.V., Dynacommerce B.V. and Dynalean B.V. which states that Tech Mahindra Limited is willing and able to provide addi onal financial resources or financing to Dynacommerce Holding B.V, Dynacommerce B.V. and Dynalean B.V.. This assistence will con nue in the near future which will at least be for 12 months from the date of singing of the financial statements.

In addition, Tech Mahindra Limited confirmed that they will not immediately claim the receivables against Dynacommerce Holding B.V., Dynacommerce B.V. and Dynalean B.V.

Subsequent events:

Since the beginning of 2020, the Coronavirus (covid-19) has been prevalent in the Netherlands. It is not yet clear what the (financial) consequences will be for the foundation, including the consequences of any aid measures, so that no change has been made to the continuity assumptions.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Work in progress

The work in progress related to IT contracts for third parties is valued at the realized contract costs increased by the a attributed profit and net of recognized losses and invoiced instalments. If the result from work in progress on an IT contract cannot be reliably es mated, no profit is attributed. The IT contract costs comprise the costs directly relating to the contract, the costs that are a ributable to contract Activites in general and can be attributed to the contract and other costs that are chargeable to the customer under the terms of the contract.

Income from IT contracts and IT contract costs on account of the work in progress on IT contracts are recognized in the profit and loss account as income and costs in proportion to the completed performance as at balance sheet date. The percentage of completion is determined based on the IT contract costs incurred up to the balance sheet date in proportion to the the completion of the distinguishable component of the IT contract.

Receivables, prepayments and accrued income

Upon initial recognition on the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Current liabilities, accruals and deferred income

Upon initial recognition, the liabilities recorded are stated at fair value and then valued at amortized cost.

PRINCIPLES FOR THE DETERMINATIONTION OF THE RESULT

General

Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

The profit that can be allocated to the work in progress is determined on the basis of the part of the agreed upon fee for the contracted work that can be allocated, minus the costs that can be allocated to that part of the work in progress.

Determination on of the result

The result is determined as the difference between net turnover and the costs of the reporting period regarding the previous mentioned principles of Valuation. Benefits and charges are allocated to the year to which they relate. Profits are included only in so far as they have been realised on the balance sheet date. Losses which originate before the end of the year under report are taken into account if they became known before the preparation of the annual accounts.

Net turnover

Net turnover means the revenues of the services provided in the year under report, after deduction of discounts and of the taxes charged over the turnover.

Revenues from services are recognized in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated

costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Cost of sales

The purchase value of the turnover comprises the direct (non) labour cost and other expenses related to the services delivered.

Tax

The corporate income tax is calculated at the applicable rate over the result of the financial year, taking into account any permanent differences between profit calculation in accordance with the financial statements and the fiscal result calculation.

The other companies forming part of the fiscal unity for corporate income tax are charged as if they were separately liable for tax.

DISCLOSURE ON BALANCE SHEET AS AT 31 DECEMBER 2019

		31-12-2019	31-12-2018
		€	€
1.	**Work in progress**		
	Work in progress	**145.121**	**530.947**
2.	**Receivables, prepayments and accrued income**		
	Trade debtors		
	Trade debtors	342.865	959.407
	Other accounts receivable	0	239.964
		342.865	**1.199.371**
	Receivable from group companies		
	Dynalean B.V.	1.877.079	1.927.079
	Unbilled revenue intercompany	601.969	0
		2.479.048	**1.927.079**
	Other taxes and social security		
	Pensions	**64.848**	**48.317**
	Prepayments and accrued income		
	Provision bonus	7.981	0
	Net wages	3.121	0
	Other prepaid expenses	33.998	494.702
		45.100	**494.702**
3.	**Cash and Bank**		
	Rabobank	1.467.404	0
	Cash in transit bank	0	47.701
		1.467.404	**47.701**

4. Shareholders‘ equity

	31-12-2019	31-12-2018
	€	€
Issued share capital		
18 ordinary shares of € 1.000,00	18.000	18.000
Other reserves		
Balance as at 1 January	(6.138.445)	(2.002.285)
Net loss	(179.736)	(4.136.160)
Balance as at 31 December	**(6.318.181)**	**(6.138.445)**

The general meeting of shareholders has approved the annual report 2018. In line with the proposal of the board of directors, the results of 2018 have been added to the other reserves.

5. Long-term liabilities

	31-12-2019	31-12-2018
	€	€
Liabilities to group companies		
Tech Mahindra Engineering Services (Europe) Ltd-UK	500.000	0

The loan of Mahindra Engineering Services (Europe) Ltd- UK amounts to € 500.000 with an interest rate of LIBOR plus hundred basis points (1% p.a.), from June 7, 2019.

6. Current liabilities, accruals and deferred income

	31-12-2019	31-12-2018
Banks		
Rabobank	**0**	**88.577**
Work in progress		
Work in progress	**0**	**334.950**
Trade creditors		
Trade creditors	**438.234**	**832.057**
Current account group companies		
Rapid Commerce B.V.	0	9.000
Dynacommerce Holding B.V.	7.713.620	8.073.089
	7.713.620	**8.082.089**

Over the current accounts no interest has been charged. No payment obligation has been set down. No security has been provided.

Other taxes and social security		
Wage tax	104.905	147.430
Other liabilities		
Interest payable to group companies	834	0
Other payables	385.966	322.355
	386.800	**322.355**
Accruals and deferred income		
Holiday obligation	112.231	171.360
Provision leave days payable	88.777	114.470
Other payable Tech Mahindra Limited	1.500.000	0
Net wages	0	3.892
Bonus provision	0	139.961
	1.701.008	429.683

The other payable Tech Mahindra Limited of €1.500.000,- concerns a short term payable that is refunded in the beginning of 2020.

RIGHTS AND LIABILITIES NOT INCLUDED IN THE BALANCE SHEET

Contingent liabilities

Group tax treatment

Dynacommerce B.V. is part of a fiscal unity. The head of this fiscal unity is Dynacommerce Holding B.V. The fiscal unity consists of all the Dutch entities of the group.

Multi -year financial obligations

Operational lease

The company has operational lease -contracts for cars at the end of 2019 with total monthly payments of about € 15.939. Duration of the contracts is variable.

Rights

Tax losses available for set-off

As at balance sheet date a loss for set-off remains. According to the ruling tax law, these losses can be set-off against possible future fiscal profits. Since it is not certain that the tax losses can be applied for set-off against possible future fiscal profits, this deferred tax asset is not recognised on the balance sheet.

DISCLOSURE ON PROFIT AND LOSS ACCOUNT 2019

	2019	2018
	€	€
7. Net turnover		
Net turnover	4.075.277	9.079.332
Net turnover intercompany	5.199.860	1.101.187
	9.275.137	**10.180.519**
8. Cost of sales		
Direct costs temporary labour	2.639.486	3.060.924
Direct labour fixed	715.053	1.655.981
Direct non-labour costs	6.651	0
Intercompany mark-up on recharged expenses	168.951	347.720
	3.530.141	**5.064.625**
9. Wages, salaries and social security costs		
Wages and salaries	2.847.830	3.779.828
Social security charges	554.520	573.500
Pension contribu ons	115.929	160.682
Other personnel costs	923.363	620.747
	4.441.642	**5.134.757**
Wages and salaries		
Wages and salaries	2.932.652	3.487.340
Mutation holiday pay and holiday obligations	(84.822)	292.488
	2.847.830	**3.779.828**
Social security charges		
Social security charges	**554.520**	**573.500**
Pension contributions		
Pension contributions	115.929	160.682

	2019	2018
	€	€
Other personnel costs		
Hired labour costs	227.225	0
Payrol service provider costs	32.333	39.860
Expense renumeration	312.102	312.843
Canteen costs	14.902	20.611
Training costs	47.189	21.178
Arbo costs	138	5.241
Wage subsidies	(14.742)	(128.264)
Other personell costs	282.848	205.710
Hired intercompany labour costs	21.368	143.568
	923.363	**620.747**

Employees

At the end of 2019 the company employed 52 members of staff (2018:74).

10. Other operating expenses

	2019	2018
	€	€
Housing expenses	131.725	1.668.991
Office expenses	438.077	246.661
Car expenses	94.261	92.923
Selling expenses	258.603	449.347
Other operating expenses	554.602	778.142
	1.477.268	**3.236.064**
Housing expenses		
Hiring and rental charges	41.840	211.959
Energy expenses	47.035	260.341
Maintenance buildings	39.350	1.139.835
Guard expenses	0	9.538
Other housing expenses	3.500	47.318
	131.725	**1.668.991**

	2019	2018
	€	€
Office expenses		
Printing	4.650	6.553
Hos	106.034	0
Automation on expenses	253.557	134.221
Telephone	57.565	87.383
Other office expenses	16.271	18.504
	438.077	**246.661**
Car expenses		
Fuel expenses	882	18.136
Lease costs	90.771	69.600
Other car expenses	2.608	5.187
	94.261	**92.923**
Selling expenses		
Advertising expenses	0	400
Representation	1.400	16.254
Exhibitions	8.241	22.977
Travel expenses	248.962	409.477
Transportation expenses	0	239
	258.603	**449.347**
Other operating expenses		
Professional Fees	11.738	250
Consulting fees	75.375	135.536
Legal advice	124.259	2.914
Insurances	18.531	0
Small purchases	7.029	9.927
Subsciptions	6.664	10.670
Other operating expenses	13.492	3.240
Non-labour cost intercompany	297.514	615.605
	554.602	**778.142**

11. Financial income and expense

	2019	2018
	€	€
Interest expenses and similar charges	(5.822)	(22.278)
Interest expenses and similar charges		
Bank charges	2.442	874
Paid interest	555	21.404
Exchange difference purchases	(24)	0
Interest intercompany loan	2.849	0
	5.822	**22.278**

12. Taxation on result of ordinary Activites

Corporate income tax	**0**	**858.955**

Adoption of annual accounts

Signature Board of Directors

The financial statements are thus prepared and adopted by the board or general meeting.

Sittard, 1st July, 2020

Dynacommerce Holding B.V.

on their behalf

Sandeep Phadke

DYNALEAN B.V.

Board of Directors
Mr. Sandeep Phadke on behalf of
Dynacommerce Holding BV

Registered office
Mercator 2, 6135KW Sittard

Bankers
Rabo Bank, Netherland

Auditors
Koenen En CO

ACCOUNTANT'S COMPILATION REPORT

The financial statements of Dynalean B.V. have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2019 and the profit and loss account for the year 2019 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 regula ons, 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 Dynalean B.V.

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 confiden al.

We draw your attention to the fact that we have not compiled the financial statements 2018. Therefore there can be a mismatch between the comparability of the compara ve figures.

Furthermore we also draw your a en on to the item "subsequent events" in the notes to the financial statements, which set out the uncertainty regarding the (financial) consequences of the Corona virus.

FISCAL POSITION

Fiscal unity

There is a group tax treatment (fiscal unity) for Dynacommerce Holding B.V. and her Dutch subsidiaries for the corporate income tax. Dynalean B.V. is one of these Dutch entities.

The corporate income tax for the subsidiaries is calculated as if the subsidiaries are sole entities for the corporate income tax. Any dis- and advantages concerning the group tax treatment are taken into account with Dynalean

B.V. The corporate income tax payable by the subsidiaries is registered into the current account with Dynalean B.V.

We trust to have been of service. We are available to provide further explana on should you have ques ons or comments.

Yours sincerely,

KOENEN EN CO

Accountants

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2019

(before appropriation of results)

		31 December 2019		31 December 2018	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Intangible fixed assets	(1)				
Omnius product development		1.201.370			2.174.766
CURRENT ASSETS					
Receivables, prepayments and accrued income	(2)				
Receivable from group companies		0		10.000	
Prepayments and accrued income		74		970	
			74		10.970
Cash and Bank	(3)		3.839		58.427
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(4)				
Issued share capital		18.000		18.000	
Share premium		1.000.000		1.000.000	
Other reserves		(2.381.289)		(1.651.492)	
			(1.363.289)		(633.492)
PROVISIONS	(5)				
Deferred tax liabilities			266.296		509.644
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME	(6)				
Trade creditors		0		856	
Current account group companies		2.302.276		2.367.155	
			2.302.276		2.368.011
			1.205.283		**2.244.163**

PROFIT AND LOSS ACCOUNT 2019

		2019		2018	
		€	€	€	€
Costs					
Depreciation	(7)	973.396		754.049	
Other operating expenses	(8)	(662)		(17.443)	
			972.734		736.606
Operating results			**(972.734)**		**(736.606)**
Financial income and expense	(9)		(411)		(385)
Result before corpora on tax			**(973.145)**		**(736.991)**
Taxation on result of ordinary activities	(10)		243.348		(432.113)
Net result			**(729.797)**		**(1.169.104)**

GENERAL NOTES TO THE FINANCIAL STATEMENTS

Activities

The activities of Dynalean B.V. is fully focused on end to end omnichannel solutions.

Business address

Dynalean B.V. (registered under Chamber of Commerce number 14076616) having its legal seat at Mercator 2 in Sittard.

Group relationships

Dynalean B.V. is a 100% subsidiary of Dynacommerce Holding B.V., settled in Sittard, The Netherlands. The financial statements of Dynalean B.V. are included in the consolidated financial statements of Tech Mahindra Limited, settled in Maharashtra, India.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the general determination of Chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost

convention. Unless mentioned otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

For comparability, financial statements and comparative figures may be classified differently than in the 2018 financial statements.

Financial position

Although the financial position of the entity is still delicate, it has been decided to maintain the valuation bases for the time being on a going concern basis as the outlook for next years is positive. The entity has a negative equity as per balance sheet date. As a result of a new business structuring within Dynacommerce Holding B.V., Dynacommerce B.V. en Dynalean B.V. during the year 2019 management is positive concerning the future.

Based on the financial position as per 31-12-2019 the ultimate parent Tech Mahindra Limited provided a letter of support concerning Dynacommerce Holding B.V., Dynacommerce B.V. and Dynalean B.V. which states that Tech Mahindra Limited is willing and able to provide additional financial resources or financing to Dynacommerce Holding B.V, Dynacommerce B.V. and Dynalean B.V.. This assistence will continue in the near future which will at least be for 12 months from the date of singing of the financial statements.

In addition, Tech Mahindra Limited confirmed that they will not immediately claim the receivables against Dynacommerce Holding B.V., Dynacommerce B.V. and Dynalean B.V.

Subsequent events:

Since the beginning of 2020, the Coronavirus (covid-19) has been prevalent in the Netherlands. It is not yet clear what the (financial) consequences will be for the foundation, including the consequences of any aid measures, so that no change has been made to the continuity assumption.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortization and, if applicable, less impairments. Amortization is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortization method are reassessed at the end of each financial year. Depreciation on in 3 years based on the portfolio of customers taken over.

Internal development costs for technology and software are recognized as an intangible asset if, and only if, all of the following have been demonstrated:

- The technical feasibility to complete the project;
- The intention to complete the intangible asset, and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development; and
- The cost of developing the asset can be measured reliably.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. All expenditures on research activities and development activities for which the recognition criteria listed above are not met are expensed in the income statement as incurred.

Receivables, prepayments and accrued income

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad

debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Provisions

Deferred tax liabilities

The defered tax liability results out of the temporary differences between the fiscal and commercial value of assets and liabilities (in this case the intangible fixed assets). The provision is calculated against a taxrate of 20,5-25%.

The provisions have a predominantly long-term character.

Current liabilities, accruals and deferred income

Upon initial recognition, the liabilities recorded are stated at fair value and then valued at amortized cost.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

The profit that can be allocated to the work in progress is determined on the basis of the part of the agreed upon fee for the contracted work that can be allocated, minus the costs that can be allocated to that part of the work in progress.

Determination of the result

The result is determined as the difference between net turnover and the costs of the reporting period regarding the previous mentioned principles of valuation. Benefits and charges are allocated to the year to which they relate. Profits are included only in so far as they have been realised on the balance sheet date. Losses which originate before the end of the year under report are taken into account if they became known before the preparation of the annual accounts.

Tax

The corporate income tax is calculated at the applicable rate over the result of the financial year, taking into account any permanent differences between profit calculation in accordance with the financial statements and the fiscal result calculation.

1. Intangible fixed assets

	Omnius product development
	€
Bookvalue 1 January 2019	
Purchase price	2.903.835
Accumalated depreciation	(763.582)
	2.140.253
The movement in the bookvalue are as follows:	
Purchased	34.513
Depreciation	(973.396)
	(938.883)
Bookvalue 31 December 2019	
Purchase price	2.938.348
Accumalated depreciation	(1.736.978)
	1.201.370
Depreciation percentages	%
Omnius product development	33

2. Receivables, prepayments and accrued income

	31-12-2019	31-12-2018
	€	€
Receivable from group companies		
Rapid Commerce B.V.	0	10.000
Prepayments and accrued income		
Prepayments	**74**	**970**

	31-12-2019	31-12-2018
	€	€
3. Cash and Bank		
Rabobank	**3.839**	**58.427**
4. Shareholders' equity		
Issued share capital		
18 ordinary shares of € 1.000,00	**18.000**	**18.000**
Share premium		
Balance as at 1 January	1.000.000	1.000.000
Balance as at 31 December	**1.000.000**	**1.000.000**
Other reserves		
Balance as at 1 January	(1.651.492)	(482.388)
Net loss	(729.797)	(1.169.104)
Balance as at 31 December	**(2.381.289)**	**(1.651.492)**

The general meeting of shareholders has approved the annual report 2018. In line with the proposal of the board of directors, the results of 2018 have been added to the other reserves.

5. Provisions

Deferred tax liabilities

	31-12-2019	31-12-2018
	€	€
Deferred tax liabilities	**266.296**	**509.644**

The deferred tax position results out of the temporary differences between the fiscal and commercial value of assets and liabilities. The provision is calculated against a tax rate of 20,5-25%. This deferred tax liability will be depreciated by the end of 2021.

6. Current liabilities, accruals and deferred income

	31-12-2019	31-12-2018
	€	€
Trade creditors		
Trade creditors	0	856
Current account group companies		
Dynacommerce B.V.	1.877.079	1.927.079
Dynacommerce Holding B.V.	425.197	440.076
	2.302.276	**2.367.155**

Over the current accounts no interest has been charged. No payment obligation has been set down. No security has been provided.

RIGHTS AND LIABILITIES NOT INCLUDED IN THE BALANCE SHEET

Contingent liabilities

Group tax treatment

Dynalean B.V. is part of a fiscal unity. Dynacommerce Holding B.V. is the head of this fiscal unity. The fiscal unity consists of the Dutch entities of the group.

Rights

Tax losses available for set-off

As at balance sheet date a loss for set-off remains. According to the ruling tax law, these losses can be set-off against possible future fiscal profits. Since it is not certain that the tax losses can be applied for set-off against possible future fiscal profits, this deferred tax asset is not recognised on the balance sheet.

DISCLOSURE ON PROFIT AND LOSS ACCOUNT 2019

Employees

At the end of 2019 the company employed 0 full me equivalents (2018: 0).

7. Depreciation

	2019	2018
	€	€
Depreciation intangible fixed assets		
Omnius product development	**973.396**	**754.049**

8. Other operating expenses

	2019	2018
Housing expenses	(662)	993
Office expenses	0	(1.722)
Other operating expenses	0	(16.714)
	(662)	**(17.443)**
Housing expenses		
Energy expenses	(734)	734
Maintenance buildings	72	259
	(662)	**993**
Office expenses		
Contributions and subscriptions	0	(1.722)
Other operating expenses		
Incidental losses	0	(16.715)
Other operating expenses	0	1
	0	(16.714)

9. Financial income and expense

	2019	2018
Interest expenses and similar charges	(411)	(385)
Interest expenses and similar charges		
Bank charges	411	373
Paid interest	0	12
	411	**385**

10. Taxation on result of ordinary activities

	2019	2018
Corporate income tax	0	432.113
Deferred income taxes	(243.348)	0
	(243.348)	**432.113**

Signature Board of directors

Adop on of annual accounts

The financial statements are thus prepared and adopted by the board or the general mee ng.

Sittard, 1st July,2020

Dynacommerce Holding B.V.
On their behalf

S. Phadke

TECH MAHINDRA FINTECH HOLDINGS LIMITED

Unaudited Annual Report and Financial Statements
Registered Number 10203355
For the year ended 31 March 2020

Board of Directors
Mr. Vivek Satish Agarwal
Mr. Patrick Michael Byrne
Mr. Ian David Larkin - Resigned on 31st December 2019
Mr. Vikram Narayanan Nair

Registered Office
401, Grafton Gate,
Milton Keynes,
MK9 1AQ

Bankers
HSBC Bank

Auditor
KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff, CF 10 4AX
United Kingdom

Due to the Covid Pandemic and the lock down in the UK, the audit could not be completed within the timeline to meet the requirements of the Indian Companies Act, 2013. Section 442 of the U K Companies Act, 2006 provides a time limit of 9 months from the end of the financial year to file audited financial statements and the audit will be completed and the financial statements filed within this timeline.

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

Particulars	Note	Year ended 31-Mar-20	Year ended 31-Mar-19
		£'000	£'000
Other Income		14,797	-
Administrative Expenses		(135,251)	(100)
Operating Profit /(Loss)		**(120,454)**	**(100)**
Interest receivable and similar Income	5	-	1
Interest payable and similar expense	6	(220)	(51)
Profit /(Loss) before Tax		**(120,674)**	**(150)**
Tax on Loss	7	-	37
Profit /(Loss) after tax for the period		**(120,674)**	**(113)**

The notes on pages 1342 to 1349 form part of these financial statements.

There was no other comprehensive income for the period, other than the loss for the period.

BALANCE SHEET

	Note	As at 31-Mar-2020 £000	As at 31-Mar-2019 £000
INVESTMENTS	**8**	104,886	105,213
CURRENT ASSETS			
Debtors	**9**	311	394
Cash at bank and in hand		15	86
		326	**480**
CREDITORS: amounts falling due within one year	**10**	**(124,596)**	**(4,403)**
NET CURRENT LIABILITIES		(124,270)	(3,923)
TOTAL ASSETS LESS NET CURRENT LIABILITIRS		**(19,384)**	**101,290**
CREDITORS: amounts falling due after one year	**11**	-	-
NET ASSETS		**(19,384)**	**101,290**
CAPITAL AND RESERVES			
Called up share capital	**13**	10	10
Share premium Account		102,632	102,632
Profit and Loss Account		(122,026)	(1,352)
SHAREHOLDERS FUNDS		**(19,384)**	**101,290**

These financial statements were approved by the board of directors on 3 July 2020 and were signed on its behalf by:

Director Director

Company registration number: 10203355

Date 3 July 2020

TECH MAHINDRA FINTECH HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Particulars	**Called Up Share Capital** £000	**Share Premium Account** £000	**Profit and Loss Account** £000	**Total Equity** £000
Balance as at 1st April 2018	10	102,632	(1,239)	101,403
Total Comprehensive Income for the period				
Loss for the period	-	-	(113)	(113)
Total Comprehensive loss for the period	**-**	**-**	**(113)**	**(113)**
Balance as at 31st March 2019	**10**	**102,632**	**(1,352)**	**101,290**
Balance as at 1st April 2019	10	102,632	(1,352)	101,290
Total Comprehensive Income for the period				
Profit /(Loss) for the period	-	-	(120,674)	(120,674)
Total Comprehensive profit /(loss) for the period	-	-	(122,026)	(19,384)
Balance as at 31st March 2020	**10**	**102,632**	**(122,026)**	**(19,384)**

Due to the Covid Pandemic and the lock down in the UK, the audit could not be completed within the timeline to meet the requirements of the Indian Companies Act, 2013. Section 442 of the U K Companies Act, 2006 provides time limit of 9 months from the end of the financial year for completion of audit & the audit would be completed within this timeline.

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 year 2016-17. The company does not carry on any activities other than holding an investment in Target Group.

During the year the management intended to simplify the holding structure and on this line Target Topco has been liquidated and the investment currently reflected in books of accounts is in the shares of Target group Limited.

The directors have prepared these financial statements on the going concern basis despite having net current liabilities, as the parent company has indicated that they will provide necessary funding to support the company to meet its obligations as they fall due for at least twelve months from the approval of these financial statements.

1.3 Foreign Currency

Transactions in foreign currencies are translated to the companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non- monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized 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:

- 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 unfavorable to the company; and

- 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 and other 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 expenses 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 2020 £000	Year ended 31 March 2019 £000
Audit of these financial statements	**14**	11
Amounts receivable by the company's auditor and its associates in respect of:		
Audit -related services	**-**	-
	14	11

3 **Staff numbers and costs**

1During the reporting period, the company had no employees (2019 :Nil)

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 2020 £000	Year ended 31 March 2019 £000
Interest on intercompany loans	**-**	-
Other interest	**-**	1
Total interest receivable and similar income	**-**	1

6 Interest payable and similar expenses

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Interest on loans	**220**	51
Other interest	**-**	-
Total interest payable and similar expenses	**220**	**51**

7 Taxation

Total tax credit recognised in the profit and loss account

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Current tax		
Current tax on income for the period	**-**	-
Group tax relief claimed	**-**	(37)
Total Tax	**-**	**(37)**

Reconciliation of effective tax rate

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Profit / (loss)for the year	**(120,674)**	(113)
Total tax credit	**-**	37
Profit /(Loss)Loss before tax	**(120,674)**	(150)
Tax using the UK corporation tax rate of 19% (2019:19%)	**-**	(29)
Movement in deferred tax not recognised	**-**	29
Group tax relief claimed	**-**	37
Total tax credit included in profit or loss	**-**	37

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

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Cost		
At 1 April	105,213	108,113
Addition	(327)	(2,900)
Adjustment to acquisition cost	(327)	(2,900)
At 31 March	**104,886**	**105,213**
Net Book Value		
At 1 April	105,213	108,113
At 31 March	**104,886**	**105,213**

The fixed asset investment relates to 100% of the share capital of Target Group 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. The value of contingent consideration was revalued at the end of the year, which saw a decrease by £ 130K, which is reflected by way of increase in the value of investments. See note 16 for further details.

The company's wholly owned subsidiaries as at 31 March 2020 were as below

Subsidiary underdaking	Registered Office	Class of Shared held	% Held
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%
Target TG Investments Limited	Target House, Cowbridge Road East, Cardiff, S Glamorgan, CF11 9AU	Ordinary	100%

During the year, the company undertook a group restructure process, with the intent of simplifying group holding structure.

Under the scheme, the ownership of Target TG Investments Limited and Target Group Limited was acquired by Tech Mahindra Fintech Holdings Limited from Target Topco Limited and Target TG Limited respectively for a value of £120,010k each. Simultaneously dividend of £120,010k was declared by Target Topco Limited in Sep, which was adjusted towards investment in target Topco Limited to the tune of £ 120,010k. The amount payable towards acquisition of Target TG was set off against dividend receivable.

In Jan 2020 Target Topco was dissolved.

At the end of March 2020, the value of investment in Target TG Investment amounting to £120,010k was charged off as per UK local accounting standards – FRS 102.

The investment in balance sheet of the company at the end of the year, March 2020, amounting to £120,010k was towards investment in Target Group Limited, which was tested for impairment and impairment provision of £15,124k has been considered.

9 Debtors

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Amounts owed by group undertakings	52	52
Prepayments	258	342
	310	**394**

Debtors are all due within one year.

10 Creditors: amounts falling due within one year

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Other creditors	19	11
Obligations under Share Purchase agreement	1,470	1600
Amounts owed to group companies (See Note 12)	123,107	2,792
	124,596	**4,403**

The obligation under the share purchase agreement relates to the acquisition of Target Topco Limited in the prior period and is the second and final contingent consideration payable in respect of the acquisition, which is due before end of March 2020.

11 Creditors: amounts falling due after more than one year

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Obligations under Share Purchase agreement	-	-
	-	**-**

See Note 16 for further information.

12 Interest bearing loans and borrowings

Unsecured loans falling due within one year

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Loan payable to immediate related company :		
Principal	122,887	2,792
Interest	220	-
	123,107	**2,792**

Terms and debt repayment schedule

	Currency	Nominal interest rate	Date of maturity	Repayment schedule	Amount (principal) £000
Sister related party	EUR	0.69%	22 Dec 2020	Bullet	2,877
Sister related party	EUR	3.00%	12 Mar 2021	Bullet	120,010

13 **Share capital**

	Number of shares	
	31-Mar-20	31-Mar-19
Balance at 1 April	1,000,001	1,000,001
Issued during the year	Nil	Nil
Balance as at 31 March	1,000,001	1,000,001

Types of Shares	**No of shares**	**Face Value**
		£
Ordinary shares of £0.010 each	875,001	8,750
A1 shares of £0.0001 each	62,500	6
A2 voting shares of £0.0200 each	62,500	1,250
	1,000,001	**10,006**

A1 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 2020, £123,107k (Principal £122,887k & Interest £220k) (2019: £2,855k (Principal £2,855k & Interest £Nil)) was due in relation to an intercompany loan and £52k (2019: £52K) is receivable in relation to group tax relief from the immediate parent company, Tech Mahindra Limited.

Interest expenses of £ Nil (2019: £16k) accrued on the intercompany loan with Tech Mahindra Limited and Interest expenses of £23k (2019: £35k) accrued on the intercompany loan with Tech Mahindra GmbH.

Interest expenses of £197k (2019: £0) accrued on the intercompany loan with Target Topco Limited.

Below is the summary:

Details of related party transactions during the year ended March 31, 2019 and balances outstanding as at March 31, 2020:

£'000

Particulars	Holding Company	Shareholder having significant influence	Target Topco	Target TG	Tech Mahindra GmbH	Total
Dividend received	-	-	120,010			120,010
Interest payable				(197)	(23)	(220)
Loan from Target TG	-	-	-	(120,010)		(120,010)
Intercompany loan	-	-	-		(2,877)	(2,877)
Receivable balance on account of reimbursement of expenses	52	-	-			52

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, an element of contingent consideration payable based on future results of the Target Business was included. The first contingent consideration was paid in 2017, 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 5.66% (2019: 5.66%), which the directors believe to be appropriate.

Based on the share purchase agreement, the second and final consideration is expected to be paid based on the results / achievements of the Target Business. The directors expect this to be paid out in next 12 months.

The valuation of investment estimated annually based on the available updated information. 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

Unaudited consolidated financial statements

for the year ended 31 March 2020

Registered number 01208137

Board of Directors
Mr. Vivek Satish Agarwal
Mr. Patrick Michael Byrne
Mr. Terence Alexander Baxter
Mr. Iestyn David Evans
Mr. Andrew Spencer Doman
Ms. Aileen WALLACE – from 22 October 2019
Mr. Ian David Larkin – up to 31 December 2019

Registered Office
Target House, 5-19
Cowbridge Road East,
Castlebridge, Cardiff,
CF11 9AU

Bankers
HSBC Bank

Auditors
KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff, CF 10 4AX
United Kingdom

Due to the Covid Pandemic and the lock down in the UK, the audit could not be completed within the timeline to meet the requirements of the Indian Companies Act, 2013. Section 442 of the U K Companies Act, 2006 provides a time limit of 9 months from the end of the financial year to file audited financial statements and the audit will be completed and the financial statements filed within this timeline.

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2020

	Note	**Unaudited Year ended 31 March 2020**	**Year ended 31 March 2019**
		£'000	£'000
Turnover	3	**69,490**	**75,456**
Cost of sales		(52,473)	(47,689)
Gross profit		**17,017**	**27,767**
Administrative expenses		(27,009)	(22,338)
Operating profit / (loss)		**(9,992)**	**5,429**
Interest payable and similar expenses	4	(166)	(183)
Interest receivable and similar income	4	4	8
Profit / (loss) before taxation	6	**(10,154)**	**5,254**
Tax on profit	9	1,844	(1,635)
Profit / (loss) after taxation		**(8,310)**	**3,619**
Other comprehensive income		-	-
Total comprehensive income		**(8,310)**	**3,619**

All results relate to continued operations.

CONSOLIDATED BALANCE SHEET

at 31 March 2020

	Note	Unaudited 31 March 2020		31 March 2019	
		£000	£000	£000	£000
Fixed assets					
Goodwill	10		224		373
Other intangibles	10		2,423		3,035
Tangible assets	11		6,020		5,674
			8,667		**9,082**
Current assets					
Debtors	13	28,720		25,221	
Cash at bank and in hand		1,362		11,175	
		30,082		**36,396**	
Creditors: amounts falling due within one year	14	**(15,014)**		**(12,378)**	
Net current assets			**15,068**		**24,018**
Total assets less current liabilities			**23,735**		**33,100**
Creditors: amounts falling due after more than one year	15		(3,670)		(4,117)
Provisions for other liabilities	17		(4,845)		-
Net assets			**15,220**		**28,983**
Capital and reserves					
Called up share capital	18		810		810
Share premium account			501		501
Capital redemption reserve			68		68
Profit and loss account			**13,841**		**27,604**
Shareholders' funds			**15,220**		**28,983**

Due to the Covid Pandemic and the lock down in the UK, the audit could not be completed within the timeline to meet the requirements of the Indian Companies Act, 2013. Section 442 of the U K Companies Act, 2006 provides a time limit of 9 months from the end of the financial year to file audited financial statements and the audit will be completed and the financial statements filed within this timeline.

These financial statements were approved by the board of directors on 3 July 2020 and were signed on its behalf by:

Director

Date 3 July 2020

TARGET GROUP LIMITED

COMPANY BALANCE SHEET

at 31 March 2020

	Note	Unaudited 31 March 2020 £000		31 March 2019 £000	
Fixed assets					
Intangible assets	10		**2,286**		2,831
Tangible assets	11		**5,165**		4,489
Investment in subsidiary undertakings	12		**11,036**		14,887
			18,487		**22,207**
Current and non-current assets					
Debtors	13	8,021		11,493	
Cash at bank and in hand		842		10,648	
		8,863		22,141	
Creditors: amounts falling due within one year	14	(24,590)		(28,100)	
Net current (liabilities)			**(15,727)**		**(5,959)**
Total assets less current liabilities			**2,760**		**16,248**
Creditors: amounts falling due after more than one year	15		**(1,592)**		(1,125)
Net assets			**1,168**		**15,123**
Capital and reserves					
Called up share capital	19		**810**		810
Share premium account			**501**		501
Capital redemption reserve fund			**68**		68
Profit and loss account			**(211)**		13,744
Shareholders' funds			**1,168**		**15,123**

The (loss) / profit for the financial year dealt with in the financial statements of the parent company was a loss of (£8.5m) (2019: £145k profit).

Due to the Covid Pandemic and the lock down in the UK, the audit could not be completed within the timeline to meet the requirements of the Indian Companies Act, 2013. Section 442 of the U K Companies Act, 2006 provides a time limit of 9 months from the end of the financial year to file audited financial statements and the audit will be completed and the financial statements filed within this timeline.

These financial statements were approved by the board of directors on 3 July 2020 and were signed on its behalf by:

Director

Date 3 July 2020

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 April 2018	810	501	68	23,985	25,364
Total comprehensive income for the year					
Profit for the year	-	-	-	3,619	3,619
Balance at 31 March 2019	**810**	**501**	**68**	**27,604**	**28,983**
Total comprehensive income for the year					
Intercompany write off relating to group simplification exercise				(5,453)	(5,453)
Loss for the year	-	-	-	(8,310)	(8,310)
Unaudited balance at 31 March 2020	**810**	**501**	**68**	**13,841**	**15,220**

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 April 2018	810	501	68	13,599	14,978
Total comprehensive income for the year					
Profit for the year	-	-	-	145	145
Balance at 31 March 2019	**810**	**501**	**68**	**13,744**	**15,123**
Total comprehensive income for the year					
Intercompany write off relating to group simplification exercise				(5,453)	(5,453)
Profit for the year	-	-	-	(8,502)	(8,502)
Unaudited balance at 31 March 2019	**810**	**501**	**68**	**(211)**	**1,168**

Notes to the financial statements For the year ending 31 March 2020

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.

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 group and 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 2020, and previously to 31 March 2019. 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.

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. A 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 four ways: as software licence and related service sales, under facilities management contracts, under business transformation 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.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. A provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

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 £68,378K (2019: £73,913k) and rest of the world £1,112k (2019: £1,543k).

The table below sets out information for each of the group's industry segments:

	Software		Services		Total	
	Unaudited **2020**	2019	Unaudited **2020**	2019	Unaudited **2020**	2019
	£000	£000	**£000**	£000	**£000**	£000
Turnover	**18,100**	22,937	**51,390**	52,519	**69,490**	75,456

4 Finance costs (net)

Interest payable and similar expenses

	Unaudited **Year Ended 31 March 2020**	Year ended 31 March 2019
	£000	£000
Bank interest and charges	**5**	15
Hire purchase and finance interest	**106**	139
Other finance costs	**55**	29
	166	**18 3**

Interest receivable and similar income

	Unaudited **Year ended 31 March 2020**	Year ended 31 March 2019
	£000	**£000**
Other interest receivable and similar income	**4**	8
	4	8

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	
	Unaudited **Year ended 31 March 2020**	Year ended 31 March 2019
Technical and operational	**939**	870
Sales, marketing, management and administration	**279**	131
	1,218	1,001

The aggregate payroll costs of these persons were as follows:

	Unaudited Year ended 31 March 2020	**Year ended 31 March 2019**
	£000	£000
Wages and salaries	**32,498**	30,464
Social security costs	**3,035**	3,012
Pension costs	**1,772**	1,625
	37,305	35,101

6 Profit before taxation

	Unaudited Year ended 31 March 2020	**Year ended 31 March 2019**
	£000	£000
Profit before taxation is stated after charging/(crediting):		
Amortisation of goodwill (note 10)	**155**	158
Amortisation of other intangible assets (note 10)	**1,685**	2,693
Depreciation (note 11)		
Owned	**1,839**	1,511
Leased	**652**	1,010
Rentals under operating leases - property	**1,116**	1,085
Foreign exchange loss / (gain)	**55**	21
Profit on disposal of owned loan portfolio	**-**	-
Auditor's remuneration:		
Audit of these financial statements	**37**	37
Audit of financial statements of other group companies pursuant to legislation	**37**	37
Other assurance services	**19**	19

Auditor's remuneration in respect of the company was £37k (2019: £37k). 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.

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	Unaudited **2020**	2019
	£000	£000
Administrative expenses	**1,840**	2,851

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:

	Unaudited **Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000
Directors' emoluments	**926**	850
Company contributions to money purchase pension scheme	**50**	40
	976	890

The number of directors who:

Are members of a money purchase pension scheme	**4**	3
Had awards receivable in the form of shares under a long-term incentive scheme	**3**	3

The aggregate of emoluments of the highest paid director were £252k (2019: £281k) and company pension contributions of £11k (2019: £16k) were made to a money purchase pension plan on his behalf.

9 Taxation

The tax charge for the period comprises:

	Unaudited Year ended 31 March 2020	**Year ended 31 March 2019**
	£000	**£000**
Current tax		
UK Corporation tax on profit for the year	**-**	997
Adjustments in respect of prior periods	**(274)**	(26)
Total current tax charge / (credit)	**(274)**	**971**
Deferred tax:		
Origination and reversal of timing differences	**(1,186)**	55
Adjustments in respect of prior periods	**(384)**	609
Total deferred tax charge / (credit)	**(1,570)**	**664**
Total tax charge / (credit) on profit	**(1,844)**	1,635

The tax (credit)/charge is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%) as explained below:

	Unaudited Year ended 31 March 2020	**Year ended 31 March 2019**
	£000	£000
(Loss)/Profit for the year	**(8,310)**	3,619
Total tax (credit)/charge	**(1,844)**	1,635
(Loss)/Profit excluding taxation	**(10,154)**	5,254
Tax at 19% (2019:19%)	**(1,929)**	998
Effects of:		
Expenses not deductible for tax purposes	**78**	46
Group relief claimed	**-**	-
Tax losses utilised in the year	**-**	8
Adjustments in respect of prior periods	**7**	583
Total charge for the year as above	**(1,844)**	1,635

A reduction in the rate from 19% to 17% is enacted and effective from 1 April 2020, this will reduce the company's (Groups) future tax charge accordingly.

10 Intangible Fixed Assets

Group	Development costs	Brand	Customer contracts	Goodwill	Total
	£000	**£000**	**£000**	**£000**	£000
Cost					
At 1 April 2019	6,783	145	213	5,917	**13,058**
Additions	1,073	-	-	4	**1,077**
Disposals	-	-	-	(5,141)	**(5,141)**
At 31 March 2020	**7,856**	**145**	**213**	**780**	**8,994**
Amortisation					
At 1 April 2019	3,921	75	110	5,544	**9,650**
Charge for the year	1,613	29	43	155	**1,840**
Disposals	-	-	-	(5,143)	**(5,143)**
At 31 March 2020	**5,534**	**104**	**153**	**556**	**6,347**
Net book value					
At 31 March 2020	**2,322**	**41**	**60**	**224**	**2,647**
At 31 March 2019	**2,862**	**70**	**103**	**373**	**3,408**

Company	Development costs	Goodwill	Total
	£000	**£000**	£000
Cost			
At 1 April 2019	6,581	-	**6,581**
Additions	1,033	4	**1,037**
Disposals	-	-	**-**
At 31 March 2020	**7,614**	**4**	**7,618**
Amortisation			
At 1 April 2019	3,750	-	**3,750**
Charge for the year	1,582	-	**1,582**
Disposals	-	-	**-**
At 31 March 2020	**5,332**	**-**	**5,332**
Net book value			
Unaudited At 31 March 2020	**2,282**	**4**	**2,286**
At 31 March 2019	**2,831**	**-**	**2,831**

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's trade and assets is being amortised evenly over the directors' estimate of its useful economic life of 5 years.

11 Tangible fixed assets

Group	**Short leasehold property**	**Computer equipment**	**Fixtures and fittings**	**Total**
	£000	**£000**	**£000**	**£000**
Cost				
At 1 April 2019	315	21,896	2,328	24,539
Additions	10	2,134	244	2,388
Disposals	(75)	(2,900)	(715)	(3,690)
At 31 March 2020	**250**	**21,130**	**1,857**	**23,237**
Depreciation				
At 1 April 2019	222	16,812	1,831	18,865
Charge for the year	28	2,229	234	2,491
Disposals	(75)	(3,331)	(733)	(4,139)
At 31 March 2020	**175**	**15,710**	**1,332**	**17,217**
Net book value				
Unaudited at 31 March 2020	**75**	**5,420**	**525**	**6,020**
At 31 March 2019	93	5,084	497	5,674

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 2020 of £7,191K and £589k respectively (2019: £7,243k and £1,422k). The associated depreciation for the period on those assets was £652k (2019: £1,010k).

Company	**Short leasehold property**	**Computer equipment**	**Fixtures and fittings**	**Total**
	£000	**£000**	**£000**	**£000**
Cost				
At 1 April 2019	255	15,122	1,111	16,488
Additions	-	2,011	99	2,110
Disposals	(75)	(1,449)	(238)	(1,762)
At 31 March 2020	**180**	**15,684**	**972**	**16,836**
Depreciation				
At 1 April 2019	201	10,962	836	11,999
Charge for the year	22	1,728	115	1,865
Disposals	(75)	(1,884)	(237)	(2,196)
At 31 March 2020	**148**	**10,806**	**714**	**11,671**
Net book value				
Unaudited at 31 March 2020	**32**	**4,875**	**256**	**5,165**
At 31 March 2019	54	4,160	275	4,489

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 2019 of £6,735k and £2,030k respectively (2019: £5,331k and £1,361k). The associated depreciation for the period on those assets was £620k (2019: £940k).

12 Investment in subsidiary undertakings

Company	£000
Cost	
At 1 April 2019 and 31 March 2020	17,888
Provisions	
At 1 April 2019 and 31 March 2020	(6,852)
Net book value	
Unaudited At 31 March 2019 and 31 March 2020	**11,036**

The directors assessed the carrying value of the company's investment in subsidiaries at year-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 2020 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%
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 subsidiary companies is Target House, Cowbridge Road East, Cardiff, CF11 9AU.

Harlosh NZ Limited was closed during the year and was dissolved on 11 October 2019.

13 Debtors

	Group		Company	
	Unaudited 2020	**2019**	**Unaudited 2020**	**2019**
	£000	£000	**£000**	£000
Trade debtors	**9,116**	7,226	**1,630**	748
Gross amount due from customers for contract work**	**14,062**	4,601	**2,465**	1,957
Other debtors	**123**	86	**5**	5
Prepayments and accrued income	**2,508**	7,496	**1,702**	1,952
Deferred tax asset (note 16) **	**1,723**	155	**751**	53
Amounts due from group undertakings	**1,188**	5,657	**1,468**	6,778
	28,720	25,221	**8,021**	11,493

14 Creditors: amounts falling due within one year

	Group		Company	
	Unaudited 2020	**2019**	**Unaudited 2020**	**2019**
	£000	£000	**£000**	£000
Obligations under finance leases	**716**	669	**716**	669
Trade creditors	**3,711**	1,047	**1,486**	472
Corporation tax	**(1,121)**	826	**(1,332)**	301
Other taxes and social security costs	**906**	1,818	**(654)**	(5)
Other creditors	**(202)**	178	**(213)**	174
Accruals and deferred income	**10,535**	7,840	**5,740**	2,580
Amounts due to group undertakings	**469**	-	**18,847**	23,909
	15,014	**12,378**	**24,590**	**28,100**

15 Creditors: amounts falling due after more than one year

	Group		Company	
	Unaudited **2020**	2019	Unaudited **2020**	2019
	£000	£000	**£000**	£000
Obligations under finance leases (amounts payable in the second to fifth years inclusive)	**1,592**	1,125	**1,592**	1,125
Accruals and deferred income	**2,078**	2,992	**-**	-
	3,670	**4,117**	**1,592**	**1,125**

16 Deferred taxation

	Group		Company	
	Unaudited **2020**	2019	Unaudited **2020**	2019
	£000	£000	**£000**	£000
At beginning of year - asset	**155**	818	**53**	772
(Charge) / credit for the year in the P&L account	**1,568**	(663)	**-**	(719)
At end of year – asset (note 13)	**1,723**	155	**53**	53
The deferred tax asset comprises				
Tax losses carried forward	**1,848**	**-**	**-**	**-**
Other timing differences	**(125)**	155	**53**	53
	1,723	155	**53**	53

A further deferred tax asset of £41k (2019: £41k) for the group and £41k (2019: £41k) for the company has not been recognised due to uncertainty over its future utilisation. It is made up as follows:

	Group		Company	
	Unaudited **2020**	2019	Unaudited **2020**	2019
	£000	£000	**£000**	£000
The unprovided deferred tax asset comprises				
Tax losses carried forward	**41**	41	**41**	41
	41	41	**41**	41

17 Provision for liabilities

The group had the following provisions during the year:

	Group	
	Onerous contract provision	**Total**
	£000	£000
As at 1 April 2019	**-**	-
(Charge) / credit for the year in the P&L account	**(4,845)**	**(4,845)**
Unaudited a**s at 31 March 2020**	**(4,845)**	**(4,845)**

Onerous contract provision

The group provides for any contract where the unavoidable cost of delivering our contractual obligations exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net costs of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Company

The Company had no provision for liabilities as at 31 March 2020.

18 Share capital

	Ordinary shares of 5p each	**'A' shares of 5p each**	**'B' shares of 5p each**	**Total**
	Number	**Number**	**Number**	**Number**
Allotted, called up and fully paid				
At 31 March 2019 and 31 March 2020	11,557,417	1,476,287	3,161,200	16,194,904

	Ordinary Shares of 5p each	**'A' Shares of 5p each**	**'B' Shares of 5p each**	**Total**
	£000	£000	£000	£000
Allotted, called up and fully paid				
At 31 March 2019 and 31 March 2020	578	74	158	810

Both the 'A' and 'B' shares carry no right to vote at, attend or receive notice of general meetings of the company. They have rights to income or capital only on a sale of the business for a value above specific defined thresholds.

The Group and Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

19 Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
Financial assets	**Unaudited 2020 Total**	**2019 Total**	**Unaudited 2020 Total**	**2019 Total**
	£000	£000	£000	£000
Measured at undiscounted amount receivable				
Amounts due from customers (see note 13)	**23,178**	11,827	**4,095**	2,705
Amounts due from related undertakings (see note 13)	**1,188**	34,742	**1,468**	6,778
Other amounts	**4,354**	7,737	**2,458**	4,122
	28,720	54,306	**8,021**	13,605

	Group		Company	
Financial liabilities	**Unaudited 2020 Total**	**2019 Total**	**Unaudited 2020 Total**	**2019 Total**
	£000	£000	£000	£000
Measured at amortised cost				
Finance lease liabilities (see notes 14 & 15)	**2,308**	1,794	**2,308**	1,794
Measured at undiscounted amount payable				
Trade and other creditors	**15,907**	14,701	**5,028**	3,522
Amounts owed to related undertakings	**469**	**29,085**	**18,847**	**23,909**
	18,684	**45,580**	**26,183**	**29,225**

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

Group

	Group	
Financial assets	**Unaudited 2020 Total**	**2019 Total**
Interest income and expense	£000	**£000**
Total interest income for financial assets at amortised cost	**-**	-
Total interest expense for financial liabilities at amortised cost	**106**	(139)

The interest expense includes £nil (2019: £nil) of interest that was recognised within cost of sales in Target Financial Systems Limited. The remainder is interest on finance leases (see note 4).

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 year amounted to £1,772k (2019: £1,625k).

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	
	Unaudited 2020	**2019**	**Unaudited 2020**	**2019**
	£000	£000	£000	£000
Creditors falling due after more than one year				
Finance lease liabilities (see note 15)	**1,592**	1,125	**1,592**	1,125
Creditors falling due within less than one year				
Finance lease liabilities (see note 14)	**716**	669	**716**	669

Terms and debt repayment schedule

Group	**Currency**	**Nominal interest rate**	**Year of maturity**	**Repayment schedule**	**Unaudited 2020**	**2019**
					£000	**£000**
Finance lease liabilities	GBP	6%	2019 – 2023	Quarterly	2,308	1,794

Company	**Currency**	**Nominal interest rate**	**Year of maturity**	**Repayment schedule**	**Unaudited 2020**	**2019**
					£000	£000
Finance lease liabilities	GBP	6%	2019 – 2023	Quarterly	2,308	1,794

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.

TECH MAHINDRA FOUNDATION

Board of Directors
Mr. Keshub Mahindra
Mr. Anand G. Mahindra
Mr. Vineet Nayyar
Mr. C.P. Gurnani
Mr. Ulhas N. Yargop
Ms. M. Rajyalakshmi Rao

Registered Office:
Oberoi Gardens Estate, Chandivali,
Off Saki Vihar Road,
Andheri (E),
Mumbai - 400 072, India

Bankers:
IDBI Bank
Canara Bank
ICICI Bank
Kotak Mahindra Bank Limited

Auditors:
B. K. Khare & Company
Chartered Accountants

BOARD'S REPORT

Your Directors present their Fifteenth Annual Report of your Company for the year ended 31st March 2020.

FINANCIAL SUMMARY

For the year Ended March 31	2020	2019
	₹ in Lacs	**₹ in Lacs**
Donations received	**6,888.46**	5,844.19
Interest received on investments	**938.52**	729.58
Expenditure on the objects of the Company	**7,089.03**	6,938.10
Corpus fund	**11,528.72**	11,528.72

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 2006, 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 overarching vision of "Empowerment through Education", establishing itself as a prominent CSR player within the Mahindra Group as well as a leading social organization at the national level. The Foundation essentially works with children, youth from urban, disadvantaged communities in India, with a special focus on women and persons with disabilities & also provide training to teachers who teach these children. During the year under review, Tech Mahindra Foundation has successfully implemented 175 high-impact projects with 90+ partners, reaching out to 180,000+ children, teachers and youth across these locations.

Education

The key initiatives in the area of School Education 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 in 2019-20 worked with 36 government schools to turn them around into model schools of excellence. In all, 9,817 students were covered under this programme.

During the year, the Foundation expanded its work for children with disabilities through its ARISE+ programme. This programme is a variant of ARISE in which children with disabilities are provided chronic therapy as well as special education to help them lead more fulfilling lives. Through 25 projects, the programme enabled 2,864 differently-abled students to become more independent in managing themselves and better learners.

Shikshaantar

Shikshaantar, envisioned as a programme for enhancing capacity of government school teachers, has emerged as an important programme in the education portfolio of the Foundation. TMF works with the Municipal Corporations in East Delhi and North Delhi by running their In-Service Teacher Education Institutes, and in FY19-20, over 2,800 teachers were trained as part of this initiative. Through this training, these teachers were able to improve the learning standards for over 110,000 children.

Mobile Science Lab

In order to increase the footprint of its work in Education and reach the unreached, TMF launched a unique initiative during the year: the Mobile Science Lab. A Mahindra bus has been remodelled to be a science lab on wheels, and has been going from school to school in East Delhi to provide STEM learning for children in grades 3 and 4 in these schools. The initiative has received a tremendous response from over 1,500 children it reached during the year, and has the potential to expand manifold in the years ahead.

Employability

Skills-for-Market Training (SMART) is the Foundation's flagship programme in employability. It is built on the vision of an educated, enabled and empowered India, and the belief that educated and skilled youth are the country's true strength. The programme started with 3 Centres in 2012 and is currently running over 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 2019-20, the Company trained 19,632 young women and men under its SMART program, of which 1,566 were persons with disabilities. More than 70% of the graduates are placed in jobs upon successful completion of the training, across multiple industries.

The Foundation's commitment to setting new benchmarks in skill development in India has been underscored by the setting up of Tech Mahindra SMART Academies, which provide the highest quality of skill training to youngsters in Healthcare and Digital Technologies. During FY20, 1,138 students were enrolled to the three Healthcare Academies in Delhi, Mohali, and Mumbai, while at the SMART Academy for Digital Technologies in Vizag, Hyderabad and Mohali, another 356 students were enrolled.

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 2019-20.

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 of ₹ 10/- each.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return as on the financial year ended 31st March, 2020 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 BOARD

During the year ended 31st March, 2020, two Board Meetings were held on, May 20, 2019 and November 4, 2019. The Company being a Section 8 Company, intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

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".**

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.

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

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

Keshub Mahindra
Chairman
(DIN: 00004489)

Place: Mumbai
Date: April 30, 2020

Annexure - 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2020

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		

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.	-	50,000	50,000	100%	-	50,000	50,000	100%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total A (1)		**50,000**	**50,000**	**100%**	**-**	**50,000**	**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.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
Sub Total A (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A)= (A)(1)+ (A)(2)	**-**	**50,000**	**50,000**	**100%**	**-**	**50,000**	**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 Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 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)	**-**	**50,000**	**50,000**	**100%**	**-**	**50,000**	**50,000**	**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 Limited	49,994	99.99%	NIL	49,994	99.99%	NIL	NIL
2	Tech Mahindra Limited jointly with Anirudha Gadre	1	Negligible	NIL	1	Negligible	NIL	NIL
3	Tech Mahindra Limited jointly with Manoj Bhat	1	Negligible	NIL	1	Negligible	NIL	NIL
4	Tech Mahindra Limited jointly with Anil Khatri	1	Negligible	NIL	1	Negligible	NIL	NIL
5	Tech Mahindra Limited jointly with Vishwanath Kini	1	Negligible	NIL	1	Negligible	NIL	NIL
6	Tech Mahindra Limited jointly with Manoj Joshi	1	Negligible	NIL	1	Negligible	NIL	NIL
7	Tech Mahindra Limited jointly with Gautam Shirali	1	Negligible	NIL	1	Negligible	NIL	NIL
	Total	**50,000**	**100%**	**NIL**	**50,000**	**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	**NO CHANGE**			
	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	NOT APPLICABLE			
	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	Not Applicable				
	(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)	**-**	**-**	**-**	**-**	**-**
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	-	-	-	-	-
	Other Non-Executive Directors	Mr. C. P. Gurnani	Mrs. M. Rajyalakshmi Rao			
	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

Keshub Mahindra
Chairman
(DIN: 00004489)

Place: Mumbai
Date: April 30, 2020

Annexure - 2

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 fourth proviso thereto

1 Details of contracts or arrangements or transactions not at arm's length basis:

Sr No.	Name(s) of the related party	Nature of relationship	Nature of Transaction	Duration of the transactions	Salient Features of the transaction	Transactions value	Justification for transaction	Date(s) of approval by the Board	Amount paid as advances	Date of special resolution
NIL										

2 Details of material contracts or arrangement or transactions at arm's length basis — **Rs. 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	CSR contribution as per Companies Act, 2013 for the FY 19-20	April 19 - March 20	634,000,000	NA	Since these RPTs are in the ordinary course of business and are at the arms length basis, approval of the board is not applicable.	NA
2	Comviva Technologies Limited	Fellow Subsidiary Company	CSR contribution as per Companies Act, 2013 for the FY 19-20	April 19 - March 20	12,462,342	NA		NA
3	Tech Mahindra Business Services Ltd.	Fellow Subsidiary Company	CSR contribution as per Companies Act, 2013 for the FY 19-20	April 19 - March 20	22,225,944	NA		NA
4	Satyam Venture Engineering Services Pvt. Ltd.	Fellow Subsidiary Company	CSR contribution as per Companies Act, 2013 for the FY 19-20	April 19 - March 20	6,470,000	NA		NA
5	Mahindra & Mahindra Limited	Promoter / Enterprise having significant Influence	CSR contribution as per Companies Act, 2013 for the FY 19-20	April 19 - March 20	9,700,000	NA		NA
6	BORN Commerce Private Limited	Fellow Subsidiary Company	CSR contribution as per Companies Act, 2013 for the FY 19-20	April 19 - March 20	2,400,300	NA		NA

For and on behalf of the Board

Place : Mumbai
Date : April 30, 2020

Keshub Mahindra
Chairman
(DIN: 00004489)

INDEPENDENT AUDITORS' REPORT

To the Members of Tech Mahindra Foundation

Report on the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Tech Mahindra Foundation** ("the Company") licensed and registered under Section 8 (erstwhile section 25) of Companies Act, 2013 (the Act), which comprise the Balance Sheet as at March 31, 2020, the Statement of Income and Expenditure and the Statement of Changes in Equity for the year then ended, Cash Flow Statement, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, 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, 2020, and its surplus and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

4. 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).

5. 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.

6. 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.

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

Auditors' Responsibility

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

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

   We also:

   a. Identify and assess the risks of material misstatement in 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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.

10. 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.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

12. As the Company is licensed and registered under Section 8 (erstwhile section 25) of Companies Act, 2013, the Companies (Auditor's Report) Order, 2020, issued by the MCA Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), does not apply to it based on the criteria for applicability stated in the erstwhile Order 2016 and which have continued to be applicable as stated therein.

13. 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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**.

    g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company 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: April 30, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TECH MAHINDRA FOUNDATION

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of **Tech Mahindra Foundation** ("the Company") licensed and registered under Section 8 (erstwhile section 25) of Companies Act, 2013, as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. 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 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

5. 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.

6. 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

7. 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:

   a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

   b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

   c. 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 financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

8. 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

9. Considering guidance given by ICAI in its Guidance Note on the essential Components of Internal Control over Financial Reporting, the framework of internal controls needs to be further strengthened by the Company so as to commensurate with the nature and size of its operations.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

R.D.Onkar
Partner
Membership Number: 045716

Place: Pune
Date: April 30, 2020

BALANCE SHEET AS AT 31 MARCH, 2020

Amount in Rupees

	Note No.	**As at March 31, 2020**	As at March 31, 2019
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	5	**57,448,665**	46,704,036
(ii) Intangible Assets	6	**7,840,542**	4,822,013
(b) Financial Assets			
(i) Investments	7	**548,400,050**	548,400,050
(ii) Other Financial Assets	8	**307,537,000**	121,537,000
(c) Advance Income Taxes		**18,950,310**	18,086,464
Total Non - Current Assets		**940,176,567**	739,549,563
Current Assets			
(a) Financial Assets			
(i) Investments	9	**227,641,001**	350,000,000
(ii) Cash and Cash Equivalents	10	**56,494,866**	27,432,251
(iii) Other Financial Assets	11	**46,495,409**	46,987,656
(iv) Balance with Government Authorities		**7,121,166**	-
Total Current Assets		**337,752,442**	424,419,907
Total Assets		**1,277,929,009**	1,163,969,470
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	**500,000**	500,000
(b) Corpus Fund and Other Equity	13	**1,266,790,437**	1,152,871,937
Total Equity		**1,267,290,437**	1,153,371,937
Liabilities			
Non-current liabilities			
Provisions	14	**1,678,510**	1,154,000
Total Non - Current Liabilities		**1,678,510**	1,154,000
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables			
(1) Dues of micro enterprises and small enterprises		**-**	-
(2) Dues of creditors other than micro enterprises and small enterprises		**5,409,215**	6,256,067
(ii) Other Financial Liabilities	15	**15,005**	7,297
(b) Other Current Liabilities	16	**3,303,079**	2,744,169
(c) Provisions	17	**232,763**	436,000
Total Current Liabilities		**8,960,062**	9,443,533
Total Equity and Liabilities		**1,277,929,009**	1,163,969,470

See accompanying notes forming part of the financial statements

As per our attached report of even date

For B K Khare & Co.		**For Tech Mahindra Foundation**	
Chartered Accountants	**Keshub Mahindra**	**Anand Mahindra**	**Vineet Nayyar**
	Director	Director	Director
R.D. Onkar	**Ulhas Yargop**	**M. Rajyalakshmi Rao**	**C. P. Gurnani**
Partner	Director	Director	Director
M No: 045716			
Place: Pune	Place: Mumbai,		
Date: April 30, 2020	Date: April 30, 2020		

STATEMENT OF INCOME AND EXPENDITURE FOR THE PERIOD ENDED 31 MARCH 2020

Amount in Rupees

		Note No.	For the period ended	
			March 31, 2020	March 31, 2019
	Income			
I	Donations Received		**688,846,086**	584,419,106
II	Other Income	18	**120,211,868**	90,081,144
III	**Total Income (I +II)**		**809,057,954**	674,500,250
IV	Expenditure			
	Welfare Project Expenses		**512,329,757**	492,729,180
	Employee Benefit Expenses	19	**64,120,351**	43,114,862
	Depreciation and Amortisation Expense		**21,880,016**	14,174,564
	Other Expenses	20	**96,809,327**	127,677,620
	Total Expenditure		**695,139,454**	677,696,226
V	**Surplus / (Deficit)**		**113,918,500**	(3,195,976)

See accompanying notes forming part of the financial statements

As per our attached report of even date

For B K Khare & Co.		**For Tech Mahindra Foundation**	
Chartered Accountants	**Keshub Mahindra**	**Anand Mahindra**	**Vineet Nayyar**
	Director	Director	Director
R.D. Onkar	**Ulhas Yargop**	**M. Rajyalakshmi Rao**	**C. P. Gurnani**
Partner	Director	Director	Director
M No: 045716			
Place: Pune	Place: Mumbai,		
Date: April 30, 2020	Date: April 30, 2020		

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH, 2020

Amount in Rupees

		For the period ended	
		March 31, 2020	March 31, 2019
A	**Cash Flow from Operating Activities**		
	Surplus / (Deficit)	**113,918,500**	(3,195,976)
	Adjustments for :		
	Depreciation and Amortization Expense	**21,880,016**	14,174,564
	Interest Income	**(93,852,018)**	(72,957,586)
		41,946,498	(61,978,998)
	Changes in working capital :		
	Trade Receivables and Other Assets	**(7,411,055)**	(3,576,481)
	Trade Payables, Other Liabilities and Provisions	**41,039**	(1,827,285)
		(7,370,016)	(5,403,766)
	Cash generated from operating activities before taxes	**34,576,482**	(67,382,764)
	Income taxes paid, net	**-**	-
	Net cash generated from operating activities (A)	**34,576,482**	(67,382,764)
B	**Cash Flow from Investing Activities**		
	Purchase of Property, Plant and Equipment, Intangible Assets and Investment property	**(35,643,175)**	(33,853,888)
	Purchase of Treasury Bonds and Bills and Term Deposit (Net)	**(63,641,001)**	(768,400,050)
	Fixed Deposit / Margin Money Placed (Net)	**-**	675,980,188
	Interest income received	**93,770,309**	34,960,417
	Net cash (used in) investing activities (B)	**(5,513,867)**	(91,313,333)
C	**Cash Flow from Financing Activities**		
	Transfer to Corpus	**-**	125,000,000
	Net cash (used in) financing activities (C)	**-**	125,000,000
	Net increase / (decrease) in cash and cash equivalents during the period (D) = (A+B+C)	**29,062,615**	(33,696,097)
	Cash and Cash Equivalents at the beginning of the year (F)	**27,432,251**	61,128,348
	Cash and cash equivalents at the end of the year	**56,494,866**	27,432,251
	Net increase / (decrease) in cash and cash equivalents	**29,062,615**	(33,696,097)

As per our attached report of even date

For B K Khare & Co.		**For Tech Mahindra Foundation**	
Chartered Accountants	**Keshub Mahindra**	**Anand Mahindra**	**Vineet Nayyar**
	Director	Director	Director
R.D. Onkar	**Ulhas Yargop**	**M. Rajyalakshmi Rao**	**C. P. Gurnani**
Partner	Director	Director	Director
M No: 045716			
Place: Pune	Place: Mumbai,		
Date: April 30, 2020	Date: April 30, 2020		

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH, 2020

A. Equity Share Capital

Amount in Rupees

Balance as of April 1, 2018	**Changes in equity share capital during the period**	**Balance as at March 31, 2019**
500,000	-	500,000

Balance as of April 1, 2019	**Changes in equity share capital during the period**	Balance as at March 31, 2020
500,000	-	500,000

B. Other Equity

Amount in Rupees

Particulars	**Retained Earnings**	**Total**
Balance as at 1 April 2018	**1,031,067,913**	1,031,067,913
Surplus for the period	**(3,195,976)**	(3,195,976)
Total Income	**(3,195,976)**	(3,195,976)
Corpus Donations received	**125,000,000**	125,000,000
Balance as at March 31, 2019	**1,152,871,937**	1,152,871,937

Amount in Rupees

Particulars	**Retained Earnings**	**Total**
Balance as at April 1, 2019	**1,152,871,937**	1,152,871,937
Surplus for the period	**113,918,500**	113,918,500
Total income	**113,918,500**	113,918,500
Corpus Donations received	**-**	-
Balance as at March 31, 2020	**1,266,790,437**	1,266,790,437

As per our attached report of even date

For B K Khare & Co.		**For Tech Mahindra Foundation**	
Chartered Accountants	**Keshub Mahindra**	**Anand Mahindra**	**Vineet Nayyar**
	Director	Director	Director
R.D. Onkar	**Ulhas Yargop**	**M. Rajyalakshmi Rao**	**C. P. Gurnani**
Partner	Director	Director	Director
M No: 045716			
Place: Pune	Place: Mumbai,		
Date: April 30, 2020	Date: April 30, 2020		

NOTES FORMING PART OF THE BALANCE SHEET AND INCOME EXPENDITURE ACCOUNT

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020

1. Company Overview:

Tech Mahindra Foundation ("the Company"), a company registered under section 25 of the Companies Act, 1956 (now governed by section 8 of the Companies Act, 2013) was incorporated on March 20, 2006, and granted registration under section 12A of the Income Tax Act, 1961, with effect from March 21, 2006

The primary objects of the company are:

i. To provide needy children and/or students with fees, books, equipment, freeships and/or scholarships based on merits, food, shelter, training and other help; assist mentally challenged, crippled and physically handicapped children in their rehabilitation through appropriate therapy, education, vocational training and other programmes; render assistance to orphaned, indigent and other less privileged children for their subsistence, shelter, education and medical care.

ii. To render assistance to indigent men, women and children for treatment, medical care, health care, preventive medical services which they otherwise cannot afford; to setup and/or operate or to help in setting up and/or operating, hospitals / nursing homes, shelters for the needy; to develop or adopt village(s) or other centre(s) for general progress and welfare; to render assistance for appropriate literacy, and vocational training programs for needy persons, provide assistance and social service at the times of natural calamities like famine, fire, earthquake; to render assistance to handicapped, destitute and needy persons.

iii. To conduct education in public health care, sanitation, cleanliness; and to work or provide assistance for such causes; to work for the health, welfare and upliftment of men, women and children in general without any distinction as to community, background, caste, race, language or religion.

2. 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) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities if any) and the reported income and expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to the estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialized.

(c) Revenue recognition:

i. Donations received with specific direction from the donors that they shall form part of the corpus have been accounted for accordingly. Donations received during the year 2019-20 and 2018-19 are as follows:

(Amount in Rupees)

Particular	2019-20	2018-19
Corpus Donations		
Tech Mahindra Limited	-	125,000,000
Donations		
Tech Mahindra Limited	**634,000,000**	524,100,000
Comviva Technologies Limited	**12,462,342**	12,688,422
Tech Mahindra Business Services Ltd.	**22,225,944**	23,730,684
Satyam Venture Engineering Services Pvt. Ltd.	**6,470,000**	6,400,000

Particular	2019-20	2018-19
Mahindra & Mahindra Limited	**9,700,000**	17,500,000
Born Commerce Private Limited	**2,400,300**	-
Jerald Jayaraj	**87,500**	-
Voltas Limited	**1,500,000**	-
Total	**688,846,086**	**709,419,106**

ii. Interest income is recognized on time proportion basis.

iii. Other items if income are accounted for as per the terms of the contract.

(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 Equipment	5 years
Vehicles	5 years
Leasehold improvements	Amortized over the lease period

(ii) Assets costing up to Rs. 5,000 are fully depreciated in the year of purchase.

(f) Investments:

Long term investments (including current portion thereof) are carried at cost less any other than temporary diminution in the value, determined separately for each investment

Current investments are carried at the lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Income and Expenditure.

(g) Cash and Cash Equivalents:

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits, if any with original maturity of three months or less.

(h) Defined benefit plans and compensated absences

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The policy for the same is s below.

a. Defined benefit plans:

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in income and expenditure account in the period in which they occur. 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 last drawn salary and the tenure of the employment.

b. Defined contribution plans:

(i) 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.

(ii) Superannuation and ESIC:

Contributions to Superannuation fund and employees' state insurance scheme (ESI), which are defined contribution schemes, are charged to the statement of profit and loss on an accrual basis.

The Company has no further obligations for future superannuation fund benefits other than its annual contributions.

(iii) Compensated absences:

The Company provides for compensated absences subject to Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date and the awards are accrued based on number years of service of an employee. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full in the statement of profit and loss in the period in which they occur.

(i) Details of dues to micro and small enterprises as defined under The Micro. Small and Medium Enterprises Development (MSMED) Act 2006:

Based on the information available with the Company, there are no outstanding amounts payable to creditors who have been identified as "suppliers " within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006".

(Amount in Rupees)

Particulars	**As at March 2020**		**As at March 2019**	
	Principle	**Interest**	**Principle**	**Interest**
Amounts due to vendor	-	-	-	-
Principle amounts paid (includes unpaid) beyond appointed date	-	-	-	-
interest due and payable for the year	-	-	-	-
interest accrued and remaining unpaid	-	-	-	-

3. The Company in the wake of the recent Supreme Court ruling in the case of Vivekanand Vidyamandir and the other bunch of appeals on the issue of determination of liability of employer towards incremental Provident Fund Contribution linked to the Basic Wages under the Employees' Provident Fund and Miscellaneous Provisions Act 1952, has reviewed the components of pay which could be said to be includible in the basic salary of its employees for the purpose of determining incremental liability and based on its review and supported by legal advice believes that there would be no additional liability and accordingly no provision is required to be made in the financial statements of the foundation for the year ended 31st March, 2020.

4. Previous year figures have been regrouped wherever necessary.

As per our attached report of even date

For B K Khare & Co.		**For Tech Mahindra Foundation**	
Chartered Accountants	**Keshub Mahindra**	**Anand Mahindra**	**Vineet Nayyar**
	Director	Director	Director
R.D. Onkar	**Ulhas Yargop**	**M. Rajyalakshmi Rao**	**C. P. Gurnani**
Partner	Director	Director	Director
M No: 045716			
Place: Pune	Place: Mumbai,		
Date: April 30, 2020	Date: April 30, 2020		

Note 5 : Tangible Assets

Amount in Rupees

Particulars	Gross Block				Accumulated Depreciation / Amortisation				Net Block
	Cost as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	As at April 01, 2019	Depreciation for the period	On Deletions	Upto March 31, 2020	As at March 31, 2020
Computers	21,274,162	19,143,023	-	40,417,185	9,266,698	8,619,858	-	17,886,556	22,530,629
	11,620,830	*9,653,332*	-	*21,274,162*	*3,856,955*	*5,409,743*	-	*9,266,698*	*12,007,464*
Plant and Equipment	30,538,866	7,552,890	-	38,091,756	6,872,149	6,803,761	-	13,675,910	24,415,846
	15,672,460	*14,866,406*	-	*30,538,866*	*2,765,527*	*4,106,622*	-	*6,872,149*	*23,666,717*
Furniture and Fixtures	12,213,696	2,526,325	-	14,740,021	4,089,495	2,635,403	-	6,724,898	8,015,123
	8,212,455	*4,001,241*	-	*12,213,696*	*2,219,441*	*1,870,054*	-	*4,089,495*	*8,124,201*
Vehicles	4,147,184	-	-	4,147,184	1,241,530	827,562	-	2,069,092	2,078,092
	2,380,191	*1,766,993*	-	*4,147,184*	*612,952*	*628,578*	-	*1,241,530*	*2,905,654*
Leasehold improvements	-	430,500	-	430,500	-	21,525		21,525	408,975
Total	**68,173,908**	**29,652,738**	**-**	**97,826,646**	**21,469,872**	**18,908,108**	**-**	**40,356,456**	**57,448,665**
	37,885,936	*30,287,972*	-	*68,173,908*	*9,454,875*	*12,014,997*	-	*21,469,872*	*46,704,036*

Numbers in Italics pertain to the previous year.

Note 6 : Intangible Assets

Particulars	Gross Block				Accumulated Depreciation / Amortisation				Net Block
	Cost as at April 01, 2019	Additions	Deletions	Balance as at March 31, 2020	As at April 01, 2019	Depreciation for the period	On Deletions	Upto March 31, 2020	As at March 31, 2020
Softwares	7,654,766	5,990,437		13,645,203	2,832,753	2,971,908	-	5,804,661	7,840,542
	4,088,850	*3,565,916*	-	*7,654,766*	*673,185*	*2,159,568*	-	*2,832,753*	*4,822,013*
Total	**7,654,766**	**5,990,437**	**-**	**13,645,203**	**2,832,753**	**2,971,908**	**-**	**5,804,661**	**7,840,542**

Note 7 : Investments : Non Current

Particulars	As at March 31, 2020	As at March 31, 2019
		Amount in Rupees
In Bonds,unquoted		
Bonds issued by Banks	**548,400,050**	548,400,050
Total	**548,400,050**	548,400,050

Note 8 : Other Financial Assets : Non Current

Particulars	As at March 31, 2020	As at March 31, 2019
		Amount in Rupees
Security Deposits		
- Unsecured, considered good	**1,537,000**	1,537,000
	1,537,000	1,537,000
Term Deposits with Financial Institutions having maturities of more than 12 months	**306,000,000**	120,000,000
Total	**307,537,000**	121,537,000

Note 9 : Investments : Current

Particulars	As at March 31, 2020	As at March 31, 2019
		Amount in Rupees
- Investments		
Term Deposits with Financial Institutions (carried at amortised cost)	**227,641,001**	350,000,000
Total	**227,641,001**	350,000,000

Note 10 : Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
		Amount in Rupees
Balances with banks:		
In Saving Account	**56,494,866**	27,432,251
Total	**56,494,866**	27,432,251

Note 11 : Other Financial Assets : Current

Particulars	As at March 31, 2020	As at March 31, 2019
		Amount in Rupees
(Unsecured, considered good unless otherwise stated)		
Interest Receivable		
On bank deposits	**-**	-
On Term Deposits with Financial Institutions	**16,243,400**	14,872,901
On Treasury Bonds and Bills	**26,966,675**	28,255,465
	43,210,075	43,128,366
Others	**3,285,334**	3,859,290
Total	**46,495,409**	46,987,656

Note 12 : Equity Share Capital

Particulars	**March 31, 2020**		March 31, 2019	
	Number	**Rupees**	Number	Rupees
Authorised				
Equity shares of Rs 10/- each	**50,000**	**500,000**	50,000	500,000
Issued, Subscribed and Paid up	**50,000**	**500,000**	50,000	500,000
Adjusted : Issued, Subscribed and Paid up Share Capital	**50,000**	**500,000**	50,000	500,000
Reconciliation of number of Equity Shares and amount outstanding				
Shares outstanding at the beginning of the period	**50,000**	**500,000**	50,000	500,000
Total	**50,000**	**500,000**	50,000	500,000
Adjusted : Issued, Subscribed and Paid up Share Capital	**50,000**	**500,000**	50,000	500,000
Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:				

	As at		As at	
Name of Shareholder	**March 31, 2020**		March 31, 2019	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Tech Mahindra Limited	**50,000**	**100**	50,000	100

The shares held by Tech Mahindra Limited represent the initial capital contributed by Tech Mahindra Limited as a Settlor of the Trust. Tech Mahindra Limited does not exercise any control over the company

Note 13 : Other Equity

Amount in Rupees

Particulars	**As at**	
	March 31, 2020	March 31, 2019
Corpus Fund		
Opening balance	**1,156,621,656**	1,031,621,656
Add:		
Corpus donations received during the year	**-**	125,000,000
Closing Balance	**1,156,621,656**	1,156,621,656
Retained Earnings		
Opening balance	**(3,749,719)**	(553,743)
Add :		
Surplus / (Deficit) for the year	**113,918,500**	(3,195,976)
Closing Balance	**110,168,781**	(3,749,719)
Total	**1,266,790,437**	1,152,871,937

Note 14 : Provisions : Non Current

Amount in Rupees

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Gratuity	**804,691**	750,000
- Compensated absences	**873,819**	404,000
Other Provisions	**-**	-
Total	**1,678,510**	1,154,000

Note 15: Other Financial Liabilities : Current

Amount in Rupees

Particulars	As at March 31, 2020	As at March 31, 2019
- Accrued Salaries and Benefits	**15,005**	7,297
Total	**15,005**	7,297

Note 16 : Other Current Liabilities

Amount in Rupees

Particulars	As at March 31, 2020	As at March 31, 2019
- Statutory Dues	**3,303,079**	2,744,169
Total	**3,303,079**	2,744,169

Note 17 : Provisions : Current

Amount in Rupees

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Gratuity	**3,174**	244,000
- Compensated absences	**229,589**	192,000
Total	**232,763**	436,000

Note 18 : Other Income

Amount in Rupees

Particulars	Period ended March 31, 2020	Period ended March 31, 2019
Interest Income	**93,852,018**	72,957,586
Gain/(Loss) on sale of investments	**-**	(2,342,837)
Student Fees and Miscellaneous Income	**26,359,850**	19,466,395
Total	**120,211,868**	90,081,144

Note 19 : Employee Benefit Expenses

Amount in Rupees

Particulars	Period ended	
	March 31, 2020	March 31, 2019
Salaries and wages	**61,036,146**	40,260,646
Contribution to provident and other funds	**2,116,366**	1,447,350
Gratuity	**17,565**	279,383
Staff welfare expenses	**950,274**	1,127,483
Total	**64,120,351**	43,114,862

Note 20 : Other Expenses

Amount in Rupees

Particulars	Period ended	
	March 31, 2020	March 31, 2019
Power and Fuel	**2,142,327**	1,759,290
Rent	**16,762,910**	16,230,226
Communication Expenses	**1,719,697**	1,323,575
Travelling Expenses	**4,573,462**	6,539,443
Training	**888,575**	898,260
Legal and Other Professional Fees	**46,392,545**	72,220,064
Repair and Maintenance Expenses	**365,776**	365,395
Insurance Charges	**478,713**	97,267
Advertisement, Promotion & Selling Expenses	**12,002,550**	17,800,417
General Office Expenses	**11,286,294**	10,355,461
Miscellaneous Expenses	**196,478**	88,222
Total	**96,809,327**	127,677,620

MAHINDRA EDUCATIONAL INSTITUTIONS

Board of Directors
Vineet Nayyar
C. P. Gurnani
Rakesh Soni
Milind Kulkarni
Shivanand Raja

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:
Tech Mahindra Limited, Survey No: 62/1A,
Bahadurpally, Jeedimetla, Hyderabad-500043
Telangana, India

DIRECTORS' REPORT

Your Directors present their Seventh Annual Report of your Company for the year ended 31st March 2020.

FINANCIAL RESULTS

Particulars	For the year ended March 31, 2020 (₹ in Lakhs)	For the year ended March 31, 2019 (₹ in Lakhs)
Expenditure on the objects of the Company	**7,086.50**	6,973.07
Donations received for University fund, Building & Equipment fund and for operating expenses	**3,140.00**	2,100.00

REVIEW OF ACTIVITIES – 2019-20

Mahindra Ecole Centrale was established in August 2014 – through a collaborative venture between Mahindra Educational Institutions (MEI – a not-for-profit, 100% subsidiary of Tech Mahindra), Ecole Centrale of Paris, France (now known as Centrale Supelec) and the JNTU Hyderabad – to offer undergraduate engineering programs in Computer Science Engineering, Mechanical Engineering, Electrical & Electronics Engineering, and Civil Engineering – and located at the Tech Mahindra Technology Centre campus in Hyderabad. Through this strong Indo-French Collaboration with Centrale Supelec and Industry connect with Tech Mahindra, MEC has emerged as a disruptive player in the field of Technical Education.

Today MEC is a six years old institution with a rich footprint in the areas of Engineering education and Research. MEC has a team of internationally acclaimed faculty, every one of whom is holding Ph.D. in their own areas of interest. With a strong student to faculty ratio of 15:1, the students of MEC are guided through the disciplines of Engineering Sciences, Natural Sciences, Humanities and Creative Sciences.

In a short span of six years, MEC Faculty members have published a total of 272 publications including patents, amongst which 116 are in International Journals, 140 Conference Papers, 10 Book Chapters and 6 Patents. Out of above papers, MEC have 35 publications which are co-authored by 70 Under Graduate students. This proves that MEC is focused to play a significant role in the global dynamics of research, development and higher learning in science, technology.

During the year 2019-20 MEC has signed MOU with one of the leading Australian telecommunications giant, with Cybersecurity Centre of Excellence (CCoE) which is a joint initiative of the Government of Telangana and Data Security Council of India (DSCI), with Government of Telangana in the space of Artificial Intelligence, Babson College, IIT Chicago, University of Porto, IIT Guwahati and many more. These MOU's provide multi-dimensional opportunities to the students in developing critical technical skills in the areas of Research and Innovation, Internships and Placements.

Adding to its state-of-the-art academic infrastructure MEC has launched the Entrepreneurship & Innovation Cell, (EIC) named **Mahindra e-HUB – Incubation Centre** on campus with an intent of providing opportunities to students to bring their ideas to fruition. It would host events, workshops, industrial visits and seminars, all aimed at providing a conducive environment for students to develop their entrepreneurial skills. The Incubation Centre, spread over 2000 sq. feet of area, and can accommodate 15 entrepreneurs, facilitates through the process of starting, shaping and scaling up new innovative ventures resulting from student-faculty research. In addition to providing creative working space, MEC helps in mentoring, technology, business development, legal, IPR, funding, networking and GTM strategy.

Apart from Annual techno-cultural festivals like **AETHER, ECOLE-TYOHAR**, **TEDX**-Mahindra Ecole Centrale, **Centrale Connect Conclave**, etc., **Zenith Science Club** of MEC hosted a Science Open Day an interactive session on Chandrayaan-2, designed prototypes for exhibit and also devised a few hands-on activities and a quiz for the school students.

MEI has received Letter of Intent (LOI) dated 13th February 2020 from Government of Telangana, Higher Education Department, for establishment of Mahindra University (Private University) in Bahadurpally, Telangana and the Company is working on the same.

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 28th 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 2019-20 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: ₹ 33.84 Lakhs was spent on Research and development during the year under review.

c) Foreign Exchange earnings and outgo: i) Earnings: ₹ 7.02 lakhs, ii) Expenses: ₹ 238.29 lakhs

DIRECTORS

Pursuant to the provisions of section 152(6)(c) of the Companies Act 2013, Mr. Shivanand Raja, Director (DIN: 00130694) 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 2020, two Board Meetings were held on, May 10, 2019 and November 4, 2019. 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.**

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.

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.

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 2020 and of the deficit of the Company for the year ended on that date;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a going concern basis.

v. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board takes this as an opportunity to thank all the stakeholders of the Company for their faith and patronage.

For and on behalf of the Board

Vineet Nayyar
Chairman
(DIN: 00018243)

Place: Hyderabad

Date: 29-04-2020

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 fourth 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, 2020, 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

   (b) **Nature of contracts/arrangements/transactions:**

   Tech Mahindra Ltd: Receipt of Donations, Lease Liability, Interest recognized on lease liability, payment of Professional Fees, Insurance and Reimbursement of Expenses.

   (c) **Duration of the contracts / arrangements/transactions: FY 2019-20**

   (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:**

Nature of transactions	:	**(₹ in Lakhs)**
Donations Received	:	**3,140.00**
Lease liability	:	**11,580.17**
Interest Expenses	:	**780.80**
TDS Receivable	:	**137.81**
Professional fees	:	**13.24**
Insurance Reimbursement	:	**27.64**

   (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
(DIN: 00018243)

Place: Hyderabad

Date: 29-04-2020

Annexure B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2020

[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, Telangana - 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 –

Sl. 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									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	NIL	10,000	10,000	100	NIL	10,000	10,000	100	NIL
e) Banks / FI									
f) 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									
i) 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**	10,000	10,000	100	**NIL**	10,000	10,000	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	9,800	99.99	NA	9,800	99.99	NA
2	Tech Mahindra Limited jointly with Anil Khatri	100	Negligible	NA	100	Negligible	NA
3	Tech Mahindra Limited jointly with Manoj Bhat	100	Negligible	NA	100	Negligible	NA
Total		**10,000**	**100**	**NA**	**10,000**	**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.):	10-05-2019 / Transfer / 200	NIL	NIL	NIL
	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	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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
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 contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	NIL	NIL	NIL	NIL
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

Vineet Nayyar
Chairman
(DIN: 00018243)

Place: Hyderabad
Date: 29-04-2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Educational Institutions

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of **Mahindra Educational Institutions** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Income and Expenditure, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("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 2020, deficit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules issued thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Directors' report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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.

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 it appears from our examination of those books;

   c. the Balance Sheet, the Statement of Income and Expenditure, the Statement of Changes in Equity and the Statement of Cash Flow dealt with 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 specified under Section 133 of the Act, read with the rules issued thereunder;

   e. on the basis of the written representations received from the directors as on 31 March 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020, 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 the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company.

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. there are no pending litigations on or by the Company, the impact of which needs to be disclosed in the standalone 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 2020; 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 2020.

for **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No.000459S

M V Ramana Murthy
Partner
Membership No. 206439
UDIN : 20206439AAAABC9514

Hyderabad, 29 April 2020

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")

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Educational Institutions)

We have audited the internal financial controls over financial reporting of **Mahindra Educational Institutions** ("the Company") as of 31 March 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 2020, 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
UDIN : 20206439AAAABC9514

Hyderabad, 29 April 2020

BALANCE SHEET AS AT 31 MARCH 2020

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2,875.74**	3,155.89
Right-of-use assets	4	**10,942.84**	-
Capital work-in-progress	5	**5,513.22**	2,760.48
Other intangible assets	6	**4.57**	-
Financial assets			
Other financial assets	7	**4,020.27**	44.31
Non-Current tax asset (net)	8	**110.58**	70.84
Other non current assets	9	**216.74**	278.67
Total non-current assets		**23,683.97**	6,310.19
Current assets			
Financial assets			
Trade receivables	10	**131.38**	95.14
Cash and cash equivalents	11	**474.67**	297.34
Other bank balances	12	**-**	3,982.00
Other financial assets	7	**19.83**	240.90
Other current assets	9	**236.66**	94.60
Total current assets		**862.54**	4,709.98
Total assets		**24,546.51**	11,020.17
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	**1.00**	1.00
Other equity	14	**9,524.56**	7,921.64
Total Equity		**9,525.56**	7,922.64
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	15	**9,741.57**	-
Other financial liabilities	16	**122.84**	118.77
Provisions	17	**197.50**	98.31
Total non-current liabilities		**10,061.91**	217.08
Current liabilities			
Financial liabilities			
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		**-**	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	**487.40**	1,218.88
Lease liabilities	15	**2,547.40**	-
Other financial liabilities	16	**56.31**	48.28
Other current liabilities	19	**1,837.72**	1,596.42
Provisions	17	**30.21**	16.87
Total current liabilities		**4,959.04**	2,880.45
Total equity and liabilities		**24,546.51**	11,020.17

See accompanying notes to the financial statements

In terms of our report attached	for and on behalf of the Board of Directors of		
for M. Bhaskara Rao & Co.,	**Mahindra Educational Institutions**		
Chartered Accountants	**CIN: U80300TG2013NPL086878**		
M.V. Ramana Murthy	**Vineet Nayyar**	**C.P. Gurnani**	**Rakesh Soni**
Partner	Director	Director	Director
Hyderabad, 29 April 2020	DIN:00018243	DIN:00018234	DIN:02973741

STATEMENT OF INCOME AND EXPENDITURE FOR

the year ended 31 March 2020

All amounts are Rupees in lakhs unless otherwise stated

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Fee from Academic Courses	20	**5,207.68**	5,069.00
Donations		**640.00**	525.00
Other Income	21	**394.52**	365.64
Total		**6,242.20**	5,959.64
Expenses			
Academic Expenses	22	**629.69**	569.66
Employee Benefits Expense	23	**2,141.08**	1,868.27
Finance Cost	24	**720.24**	12.03
Depreciation and Amortization Expense	25	**1,268.84**	819.10
Other expenses	26	**2,326.65**	3,704.02
Total		**7,086.50**	6,973.07
Surplus Before Tax		**(844.30)**	(1,013.43)
Tax Expense			
Current Tax		**-**	-
Deferred Tax		**-**	-
Surplus / (Deficit) for the year		**(844.30)**	(1,013.43)
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		**(52.78)**	(5.59)
Income tax on items that will not be reclassified to profit or loss		**-**	-
B. Items that may be reclassified to profit or loss		**-**	-
Total other comprehensive income / (loss) for the year		**(52.78)**	(5.59)
Total comprehensive income / (loss) for the year		**(897.08)**	(1,019.02)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(897.08)**	(1,019.02)
Non controlling interests		**-**	-
Earnings per equity share	31		
Basic - (In ₹ per share)		**(8,443.00)**	(10,134.31)
Diluted - (In ₹ per share)		**(8,443.00)**	(10,134.31)

See accompanying notes to the financial statements

In terms of our report attached	for and on behalf of the Board of Directors of		
for M. Bhaskara Rao & Co.,	**Mahindra Educational Institutions**		
Chartered Accountants	**CIN: U80300TG2013NPL086878**		
M.V. Ramana Murthy	**Vineet Nayyar**	**C.P. Gurnani**	**Rakesh Soni**
Partner	Director	Director	Director
Hyderabad, 29 April 2020	DIN:00018243	DIN:00018234	DIN:02973741

STATEMENT OF INCOME AND EXPENDITURE FOR

the year ended 31 March 2020

All amounts are Rupees in lakhs unless otherwise stated

		Year ended 31 March 2020	Year ended 31 March 2019
A.	**Cash flow from operating activities**		
	Surplus before tax	**(844.30)**	(1,013.43)
	Adjustments for		
	Depreciation and Amortization Expense		
	On Tangible assets	**625.19**	699.54
	On Right-of-use assets	**637.33**	-
	On Intangible assets	**6.32**	119.55
	Interest Income	**(347.11)**	(364.59)
	Operating profit before working capital changes	**77.43**	(558.92)
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Other Non-Current Financial Assets	**(5.96)**	(1.00)
	Other Non-Current Assets	**61.93**	(254.98)
	Trade receivables	**(36.24)**	(17.10)
	Other Current Assets	**(142.06)**	(19.68)
	Adjustments for increase / (decrease) in operating liabilities:		
	Other Non-Current Financial Liability	**(1,834.53)**	12.33
	Long Term Provisions	**99.19**	39.06
	Trade Payables	**(784.27)**	(108.80)
	Other Current Financial Liability	**2,555.43**	3.78
	Other Current Liabilities	**241.30**	150.71
	Short Term Provisions	**13.34**	1.52
	Cash generated from operations	**245.56**	(753.08)
	Income Tax paid (Net)	**(39.74)**	(37.37)
	Net cash flow from operating activities (A)	**205.82**	(790.45)
B.	**Cash flow from investing activities**		
	Capital Expenditure on Fixed Assets & Intangible Assets	**(3,108.67)**	(2,597.83)
	Investments in Bank Deposits	**(12,300.00)**	(5,628.00)
	Redemption or Maturity of Bank Deposits	**12,312.00**	6,807.00
	Interest Received	**568.18**	417.72
	Net cash flow used in investing activities (B)	**(2,528.49)**	(1,001.11)
C.	**Cash flow from financing activities**		
	Amounts received towards Building and Equipment Fund	**-**	1,575.00
	Amounts received towards University Fund	**2,500.00**	-
	Amounts received towards Corpus Fund	**-**	-
	Net cash flow from financing activities (C)	**2,500.00**	1,575.00
	Net increase / (decrease) in cash and cash equivalents	**177.33**	(216.56)
	Cash and cash equivalents at the beginning of the year	**297.34**	513.90
	Cash and cash equivalents at the end of the year	**474.67**	297.34

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for and on behalf of the Board of Directors of
Mahindra Educational Institutions
CIN: U80300TG2013NPL086878

M.V. Ramana Murthy
Partner
Hyderabad, 29 April 2020

Vineet Nayyar
Director
DIN:00018243

C.P. Gurnani
Director
DIN:00018234

Rakesh Soni
Director
DIN:02973741

STATEMENT OF CHANGES IN EQUITY FOR

the year ended 31 March 2020

All amounts are Rupees in lakhs unless otherwise stated

	Amount
A. Equity Share Capital	
Issued and paid up equity share capital	
Balance as at 31 March 2018	1.00
Changes in equity share capital during the year	-
Balance as at 31 March 2019	1.00
Changes in equity share capital during the year	-
Balance as at 31 March 2020	1.00

B. Other Equity

Particulars	Reserves & Surplus				Items of Other Comprehensive Income (OCI)	Total
	Corpus Fund	University Fund	Building and Equipment Fund	Retained Earnings	Remeasurements of net defined benefit plans	
Balance as at 31 March 2018	**1,166.00**	**1,500.00**	**6,610.00**	**(1,923.04)**	**12.70**	**7,365.66**
Surplus for the year	-	-	-	(1,013.43)	-	(1,013.43)
Other Comprehensive Income (net of income tax)	-	-	-	-	(5.59)	(5.59)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,013.43)**	**(5.59)**	**(1,019.02)**
Contributions received during the year	-	-	1,575.00	-	-	1,575.00
Balance as at 31 March 2019	**1,166.00**	**1,500.00**	**8,185.00**	**(2,936.47)**	**7.11**	**7,921.64**
Surplus for the year	-	-	-	(844.30)	-	(844.30)
Other Comprehensive Income (net of income tax)	-	-	-	-	(52.78)	(52.78)
Total comprehensive income for the year	**-**	**-**	**-**	**(844.30)**	**(52.78)**	**(897.08)**
Contributions received during the year	-	2,500.00	-	-	-	2,500.00
Balance as at 31 March 2020	**1,166.00**	**4,000.00**	**8,185.00**	**(3,780.77)**	**(45.67)**	**9,524.56**

See accompanying notes to the financial statements

In terms of our report attached
for M. Bhaskara Rao & Co.,
Chartered Accountants

for and on behalf of the Board of Directors of
Mahindra Educational Institutions
CIN: U80300TG2013NPL086878

M.V. Ramana Murthy
Partner
Hyderabad, 29 April 2020

Vineet Nayyar
Director
DIN:00018243

C.P. Gurnani
Director
DIN:00018234

Rakesh Soni
Director
DIN:02973741

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR

The year ended 31 March 2020

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) and other relevant provisions of the Act.

The financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised to issue on 29 April 2020.

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 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 per the technical estimates of the Management. 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.

Particulars	Useful life
Buildings	28 Years
Cmputers	3 Years
Fumiture and fistures	5 Years
Library Books	3 Years

Particulars	Useful life
Pleant Machinery	5 Years
Softwer	1 Years
Vehicles	5 Years
Assets below ₹ 5000	Same Year

2.5 Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Company applies Ind AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in consolidated statement of income.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease payments have been classified as cash used in Financing activities.

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 is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services i.e. students are mainly on a time bound fixed price basis .

Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

In arrangements for educational services with customers, the company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering educational services and other related services as distinct performance obligations. For allocating the transaction price, the company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price. For time and material related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progress.

The company accounts for discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount / incentive varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

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.

c) University Fund

Donations received from donors with a direction for utilisation towards requirements of the Institution

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 1inputs are not available, the Company engages third party qualified valuers to perform the valuation . Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Executive Officer reports to the board of fluctuations in the fair value of the assets and liabilities.

Provision for employee benefits

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Provision for taxes

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

2.17 New Accounting standards, amendments and interpretations adopted by the Company effective from 01 April 2019:

On 01 April 2019, the Company has adopted Ind AS 116, Leases, applied to all lease contracts outstanding as at 01 April 2019 using modified retrospective method by recording the cumulative effect of initial application as an adjustment to opening retained earnings. The Company has made use of the following practical expedient available on transition to Ind AS 116,

(a) not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with Ind AS 17 will continue to be applied to those leases entered or modified before 01 April 2019.

(b) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment, consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right to use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application

(c) excluded the initial direct costs from measurement of the RoU asset

On adoption of Ind AS 116, the Company has recognized right-of use assets of ₹ 11,580.17 Lakhs and corresponding lease liability ₹11,580.17 Lakhs. Lease payments during the year have been disclosed under financing activities in the Statement of Cash flows. The comparatives as at and for the year ended 31 March 2019 have not been retrospectively restated. The adoption of Ind AS 116 did not have any material impact on Statement of income and earnings per share.

3. Property, Plant and Equipment

	As at 31 March 2020	As at 31 March 2019
Buildings [Refer note 34]	**1,945.92**	2,031.57
Plant and Machinery [Refer note 34]	**195.91**	242.38
Computers	**219.46**	163.09
Office Equipment	**86.60**	106.19
Furniture and Fixtures	**146.68**	209.12
Library Books	**2.39**	0.60
Vehicles	**15.50**	19.54
Lab Equipments	**263.29**	383.40
	2,875.74	3,155.89

	Buildings	Plant and Machinery	Computers	Office Equipment	Furniture and Fixtures	Library Books	Vehicle	Lab Equipments	Total
3.1Cost or deemed Cost									
Balance as at 01 April 2018	2,432.47	1,281.72	572.12	179.18	348.66	160.57	-	-	4,974.72
Additions	28.13	27.36	118.78	32.00	35.24	19.74	20.22	86.53	368.00
Disposals/Adjustments	-	(948.65)	-	-	-	(4.48)	-	948.65	(4.48)
Balance as at 31 March 2019	**2,460.60**	**360.43**	**690.90**	**211.17**	**383.90**	**175.83**	**20.22**	**1,035.19**	**5,338.24**
Balance as at 01 April 2019	**2,460.60**	**360.43**	**690.90**	**211.17**	**383.90**	**175.83**	**20.22**	**1,035.19**	**5,338.24**
Additions	27.54	27.29	201.91	20.23	4.23	2.61	-	61.23	345.04
Disposals/Adjustments	-	-	-	-	-	(8.74)	-	-	(8.74)
Balance as at 31 March 2020	**2,488.14**	**387.73**	**892.81**	**231.40**	**388.13**	**169.69**	**20.22**	**1,096.42**	**5,674.54**
3.2 Accumulated depreciation									
Balance as at 01 April 2018	**231.57**	**509.75**	**407.94**	**67.76**	**109.68**	**160.52**	**-**	**-**	**1,487.22**
Additions	197.46	65.96	119.87	37.23	65.10	19.12	0.67	194.13	699.54
Disposals/Adjustments	-	(457.65)	-	-	-	(4.41)	-	457.65	(4.41)
Balance as at 31 March 2019	**429.03**	**118.06**	**527.81**	**104.99**	**174.78**	**175.23**	**0.67**	**651.78**	**3,669.57**
Balance as at 01 April 2019	**429.03**	**118.06**	**527.81**	**104.99**	**174.78**	**175.23**	**0.67**	**651.78**	**3,669.57**
Additions	113.19	73.76	145.54	39.82	66.66	0.81	4.04	181.35	625.18
Disposals/Adjustments	-	-	-	-	-	(8.74)	-	-	(8.74)
Balance as at 31 March 2020	**542.22**	**191.82**	**673.34**	**144.81**	**241.45**	**167.30**	**4.72**	**833.13**	**4,286.01**
3.3 Carrying Amount									
Balance as at 31 March 2018	**2,200.90**	**771.98**	**164.19**	**111.42**	**238.97**	**0.05**	**-**	**-**	**3,487.51**
Additions	28.13	27.36	118.78	32.00	35.24	19.74	20.22	86.53	368.00
Disposals	-	(948.65)	-	-	-	(4.48)	-	948.65	(4.48)
Depreciation	(197.46)	(65.96)	(119.87)	(37.23)	(65.10)	(19.12)	(0.67)	(194.13)	(699.54)
Depreciation Adjustment	-	457.65	-	-	-	4.41	-	(457.65)	4.41
Balance as at 31 March 2019	**2,031.57**	**242.38**	**163.09**	**106.19**	**209.12**	**0.60**	**19.54**	**383.40**	**3,155.89**
Additions	27.54	27.29	201.91	20.23	4.23	2.61	-	61.23	345.04
Disposals	-	-	-	-	-	8.74	-	-	8.74
Depreciation	(113.19)	(73.76)	(145.54)	(39.82)	(66.66)	(0.81)	(4.04)	(181.35)	(625.18)
Depreciation Adjustment	-	-	-	-	-	(8.74)	-	-	(8.74)
Balance as at 31 March 2020	**1,945.92**	**195.91**	**219.46**	**86.60**	**146.68**	**2.39**	**15.50**	**263.29**	**2,875.74**

4 Right-of-use assets

	Land and Buildings	Total
Gross carrying value		
As at 1 April 2019 [Refer Note 2.17]	**11,580.17**	11,580.17
Additions	**-**	-
Disposals/Adjustments	**-**	-
Balance as at 31 March 2020	**11,580.17**	11,580.17
Accumulated depreciation		
Depreciation	**(637.33)**	(637.33)
Disposals/Adjustments	**-**	-
Balance as at 31 March 2020	**(637.33)**	(637.33)
Net Carrying Amount as at 31 March 2020	**10,942.84**	10,942.84

	As at 31 March 2020	As at 31 March 2019
5 Capital work-in-progress		
Capital work-in-progress	**5,513.22**	2,760.48
Total	**5,513.22**	2,760.48

	As at 31 March 2020	As at 31 March 2019
6 Other intangible assets		
Software	**4.57**	-
Total	**4.57**	-

	Software	Total
6.1 Cost or Deemed Cost		
Balance as at 31 March 2018	**377.93**	377.93
Additions	**119.55**	119.55
Disposals/Adjustments	**-**	-
Balance as at 31 March 2019	**497.49**	497.49
Additions	**10.89**	10.89
Disposals/Adjustments	**-**	
Balance as at 31 March 2020	**508.38**	508.38
6.2 Accumulated depreciation		
Balance as at 31 March 2018	**377.93**	377.93
Additions	**119.55**	119.55
Disposals/Adjustments	**-**	-
Balance as at 31 March 2019	**497.49**	497.49
Additions	**6.32**	6.32
Disposals/Adjustments	**-**	
Balance as at 31 March 2020	**503.81**	503.81

		Software	Total
6.3	**Carrying Amount**		
	Balance as at 31 March 2018	**-**	-
	Balance as at 31 March 2019	**-**	-
	Balance as at 31 March 2020	**4.57**	4.57

		As at 31 March 2020	As at 31 March 2019
7	**Other financial assets**		
7.1	**Non-Current**		
	(unsecured, considered good)		
	Investments in term deposits with Scheduled Banks [Refer note 36] (with remaining maturity of more than twelve months)	**4,000.00**	30.00
	Security Deposits	**20.27**	14.31
	Total	**4,020.27**	44.31
7.2	**Current**		
	(Unsecured, considered good)		
	Interest Receivable on deposits with Banks	**19.83**	240.90
	Total	**19.83**	240.90
8	**Non-Current tax asset (net)**		
	Tax Deducted at Source	**110.58**	70.84
	Total	**110.58**	70.84
9	**Other assets**		
9.1	**Non-Current**		
	(Unsecured, considered good)		
	Capital Advances	**216.74**	278.67
	Total	**216.74**	278.67
9.2	**Current**		
	(unsecured, considered good)		
	Loans and Advances to Employees	**3.38**	2.39
	Prepaid expenses	**76.85**	80.48
	Others	**156.43**	11.73
	Total	**236.66**	94.60
10	**Trade receivables**		
	(a) Secured, considered good	**-**	-
	(b) Unsecured, considered good	**131.38**	100.85
	(c) Trade receivables which have significant increase in Credit Risk	**-**	-
	(d) Trade receivables - Credit Impaired	**0.91**	-
	Less: allowance for expected credit loss	**(0.91)**	(5.71)
	Total	**131.38**	95.14

		As at 31 March 2020	As at 31 March 2019
10.1	**Of the above, trade receivables from:**		
	Related parties [Refer note 29]	**-**	-
	Others	**131.38**	95.14
	Total	**131.38**	95.14
10.2	**Classification of trade receivables**		
	Non-Current	**-**	-
	Current	**131.38**	95.14
	Total	**131.38**	95.14
11	**Cash and cash equivalents**		
	Balances with scheduled banks		
	In Savings accounts	**474.17**	295.48
	In Current accounts	**0.50**	1.86
	Total	**474.67**	297.34
12	**Other bank balances**		
	Balances with scheduled banks		
	In Deposit accounts	**-**	3,982.00
	Total	**-**	3,982.00

13 Equity Share capital

	As at 31 March 2020		As at 31 March 2019	
	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

13.1 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 2020		As at 31 March 2019	
	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

13.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

	As at 31 March 2020		As at 31 March 2019	
	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

* includes 200 equity shares held jointly with others (31 March 2019: 200 equity shares held jointly with directors)

13.3 Details of shares held by each shareholders holding more than 5% shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	**Amount**	Number of Shares	Amount
Equity shares of ₹10 each fully paid held by				
Tech Mahindra Limited*	**10,000**	**100%**	10,000	100%

* includes 200 equity shares held jointly with others (31 March 2019: 200 equity shares held jointly with directors)

13.4 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. Repayment of the capital in the event of wining up of the Company will inter alia be subject to the provisions of Companies Act, 2013 and the Articles of Association of the Company and the same shall not be distributed amongst the members of the Company but shall be given or transferred to such other Company having objects similar to the objects of the Company to be determined by the members of the Company at or before the time of dissolution.

		As at 31 March 2020	As at 31 March 2019
14	**Other equity**		
	Corpus Fund	**1,166.00**	1,166.00
	University Fund	**4,000.00**	1,500.00
	Building and Equipment Fund [Refer note 34]	**8,185.00**	8,185.00
	Retained Earnings	**(3,780.77)**	(2,936.47)
	Items of Other Comprehensive Income		
	Remeasurement of defined benefit plans	**(45.67)**	7.11
	Total	**9,524.56**	7,921.64
14.1	**Corpus Fund**		
	Opening balance	**1,166.00**	1,166.00
	Contributions received during the year	**-**	-
	Closing balance	**1,166.00**	1,166.00
14.2	**University Fund**		
	Opening balance	**1,500.00**	1,500.00
	Contributions received during the year	**2,500.00**	-
	Closing balance	**4,000.00**	1,500.00
14.3	**Building and Equipment Fund [Refer note 34]**		
	Opening balance	**8,185.00**	6,610.00
	Contributions received during the year	**-**	1,575.00
	Closing balance	**8,185.00**	8,185.00
14.4	**Retained Earnings**		
	Opening balance	**(2,936.47)**	(1,923.04)
	Surplus / (Deficit) for the year	**(844.30)**	(1,013.43)
	Closing balance	**(3,780.77)**	(2,936.47)

		As at 31 March 2020	As at 31 March 2019
14.5	**Other Comprehensive Income accumulated in Other Equity, net of tax**		
	Remeasurement of defined benefit plans		
	Opening balance	**7.11**	12.70
	Surplus / (Deficit) for the year	**(52.78)**	(5.59)
	Closing balance	**(45.67)**	7.11

14.6 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.

		As at 31 March 2020	As at 31 March 2019
15	**Lease liabilities [Refer note 2.17]**		
15.1	**Non-Current**		
	Lease liabilities	**9,741.57**	-
	Total	**9,741.57**	-
15.2	**Current**		
	Lease liabilities	**2,547.40**	-
	Total	**2,547.40**	-
16	**Other financial liabilities**		
16.1	**Non-Current**		
	Caution Deposit from students	**122.84**	118.77
	Total	**122.84**	118.77
16.2	**Current**		
	Caution Deposit from students	**56.31**	48.28
	Total	**56.31**	48.28
17	**Provisions**		
17.1	**Non-Current**		
	Provision for Employee Benefits [Refer note 32]		
	Compensated Absences	**90.91**	41.29
	Gratuity	**106.58**	57.02
	Total	**197.50**	98.31
17.2	**Current**		
	Provision for Employee Benefits [Refer note 32]		
	Compensated Absences	**22.10**	11.06
	Gratuity	**8.12**	5.81
	Total	**30.21**	16.87

		As at 31 March 2020	As at 31 March 2019
18	**Trade payables**		
	(a) total outstanding dues of micro enterprises and small enterprises	**-**	-
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises	**487.40**	1,218.88
	Total	**487.40**	1,218.88

18.1 Trade payables include ₹ 57.73 Lakhs (31 March 2019: ₹ 778.87 Lakhs) due towards related party. [Refer note 29]

19	**Other current liabilities**		
	Statutory payables	**98.91**	74.63
	Deferred revenue	**1,349.68**	1,298.90
	Fee received in advance	**103.98**	65.75
	Retention money	**227.66**	107.67
	Research advance	**57.29**	47.46
	Others	**0.20**	2.00
	Total	**1,837.72**	1,596.41

		As at 31 March 2020	As at 31 March 2019
20	**Fee from Academic Courses**		
	Academic Fee	**3,808.96**	3,680.37
	Less: Scholarship Fee	**(233.00)**	(192.00)
	Less: Remissions	**(12.61)**	-
		3,563.35	3,488.37
	Application Fee	**24.60**	22.98
	Hostel Fee	**1,390.70**	1,333.46
	Gymkhana Fee	**229.03**	224.19
	Total	**5,207.68**	5,069.00
21	**Other Income**		
	Interest on Bank Deposits	**296.45**	323.53
	Interest on savings account	**50.66**	41.06
	Provisions no longer required written back	**4.80**	-
	Miscellaneous income	**42.61**	1.05
	Total	**394.52**	365.64
22	**Academic Expenses**		
	Affiliation Fees	**282.31**	275.65
	Ecole Centrale Paris Charges	**208.71**	211.35
	Seminars and Conferences	**38.61**	10.08
	Laboratory expenses	**30.55**	36.11
	Research expenses	**33.84**	5.90
	Other expenses	**35.67**	30.57
	Total	**629.69**	569.66

23 Employee Benefits Expense

		As at 31 March 2020	As at 31 March 2019
	Salaries and wages	**1,952.12**	1,706.47
	Contribution to provident and other funds	**130.88**	114.20
	Gratuity	**46.58**	28.41
	Staff welfare	**11.50**	19.19
	Total	**2,141.08**	1,868.27
24	**Finance Cost**		
	Other Borrowing Costs		
	Interest on Caution Deposit	**11.44**	12.03
	Interest expenses on lease liabilities	**708.80**	-
	Total	**720.24**	12.03
25	**Depreciation and Amortization Expense**		
	On Tangible assets	**625.19**	699.54
	On Right-of-use assets	**637.33**	-
	On Intangible assets	**6.32**	119.55
	Total	**1,268.84**	819.10
26	**Other expenses**		
	Rent	**-**	1,524.21
	Rates and taxes	**5.04**	13.99
	Power and fuel	**188.72**	176.77
	Printing and Stationery	**13.88**	25.00
	Books and Periodicals	**51.28**	27.58
	Travelling and Conveyance	**132.46**	130.21
	Communication	**70.60**	53.49
	Advertisement and Publicity	**247.76**	225.23
	Recruitment expenses	**9.18**	7.16
	Repair and Maintenance	**395.18**	410.31
	Debit balance written off	**0.70**	-
	Security Charges	**111.49**	112.58
	General Office Expenses	**268.15**	232.57
	Legal and Professional Charges [Refer note 26.1]	**164.08**	158.05
	Catering expenses	**652.98**	592.96
	Provision for Doubtful Debts	**-**	5.71
	Bank Charges	**0.25**	0.22
	Miscellaneous expenses	**13.04**	5.43
	Honarorium	**1.86**	2.55
	Total	**2,326.65**	3,704.02
26.1	**Auditors' Remuneration included under Legal and Professional Charges (excluding service tax/Good and service tax)**		
	for Statutory Audit	**3.50**	3.50
	for Tax Audit	**1.50**	1.50
	for Other Matters	**-**	-
	Total	**5.00**	5.00

27 Commitments and Contingencies

		As at 31 March 2020	As at 31 March 2019
27.1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 216.74 Lakhs [31 March 2019: ₹ 278.67 Lakhs])	**3,192.19**	2,122.29
27.2	Contingent Liabilities	**Nil**	Nil

28 Operating Leases

28.1 Rental expenses of ₹ Nil [31 March 2018 : Rs1,524.21 Lakhs] has been charged to Statement of Income and Expenditure in respect of cancellable operating leases. Refer note 2.17 for change in lease accounting policy.

29 Related Party Transactions

29.1 Following is the list of related parties and their relationships

Party Name	Relationship
Tech Mahindra Limited	Holding Company

29.2 Related party transactions for the year ended 31 March 2020 are as follows:

	As at 31 March 2020	As at 31 March 2019
Tech Mahindra Limited		
Donations Received	**640.00**	525.00
University fund	**2,500.00**	-
Building and Equipment fund	**-**	1,575.00
Expenses Reimbursed	**-**	8.64
Rent	**-**	1,524.21
Lease Liabiltiy	**11,580.17**	-
Interest expense	**708.80**	-
TDS paid	**137.81**	-
Professional fees	**13.24**	9.74
Software	**-**	13.17
Security deposit	**-**	1.00
Insurance	**27.64**	8.48
Debit Balances at the end of the year		
Tech Mahindra Limited	**137.81**	-
Credit Balances at the end of the year		
Tech Mahindra Limited		
Trade Payables	**57.73**	778.87
Lease Liabiltiy	**12,288.97**	-

30 Segment Information

		As at 31 March 2020	As at 31 March 2019
	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.		
31	**Earnings Per Equity Share**		
	Net surplus / (deficit) after tax	**(844.30)**	(1,013.43)
	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]	**(8,443.00)**	(10,134.31)
	* The Company has no dilutive instruments.		

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 benefits 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-20**	31-Mar-19
1	Discount Rate(s)	**6.79%**	7.65%
2	Expected Rate(s) of salary increase	**4%**	4%
3	Demographic Assumptions		
	Mortality Rate	**Indian Assured lives Mortality (2012-14) Ult.**	Indian Assured lives Mortality (2012-14) Ult.
	Withdrawal Rate (per Annum)	**4%**	4%
II	**Disclosure of defined benefit cost :**		
	Details	**Year ended 31 March 2020**	"Year ended 31 March 2019"
A	Amounts Recongnised in Statement of Income and Expenditure		
1	Current Service Cost	**33.42**	24.50

		As at 31 March 2020	As at 31 March 2019
2	Interest Cost	**4.48**	3.61
3	Settlement cost / (credit)	**-**	-
4	Cost recognised in statement of income and expenditure	**37.90**	28.11

32	**Employee benefit plans cont…**		
	Details	**Year ended 31 March 2020**	Year ended 31 March 2019
B	**Amounts Recongnised in Other Comprehensive Income (OCI)**		
1	Actuarial (gain)loss due to DBO experience	**22.51**	(8.62)
2	Actuarial (gain)loss due to DBO assumption changes	**-**	-
3	Actuarial (gain)loss arising during the period	**22.51**	(8.62)
4	Return on plan assets (Greater)/Less than discount rate	**-**	-
5	Actuarial (gains)/losses recognised in OCI	**22.51**	(8.62)
6	Adjustment for limit on net asset	**-**	-
7	Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End	**22.51**	(8.62)
C	**Defined benefit cost**		
1	Service Cost	**33.42**	24.51
2	Net interest on net defined benefit liability / (asset)	**4.48**	3.61
3	Actuarial (gains)/losses recognised in OCI	**22.51**	(8.62)
4	Immediate recognition or (gains)/losses - other long term employee benefit plans	**-**	-
5	Defined Benefit Cost	**60.41**	19.50
III	**Changes in benefit obligation and assets**		
A.	**Changes in defined benefit obligation:**		
1	Defined benefit obligation(DBO) at the end of prior period	**62.83**	46.82
2	Current service cost	**33.42**	24.51
3	Interest cost	**4.48**	3.61
4	Curtailment (credit)/ cost	**-**	-
5	Settlement (credit)/ cost	**-**	-
6	Past service cost - plan amendments	**-**	-
7	Acquisitions (credit)/ cost	**-**	-
8	Actuarial (gain)/loss	**22.51**	(8.62)
9	Actuarial (gain)/loss - demographic assumptions	**-**	-
10	Actuarial (gain)/loss - financial assumptions	**-**	-
11	Benefits paid directly by the Company	**(8.53)**	(3.48)
12	Benefits paid from plan assets	**-**	-
13	DBO at end of current period	**114.71**	62.83
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	-	-

32 Employee benefit plans cont…

IV Additional Disclosures

		Year ended 31 March 2020	Year ended 31 March 2019
A.	**Expected benefit payments for the years ending**		
	2020	**8.12**	3.32
	2021	**5.10**	3.71
	2022	**9.26**	5.48
	2023	**7.28**	4.50
B.	**Current and Non current breakup**		
	Current liability	**8.12**	5.81
	Non current liability	**106.59**	57.01
	Total Liability	**114.70**	62.82

V Sensitivity Analysis

	Details	**As at 31 March 2020**	As at 31 March 2019
A	**Discount rate**		
	Discount rate as at year end	**6.79%**	7.65%
	Effect on DBO due to 1% increase in discount rate	**103.47**	57.09
	Effect on DBO due to 1% decrease in discount rate	**128.14**	69.64
B	**Salary escalation rate**		
	Salary escalation rate as at year end	**4%**	4%
	Effect on DBO due to 1% increase in salary escalation rate	**128.58**	70.18
	Effect on DBO due to 1% decrease in salary escalation rate	**102.92**	56.56
C	**Attrition rate**		
	Salary escalation rate as at year end	**4%**	4%
	Effect on DBO due to 1% increase in attrition rate	**117.09**	64.69
	Effect on DBO due to 1% decrease in attrition rate	**111.80**	60.61

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directons, while the Plan's sensitivity to such changes can vary over time.

33 Financial Instruments

33.1 Accounting classification and fair values

The carrying amounts and fair values of financial instruments by class are as follows:

	As at 31 March 2020	As at 31 March 2019
Financial Assets		
Financial assets measured at fair value		
Financial assets measured at amortised cost		

Other financial assets	**4,040.10**	285.21
Financial Liabilities		
Financial liabilities measured at fair value		
Financial liabilities measured at amortised cost		
Lease liabilities	**12,288.97**	-
Other financial liabilities	**179.15**	167.05

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.

33.2 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 hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority 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.

33.3 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 analyze 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.

34 The Company has received ₹8185.00 Lakhs as contributions towards development of building and equipment till year ended 31 March 2020. The Company has fully utilized amounts received and incurred capital expenditure ₹ 9270.97 Lakhs (including advances paid of ₹216.74 Lakhs) as on 31 March 2020 for the construction of buildings and purchase of equipments.

35 Trade payable other than acceptances include 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 2020	Year ended 31 March 2019
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.	-	-

36 During the year, the Company has made an application to Government of Telangana for establishing a Private University in the name of "Mahindra University (Private University)" for which the Company has received in principle approval (in the form of Letter of Intent "LOI") from the Government subject to certain conditions. As a sponsoring entity, the Company has following main obligations apart from others:

a) The Company as a sponsoring body shall get land registered in its name within a period of six months from the date of receipt of LOI

b) The company shall adhere to all the norms / conditions as stipulated in the Telangana State Private University (Establishment and Regulations) Act 2018

- Establish corpus fund of ₹10 Crores at the time of starting of the University
- To continue ₹30 Crores in the form of Fixed Deposit for a period of 3 years to support the various activities

The Company has invested ₹4000.00 Lakhs in fixed deposits with Scheduled banks towards its obligations as at the year end.

37 Provision for current tax and deferred 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 17-18 are complete granting exemption to the income of the Company.

	for and on behalf of the Board of Directors of		
for M. Bhaskara Rao & Co.,	**Mahindra Educational Institutions**		
Chartered Accountants	**CIN: U80300TG2013NPL086878**		
M.V. Ramana Murthy	**Vineet Nayyar**	**C.P. Gurnani**	**Rakesh Soni**
Partner	Director	Director	Director
Hyderabad, 29 April 2020	DIN:00018243	DIN:00018234	DIN:02973741

Tech Mahindra

Tech Mahindra Limited

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